

All notes

1 Insurance premiums written

P&C insurance

EURm	2016	2015
Premiums from insurance contracts		
Premiums written, direct insurance	4,364	4,464
Premiums written, assumed reinsurance	94	95
Premiums written, gross	4,458	4,559
Reinsurers' share of premiums written	-166	-181
Premiums written, net	4,292	4,378
Change in unearned premium provision	-4	-39
Reinsurers' share	-2	5
Change in unearned premium provision, net	-6	-34
Premiums earned, total	4,286	4,344

Life insurance

EURm	2016	2015
Premiums from insurance contracts		
Premiums written, direct insurance	644	723
Premiums written, assumed reinsurance	3	2
Insurance contracts total, gross	647	725
Premium revenue ceded to reinsurers on insurance contracts issued	-6	-5
Insurance contracts total, net	641	720
Investment contracts	475	424
Premiums written, net ¹⁾	1,116	1,144
Elimination items between segments	-32	-
Group, total	5,375	5,522

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	2016	2015
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	144	146
Premiums from unit-linked contracts	498	575
Premiums from other contracts	2	2
Total	644	723
Assumed reinsurance	3	2
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	0	30
Premiums from unit-linked contracts	475	394
Total	475	424
Insurance and investment contracts, total	1,122	1,149
Reinsurers' share	-6	-5

Premiums written, total	1,116	1,144
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	277	287
Single premiums, insurance contracts	367	436
Single premiums, investment contracts	475	424
Total	1,119	1,147

2 Net income from investments

P&C insurance

EURm	2016	2015
Financial assets		
Derivative financial instruments		
Gains/losses	-7	-4
Loans and receivables		
Interest income	9	18
Financial assets available-for-sale		
Debt securities		
Interest income	177	191
Impairment losses	-15	10
Gains/losses	-11	-5
Equity securities		
Gains/losses	45	121
Impairment losses	-16	-11
Dividend income	40	47
Total	221	353
Total from financial assets	223	366
Other assets		
Investment properties		
Gains/losses	0	-1
Other	1	0
Total from other assets	1	-1
Expense on other than financial liabilities	-6	-4
Effect of discounting annuities	-28	-38
Fee and commission expenses		
Asset management	-17	-19
P&C insurance, total	173	304

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 12 (83) transferred from the fair value reserve.

Life insurance

Milj.e	2016	2015
Financial assets		

Derivative financial instruments		
Gains/losses	-9	-90
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	1	1
Gains/losses	-3	1
Total	-3	2
Investments related to unit-linked contracts		
Debt securities		
Interest income	50	58
Gains/losses	4	-40
Equity securities		
Gains/losses	198	219
Dividend income	32	22
Loans and receivables		
Interest income	0	1
Other financial assets		
Gains/losses	-8	-21
Total	276	239
Loans and receivables		
Interest income	4	3
Gains/losses	6	27
Total	10	30
Financial assets available-for-sale		
Debt securities		
Interest income	102	96
Gains/losses	30	48
Equity securities		
Gains/losses	101	192
Impairment losses	-15	-19
Dividend income	122	108
Total	340	423
Total financial assets	614	604
Other assets		
Investment properties		
Gains/losses	3	2
Other	6	13
Total other assets	9	15
Net fee income		
Asset management	-15	-17
Fee income	26	29
Total	11	13
Life insurance, total	634	632

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 106 (259) transferred from the fair value reserve.

Holding

EURm	2016	2015
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Financial assets		
Derivative financial instruments		
Gains/losses	12	7
Loans and receivables	-5	9
Financial assets available-for-sale		
Debt securities		
Interest income	34	28
Gains/losses	10	15
Equity securities		
Gains/losses	-26	13
Impairment losses	-1	0
Dividend income	12	5
Total	29	60
Holding, total	36	76

Included in gains/losses from financial assets available for-sale is a net gain of EURm -27 (12) transferred from the fair value reserve.

Elimination items between segments	-16	-14
EURm	2016	2015
Group, total	827	998

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	2016			2015		
	Gross	Ceded	Net	Gross	Ceded	Net
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,643	11	-1,633	-1,607	17	-1,590
Change in provision for claims outstanding (incurred and reported losses)	-666	40	-626	-691	20	-672
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-557	11	-546	-574	12	-562
Claims-adjustment costs	1	-	1	-1	-	-1
Change in claims provision for annuities	-8	-	-8	-8	-	-8
Total claims cost attributable to current-year operations	-2,873	62	-2,811	-2,881	48	-2,833
Claims costs attributable to prior-year operations						
Claims paid	-1,055	56	-999	-1,011	45	-966
Annuities paid	-124	0	-124	-204	0	-204
Change in provision for claims outstanding	588	-20	568	635	-26	609

(incurred and reported losses)						
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	721	-33	688	516	-16	500
Total claims cost attributable to prior-year operations	130	3	133	-64	3	-61
Insurance claims paid						
Claims paid	-2,698	67	-2,632	-2,618	61	-2,557
Annuities paid	-132	-	-132	-132	-	-132
Claims portfolio	1	7	8	16	-	-
Total claims paid	-2,828	73	-2,755	-2,734	61	-2,689
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	-78	20	-57	-56	-6	-62
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	119	-22	97	-127	-4	-131
Change in claims provision for annuities	44	-	44	-11	0	-11
Claims-adjustment costs	1	-	1	-1	-	-1
Total change in provision for claims outstanding	87	-2	85	-195	-10	-205
P&C insurance, total	-2,741	71	-2,670	2,929	51	-2,894

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 2016 amounted to EURm 277 (261). The non-discounted value was EURm 367 (351). The exchange effect on the discounted provisions was a decrease of EURm 10. The real increase was EURm 9.

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

	2016	2015
Sweden	1.65%	2.01%
Finland	1.50%	1.50%
Denmark	0.72%	1.71%

Life insurance

	Claims paid		Change in provision for claims outstanding		Claims incurred	
EURm	2016	2015	2016	2015	2016	2015
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature (DPF)	-43	-47	2	2	-41	-45
Other contracts	0	0	0	0	0	-1
Unit-linked contracts	-205	-183	2	14	-203	-170
Total	-248	-231	4	16	-244	-215
Pension insurance						
Contracts with discretionary participation feature (DPF)	-425	-397	92	-19	-334	-417
Unit-linked contracts	-18	-15	-19	-21	-37	-36
Total	-443	-412	73	-40	-370	-453
Assumed reinsurance	-1	0	0	0	0	-1
Insurance contracts total, gross	-692	-644	77	-25	-615	-668
Reinsurers' share	3	3	0	0	3	3

Insurance contracts total, net	-689	-641	77	-25	-612	-666
Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	0	0	-	-	0	0
Unit-linked contracts	-355	-358	-	-	-355	-358
Investment contracts, total	-355	-358	-	-	-355	-358
Life insurance, total	-1,044	-999	77	-25	-967	-1,023

Claims paid by type of benefit

EURm	2016	2015
Insurance contracts		
Life insurance		
Surrender benefits	-7	-8
Death benefits	-21	-19
Maturity benefits	-6	-10
Other	-10	-10
Total	-44	-48
Life insurance, unit-linked		
Surrender benefits	-149	-132
Death benefits	-45	-41
Maturity benefits	-10	-10
Total	-205	-183
Pension insurance		
Pension payments	-415	-386
Surrender benefits	-2	-6
Death benefits	-9	-5
Total	-425	-397
Pension insurance, unit-linked		
Pension payments	-4	-1
Surrender benefits	-10	-11
Death benefits	-4	-3
Total	-18	-15
Assumed reinsurance	-1	0
Insurance contracts total, gross	-692	-644
Reinsurers' share	3	3
Insurance contracts total, net	-689	-641
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	-372	-375
Loss adjustment expenses	17	17
Total	-355	-358
Investment contracts total, gross	-355	-358
Claims paid total, gross	-1,047	-1,001
Claims paid total, net	-1,044	-999

Elimination items between segments	10	-
EURm	2016	2015
Group, total	-3,627	-3,917

4 Change in liabilities for insurance and investment contracts

P&C insurance

EURm	2016	2015
Change in unearned premium provision	-4	-39
Reinsurers' share	-2	5
Change in unearned premium provision, net	-6	-34

Life insurance

EURm	2016	2015
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	23	15
Unit-linked contracts	-252	-292
Total	-228	-278
Pension insurance		
Contracts with discretionary participation feature (DPF)	67	94
Unit-linked contracts	-116	-143
Total	-49	-49
Insurance contracts total	-277	-327
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	10	-33
Unit-linked contracts	-198	-102
Investment contracts, total	-188	-135
Change in liabilities for insurance and investment contracts in total, net	-465	-462
Elimination items between segments	24	-5
Group, total	-448	-502

5 Staff costs

P&C insurance

EURm	2016	2015
Staff costs		
Wages and salaries	-368	-373
Cash-settled share-based payments	-6	-17
Pension costs		
- defined contribution plans	-66	213

- defined benefit plans (Note 31)	5	-137
Other social security costs	-76	-57
P&C insurance, total	-512	-371

Life insurance

EURm	2016	2015
Staff costs		
Wages and salaries	-36	-35
Cash-settled share-based payments	-1	-4
Pension costs - defined contribution plans	-6	-6
Other social security costs	-3	-3
Life insurance, total	-46	-47

Holding

EURm	2016	2015
Staff costs		
Wages and salaries	-9	-8
Cash-settled share-based payments	-4	-8
Pension costs - defined contribution plans	-2	-2
Other social security costs	-1	-1
Holding, total	-16	-20
EURm	2016	2015
Group, total	-574	-438

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

6 Other operating expenses

P&C insurance

EURm	2016	2015
IT costs	-103	-114
Other staff costs	-14	-15
Marketing expenses	-38	-38
Depreciation and amortisation	-12	-9
Rental expenses	-46	-45
Change in deferred acquisition costs	-10	-5
Direct insurance commissions	-163	-167
Commissions on reinsurance ceded	12	14
Other	-98	-98
P&C insurance, total	-472	-477

Life insurance

EURm	2016	2015
IT costs	-18	-17
Other staff costs	-2	-2
Marketing expenses	-4	-4
Depreciation and amortisation	-2	-2
Rental expenses	-4	-4
Direct insurance commissions	-8	-9

Commissions of reinsurance assumed	-1	-1
Commissions on reinsurance ceded	2	1
Other	-42	-38
Life insurance, total	-78	-74

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

Holding

EURm	2016	2015
IT costs	-1	-1
Marketing expenses	-1	-1
Rental expenses	-1	-1
Other	-15	-9
Holding, total	-18	-12
Item Other includes e.g. consultancy fees and rental and other administrative expenses.		
Elimination items between segments	16	17
EURm	2016	2015
Group, total	-551	-545

7 Result analysis of P&C insurance

EURm	2016	2015
Insurance premiums earned	4,286	4,344
Claims incurred	-2,905	-3,143
Operating expenses	-713	-566
Other insurance technical income and expense	-7	-1
Allocated investment return transferred from the non-technical account	-3	23
Technical result	658	657
Net investment income account	188	325
Allocated investment return transferred to the technical account	-26	-60
Other income and expense	63	38
Operating result	883	960

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

EURm	2016	2015
Claims-adjustment expenses (claims paid)	-235	-249
Acquisition expenses (operating expenses)	-490	-497
Joint administrative expenses for insurance business (operating expenses)	-226	-78
Administrative expenses pertaining to other technical operations (operating expenses)	-33	-71
Asset management costs (investment expenses)	-17	-19
Total	-1,002	-914

8 Performance analysis per class of P&C insurance

EURm	Accident	Motor,	Motor,	Marine,	Fire and	Third party	Credit
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	and health	third party liability	other classes	air and transport	other damage to property	liability	insurance
Premiums written, gross							
2016	729	615	1,301	119	1,244	198	2
2015	754	635	1,294	125	1,296	202	2
Premiums earned, gross							
2016	737	620	1,271	121	1,254	201	2
2015	740	636	1,266	123	1,299	204	2
Claims incurred, gross ¹⁾							
2016	-490	-372	-912	-72	-852	-93	-1
2015	-525	-581	-854	-83	-851	-132	-1
Operating expenses, gross ²⁾							
2016	-129	-134	-191	-20	-197	-32	0
2015	-133	-136	-184	-21	-210	-33	0
Profit/loss from ceded reinsurance							
2016	-4	0	-2	-11	-65	-31	0
2015	-9	-1	-1	-12	-76	-12	-
Technical result before investment return							
2016	115	114	166	18	139	45	2
2015	73	-83	226	7	162	28	1

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2016	46	109	4,364	94	-	4,458
2015	45	114	4,465	94	0	4,559
Premiums earned, gross						
2016	46	108	4,360	94	-	4,454
2015	44	111	4,424	96	0	4,520
Claims incurred, gross ¹⁾						
2016	-29	-72	-2,892	-89	4	-2,976
2015	-27	-99	-3,153	-48	7	-3,194
Operating expenses, gross ²⁾						
2016	-7	-21	-731	-16	15	-732
2015	-7	-16	-740	-17	135	-622
Profit/loss from ceded reinsurance						
2016	0	-12	-125	40	-	-85
2015	-	-7	-117	6	0	-112
Technical result before investment return						
2016	10	4	613	28	19	660
2015	9	-10	414	37	142	592

1) Activity-based operating costs EURm 235 (249) have been allocated to claims incurred.

2) Includes other technical income EURm 26 (28) and other technical expenses EURm 33 (28).

9 Earnings per share

EURm	2016	2015
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	1,650	1,656
Weighted average number of shares outstanding during the period	560	560
Earnings per share (EUR per share)	2.95	2.96

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, Cash and cash equivalents and Assets held for sale.

EURm	Carrying amount	Interest inc./exp.	2016		
			Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	45	-21	18	-	-
Financial assets designated as at fair value through p/l	24	1	0	-	0
Loans and receivables	2,689	13	6	-	-
Financial assets available-for-sale	17,705	298	146	-47	175
Financial assets, group total	20,463	290	169	-47	175
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	81	-	-		
Other financial liabilities	3,766	-52	34		
Financial liabilities, group total	3,847	-52	34		

EURm	Carrying amount	Interest inc./exp.	2015		
			Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	53	-9	-79	-	-
Financial assets designated as at fair value through p/l	48	1	2	-	0
Loans and receivables	2,129	20	44	-	-
Financial assets available-for-sale	16,955	295	382	-20	159
Financial assets, group total	19,185	307	350	-20	160
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	63	-	-		
Other financial liabilities	2,312	-59	-8		
Financial liabilities, group total	2,375	-59	-8		

11 Property, plant and equipment

P&C insurance

EURm	2016 Equipment	2015 Equipment
At 1 Jan.		
Cost	65	63
Accumulated depreciation	-47	-46
Net carrying amount at 1 Jan.	19	16
At 31 Dec.		
Cost	65	65
Accumulated depreciation	-46	-47
Net carrying amount at 31 Dec.	19	19

Life insurance

EURm	2016			2015		
	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-7	-8	-1	-7	-7
Net carrying amount at 1 Jan.	4	1	5	4	1	5
At 31 Dec.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-7	-8	-1	-7	-8
Net carrying amount at 31 Dec.	4	1	4	4	1	5

Holding

EURm	2016			2015		
	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	2	4	6	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-3	-4
Net carrying amount at 1 Jan.	1	2	3	1	2	3
At 31 Dec.						
Cost	2	4	5	2	4	6
Accumulated depreciation	-1	-1	-2	-1	-2	-3
Net carrying amount at 31 Dec.	1	2	3	1	2	3
EURm				2016		2015
Group, total				27		26

Equipment in different segments comprise IT equipment and furniture.

12 Investment property

P&C insurance

EURm	2016	2015
At 1 Jan.		
Cost	25	29
Accumulated depreciation	-8	-8
Accumulated impairment losses	-2	-1
Net carrying amount at 1 Jan.	15	20
Opening net carrying amount	15	20
Disposals	-	-4
Depreciation	-1	-1
Impairment losses	0	-1
Exchange differences	0	0
Closing net carrying amount	14	15
At 31 Dec.		
Cost	25	25
Accumulated depreciation	-9	-8
Accumulated impairment losses	-2	-2
Net carrying amount at 31 Dec.	14	15
Rental income from investment property	3	2
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
Total	2	2
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-1	-1
- 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	22

Life insurance

EURm	2016	2015
At 1 Jan.		
Cost	257	247
Accumulated depreciation	-55	-51
Accumulated impairment losses	-23	-17
Net carrying amount at 1 Jan.	180	179
Opening net carrying amount	180	179
Additions	41	27
Disposals	-18	-17
Depreciation	-3	-4
Impairment losses	1	-6
Closing net carrying amount	201	180
At 31 Dec.		
Cost	280	257
Accumulated depreciation	-58	-55

Accumulated impairment losses	-22	-23
Net carrying amount at 31 Dec.	201	180
Rental income from investment property	20	21
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	9	9
- later than one year and not later than five years	13	6
- later than five years	3	0
Total	25	14
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-9	-9
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	-10	-10
Fair value of investment property at 31 Dec.	222	203
Elimination items between segments	-4	-4
EURm	2016	2015
Group, total	211	191

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 ^{*)}	2016 Other intangible assets	Total
At 1 Jan.			
Cost	547	24	570
Accumulated amortisation	-	-6	-6
Net carrying amount at 1 Jan.	547	17	564
At 31 Dec.			
Cost	526	23	549
Accumulated amortisation	-	-8	-8
Net carrying amount at 31 Dec.	526	16	541

EURm	Goodwill ^{*)}	2015 Other intangible assets	Total
At 1 Jan.			
Cost	535	24	559
Accumulated amortisation	-	-5	-5
Net carrying amount at 1 Jan.	535	20	554

At 31 Dec.			
Cost	547	24	570
Accumulated amortisation	-	-6	-6
Net carrying amount at 31 Dec.	547	17	564

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

Life insurance

EURm	2016			2015		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
At 1 Jan.						
Cost	153	43	196	153	43	196
Accumulated amortisation	-	-36	-36	-	-36	-36
Net carrying amount at 1 Jan.	153	7	160	153	7	160
At 31 Dec.						
Cost	153	44	197	153	43	196
Accumulated amortisation	-	-38	-38	-	-36	-36
Net carrying amount at 31 Dec.	153	6	159	153	7	160
Assets held for sale	-89	-	-89			
Net carrying amount at 31 Dec.	64	6	70			
EURm	2016			2015		
Group, total	612			724		

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 7.2% and for Mandatum Life 7.6%. These are lower than last year due to the decrease in the interest rates of Nordic bonds.

Forecasts for If, approved by the management, cover years 2017 – 2019. The cash flows beyond that have been extrapolated using a 2% growth rate. A 2% growth rate for years beyond 2026 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 410. With the calculation method used, e.g. an increase of about 2% 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 Investments in associates

Associates that have been accounted for by the equity method at 31 Dec. 2016

EURm				
Name	Domicile	Carrying amount	Fair value ^{*)}	Interest held %
Nordea Bank Abp	Sweden	7,554	9,124	21.25
Topdanmark A/S	Denmark	554	955	45.38
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	2		21.98
Svithun Assuranse AS	Norway	1		33.00
Contemi Holding AS	Norway	0		28.57
SOS International A/S	Denmark	7		25.20

Associates that have been accounted for by the equity method at 31 Dec. 2015

EURm				
Name	Domicile	Carrying amount	Fair value ^{*)}	Interest held %
Nordea Bank Abp	Sweden	7,305	8,735	21.25
Topdanmark A/S	Denmark	362	827	32.9
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	2		21.98
Urzus Group AS	Norway	1		28.57
Svithun Assuranse AS	Norway	1		33.00
Watercircles Skandinavia AS (Norway)	Norway	3		35.75
Contemi Holding AS	Norway	1		28.57

^{*)} Published price quotation

Changes in investments in associates

EURm	2016			2015		
	Nordea	Other associates	Total	Nordea	Other associates	Total
At beginning of year	7,305	374	7,679	7,065	382	7,447
Share of loss/profit	773	65	837	751	42	793
Additions	-	205	205	-	1	1
Disposals	-551	-5	-555	-533	-1	-534
Changes in the equity of associates	27	-86	-59	23	-51	-28
Exchange differences	-	0	0	-	0	0
At end of year	7,554	553	8,107	7,305	374	7,679

The carrying amount of investments in associates included goodwill EURm 1,201 (1,101), 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 700 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		2016	2015
Assets		615,659	646,868

Liabilities	583,249	615,836
Revenue	9,927	10,140
Other comprehensive income items	165	13
Comprehensive income statement	3,766	3,675
Dividend income from the associate during the financial year	551	533

Sampo's share of Nordea's loss/profit consists of the following as of 31 Dec. 2016

EURm	2016	2015
Share of loss/profit of the associate	800	778
Amortisation of the customer relations	-35	-35
Change in deferred tax	8	8
Share of the loss/profit of an associate	773	751

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	2016	2015
P&C insurance		
Derivative financial instruments	14	21
Loans and receivables	84	108
Financial assets available-for-sale	11,569	10,437
P&C insurance, total	11,667	10,566
Life insurance		
Derivative financial instruments	13	11
Financial assets designated as at fair value through p/l	24	48
Loans and receivables	20	24
Financial assets available-for-sale	5,612	5,956
Total	5,670	6,039
Assets held for sale	-210	-
Life insurance, total	5,459	6,039
Holding		
Derivative financial instruments	18	21
Loans and receivables	0	1
Financial assets available-for-sale	814	852
Investments in subsidiaries	2,370	2,370
Holding, total	3,201	3,243
Elimination items between segments	-2,659	-2,659
Group, total	17,668	17,189

P&C insurance

Derivative financial instruments

2016

2015

EURm	Contract/ notional amount	Fair value		Contract/ notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	67	0	4	2,069	0	2
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	3,148	13	63	2,777	19	15
Currency options, bought and sold	30	0	0	101	1	0
Total foreign exchange derivatives	3,178	13	63	2,878	21	15
Equity derivatives						
OTC derivatives						
Equity and equity index options	0	1	-	-	-	-
Total derivatives held for trading	3,245	14	67	4,948	21	17

Other financial assets

EURm	2016	2015
Loans and receivables		
Deposits with ceding undertakings	1	1
Other	83	108
Total loans and receivables	84	108
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	1,246	1,392
Certificates of deposit issued by banks	3,407	3,120
Other debt securities	5,370	4,404
Total debt securities	10,022	8,916
Equity securities		
Listed	1,524	1,497
Unlisted	23	25
Total	1,547	1,522
Total financial assets available-for-sale	11,569	10,437

Financial assets available-for-sale for P&C insurance include impairment losses EURm 227 (197).

P&C insurance, total financial assets	11,667	10,566
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Life insurance

Derivative financial instruments

EURm	Contract/ notional amount	2016 Fair value		Contract/ notional amount	2015 Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	144	1	0	4,618	0	1
Credit risk swaps	-	-	-	643	-	0

Total	144	1	0	5,261	0	2
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	1,691	10	11	1,633	8	22
Currency options, bought and sold	63	0	0	156	1	1
Total foreign exchange derivatives	1,754	10	11	1,789	9	22
Total derivatives held for trading	1,898	10	11	7,050	9	24
Derivatives held for hedging						
Fair value hedges						
Currency forwards	534	2	0	602	2	9
Total	534	2	0	602	2	9
Total derivatives held for hedging	534	2	0	602	2	9
Total derivatives	2,432	13	11	7,651	11	33

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 19 (-69). Net result from hedged risks in fair value hedges of available for sale financial assets amounted to EURm -19 (68).

Other financial assets

EURm	2016	2015
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	15	13
Issued by banks	7	10
Other debt securities	0	23
Total debt securities	22	47
Listed equity securities	2	2
Total financial assets designated as at fair value through p/l	24	48
Loans and receivables		
Loans	20	24
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	19	30
Issued by banks	563	488
Other debt securities	2,523	2,896
Total debt securities	3,105	3,414
Equity securities		
Listed	1,727	1,669
Unlisted	779	873
Total	2,507	2,542
Total financial assets available-for-sale	5,612	5,956

Financial assets available-for-sale for life insurance include impairment losses EURm 15 (19).

Total financial assets	5,670	6,039
Assets held for sale	-210	-
Life insurance, total financial assets	5,459	6,039

Financial assets available for sale / debt securities: Debt securities available for sale include EURm 2,925 (3,334) investments in bonds and EURm 180 (95) investments in money market instruments.

Financial assets available for sale / shares and participations: Listed equity securities include EURm 913 (831) listed equities. Unlisted equity securities include EURm 727 (768) investments in capital trusts.

Holding

Derivative financial instruments

EURm	Contract/ notional amount	2016 Fair value		Contract/ notional amount	2015 Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest derivatives						
OTC-derivatives						
Interest rate swaps	523	12	-	800	10	-
Foreign exchange derivatives						
OTC-derivatives						
Currency forwards	478	4	1	74	1	2
Equity derivatives						
OTC-derivatives						
Equity and equity index options	9	2	3	60	10	10
Total derivatives	1,010	18	3	933	21	12

Other financial assets

EURm	2016	2015
Loans and receivables		
Deposits	0	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	250	196
Other debt securities	415	407
Total debt securities	666	603
Equity securities		
Listed	129	228
Unlisted	20	20
Total	148	248
Total financial assets available-for-sale	814	852

Financial assets available-for-sale for Holding business do not include impairment losses.

Investments in subsidiaries	2,370	2,370
Holding, total financial assets	3,201	3,243

Elimination items between segments	-2,659	-2,659
EURm	2016	2015
Group, total	17,668	17,189

16 Fair values

EURm	2016		2015	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets, group				
Financial assets	17,880	17,879	17,192	17,189
Investments related to unit-linked contracts	3,427	3,427	5,847	5,847
Other assets	49	49	28	28
Cash and cash equivalents	2,585	2,585	1,997	1,997
Total	23,941	23,940	25,064	25,060
Financial liabilities, group				
Financial liabilities	3,910	3,847	2,424	2,375
Other liabilities	31	31	64	64
Total	3,941	3,878	2,488	2,439

In the table above are presented fair values and carrying amounts of financial assets and liabilities. Assets held for sale are included in the figures. 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.

In level 3, the measurement is based on other inputs rather than observable market data.

The figures include the financial assets classified as Assets held for sale.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS AT 31 DEC. 2016				
Derivative financial instruments				
Interest rate swaps	-	12	-	12
Foreign exchange derivatives	-	30	-	30
Equity derivatives	-	3	-	3
	-	45	-	45
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	18	4	0	22
	20	4	0	24
Financial assets related to unit-linked insurance				
Equity securities	664	13	14	692
Debt securities	748	650	27	1,424
Derivative financial instruments	2,954	902	154	4,009
Mutual funds	-	2	-	2
	4,366	1,567	194	6,128
Financial assets available-for-sale				
Equity securities	2,123	-	48	2,171
Debt securities	9,410	4,036	58	13,504
Mutual funds	1,212	60	758	2,030
	12,746	4,096	863	17,705
Total financial assets measured at fair value	17,132	5,713	1,057	23,902
FINANCIAL LIABILITIES AT 31 DEC. 2016				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	74	-	74
Equity derivatives	-	3	-	3
Total financial liabilities measured at fair value	-	81	-	81
FINANCIAL ASSETS AT 31 DEC. 2015				
Derivative financial instruments				
Interest rate swaps	-	10	-	10
Foreign exchange derivatives	-	33	-	33
Equity derivatives	-	10	-	10
	-	53	-	53
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	18	29	0	47
	20	29	0	48
Financial assets related to unit-linked insurance				
Equity securities	616	7	17	639
Debt securities	751	453	27	1,231
Derivative financial instruments	2,720	987	46	3,753
Mutual funds	-	7	-	7
	4,087	1,454	89	5,630
Financial assets available-for-sale				

Equity securities	2,129	-	46	2,175
Debt securities	9,227	3,327	89	12,643
Mutual funds	1,296	39	801	2,136
	12,652	3,366	936	16,954
Total financial assets measured at fair value	16,759	4,901	1,026	22,686
EURm	Taso 1	Taso 2	Taso 3	Total
FINANCIAL LIABILITIES AT 31 DEC. 2015				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	48	-	48
Equity derivatives	-	10	-	10
Total financial liabilities measured at fair value	-	63	-	63

Transfers between levels 1 and 2

	2016		2015	
	Transfers from level 2 to level 1	Transfers from level 1 to level 2	Transfers from level 2 to level 1	Transfers from level 1 to level 2
Financial assets related to unit-linked insurance				
Debt securities	3	4	324	4
Financial assets available-for-sale				
Debt securities	459	502	339	257

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 10 (9) and in a decrease recognised directly in equity of EURm 8 (3). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 12 (23) and in a decrease recognised directly in equity of EURm 94 (79). 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 163 (68).

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. 2016.

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	0	-2	0	0
Effect recognised directly in equity	255	-239	-670	-195
Total effect	256	-241	-670	-195

18 Movements in level 3 financial instruments measured at fair value

EURm	At 1 Jan.	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.	Gains/ losses included in p/l for financial assets 31 Dec. 2016
FINANCIAL ASSETS AT 31 DEC. 2016								
Financial assets related to unit-linked insurance								
Equity securities	17	-6	-	12	-9	-	14	-4
Debt securities	27	0	-	0	0	-	27	0
Mutual funds	46	-3	-	129	-19	-	154	-2
	89	-9	-	142	-29	-	194	-5
Financial assets available-for-sale								
Equity securities	46	2	-1	6	-4	0	48	-2
Debt securities	90	1	0	213	-246	0	58	0
Mutual funds	801	0	-20	174	-198	0	757	-21
	936	4	-22	393	-448	0	863	-22
Total financial assets measured at fair value	1,026	-5	-22	535	-477	0	1,057	-27

EURm	Realised gains	2016 Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	-5	-22	-26
Total gains or losses included in profit and loss for assets held at the end of the financial year	-6	-22	-27

EURm	At 1 Jan.	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.	Gains/ losses included in p/l for financial assets 31 Dec. 2015
FINANCIAL ASSETS AT 31 DEC. 2015								
Financial assets related to unit-linked insurance								
Equity securities	16	2	-	3	-4	-	17	1
Debt securities	24	0	-	0	0	3	27	0
Mutual funds	57	2	-	11	-23	-	46	2
	96	3	-	14	-27	3	89	3
Financial assets available-for-sale								
Equity securities	228	14	-2	0	-194	-	46	2
Debt securities	78	9	0	90	-86	-	90	0
Mutual funds	748	25	13	174	-159	-	801	7
	1,054	48	10	264	-440	-	936	9

Total financial assets measured at fair value	1,150	51	10	278	-467	3	1,026	12
EURm					Realised gains	2015 Fair value gains and losses	Total	
Total gains or losses included in profit or loss for the financial year					51	6	57	
Total gains or losses included in profit and loss for assets held at the end of the financial year					6	6	12	

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

EURm	2016 Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)	2015 Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets available-for-sale				
Equity securities	48	-10	46	-9
Debt securities	58	-2	89	-2
Mutual funds	758	-152	801	-160
Total	863	-163	936	-171

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 per cent. 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 a descend of EURm 2 (2) for the debt instruments, and EURm 162 (169) 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 1.4 per cent (1.5).

20 Investments related to unit-linked insurance contracts

Life insurance

EURm	2016	2015
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	68	49
Other debt securities	1,358	1,199
Total	1,426	1,248
Equity securities		
Listed	4,388	4,328
Unlisted	313	64
Total	4,701	4,392

Total financial assets designated at fair value through p/l	330	217
Other	2	7
Total	6,460	5,865
Assets held for sale	-2,992	-
Investment related to unit-linked contracts, total	3,468	5,865
Elimination items between segments	-41	-18
Group total	3,427	5,847

The historical cost of the equity securities related to unit-linked contracts was EURm 3,813 (3,645) and that of the debt securities EURm 1,437 (1,305).

21 Deferred tax assets and liabilities

Changes in deferred tax during the financial period 2016

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	0	15
Employee benefits	35	-8	1	0	28
Other deductible temporary differences	19	-7	0	1	13
Total	68	-15	1	1	56
Netting of deferred taxes					-28
Deferred tax assets in the balance sheet					27
Deferred tax liabilities					
Depreciation differences and untaxed reserves	251	6	0	0	257
Changes in fair values	221	-2	48	-2	265
Other taxable temporary differences	28	4	1	0	33
Total	500	8	49	-2	555
Netting of deferred taxes					-28
Total deferred tax liabilities in the balance sheet					527

Changes in deferred tax during the financial period 2015

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
Changes in fair values	85	-50	-3	3	35
Other deductible temporary differences	8	-14	4	-1	-3
Total	107	-63	0	2	46
Netting of deferred taxes					-12
Deferred tax assets in the balance sheet					35

Deferred tax liabilities					
Depreciation differences and untaxed reserves	275	-21	-	-3	251
Changes in fair values	231	4	-16	2	221
Other taxable temporary differences	19	12	-25	1	7
Total	526	-5	-41	0	479
Netting of deferred taxes					-12
Total deferred tax liabilities in the balance sheet					468

In Sampo plc, EURm 24 of deferred tax asset has not been recognised on unused tax losses. The first losses will expire in 2019.

In life insurance, EURm 4 of deferred tax asset has not been recognised on unused tax losses.

22 Taxes

EURm	2016	2015
Profit before tax	1,871	1,888
Tax calculated at parent company's tax rate	-374	-378
Different tax rates on overseas earnings	-14	-25
Income not subject to tax	7	2
Expenses not allowable for tax purposes	-4	-2
Consolidation procedures and eliminations	165	168
Tax losses for which no deferred tax asset has been recognised	2	0
Changes in tax rates	0	5
Tax from previous years	-3	-1
Total	-221	-232

23 Components of other comprehensive income

EURm	2016	2015
Other comprehensive income:		
Items reclassifiable to profit or loss		
Exchange differences	-80	-35
Available-for-sale financial assets		
Gains/losses arising during the year	302	257
Reclassification adjustments	-66	-353
The share of the segregated Suomi portfolio	-11	-10
Share of associate's other comprehensive income	19	16
Taxes	-49	21
Total items reclassifiable to profit or loss, net of tax	115	-103
Items not reclassifiable to profit or loss		
Actuarial gains and losses from defined pension plans	-6	14
Taxes	1	-3
Total items not reclassifiable to profit or loss, net of tax	-5	11

24 Tax effects relating to components of other comprehensive income

	2016			2015		
	Before-tax amount	Tax	Net-of-tax amount	Before-tax amount	Tax	Net-of-tax amount
Items reclassifiable to profit or loss						
Exchange differences	-80	-	-80	-35	-	-35
Available-for-sale financial assets	225	-49	176	-106	21	-85
Share of associate's other comprehensive income	19	-	19	16	-	16
Total	164	-49	115	-124	21	-103

25 Other assets

P&C insurance

EURm	2016	2015
Interests	55	54
Assets arising from direct insurance operations	1,174	1,132
Assets arising from reinsurance operations	51	38
Settlement receivables	2	2
Deferred acquisition costs ¹⁾	123	131
Assets related to Patient Insurance Pool	120	120
Other	66	62
P&C insurance, total	1,593	1,541

Other assets include non-current assets EURm 114 (112).

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

1) Change in deferred acquisition costs in the period

EURm	2016	2015
At 1 Jan.	131	138
Net change in the period	-10	-4
Exchange differences	2	-2
At 31 Dec.	123	131

Life insurance

EURm	2016	2015
Interests	26	30
Receivables from policyholders	8	9
Assets arising from reinsurance operations	0	0
Settlement receivables	47	21
Assets pledged for trading in derivatives	18	19
Other	63	48
Life insurance, total	162	127

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

Holding

EURm	2016	2015
Interests	10	38
Settlement receivables	0	5

Other	5	8
Holding, total	15	51

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

Elimination items between segments	-9	-10
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EURm	2016	2015
Group, total	1,761	1,708

26 Cash and cash equivalents

P&C insurance

EURm	2016	2015
Cash at bank and in hand	441	368
Short-term deposits (max 3 months)	22	407
P&C insurance, total	463	775

Life insurance

EURm	2016	2015
Cash at bank and in hand	682	378
Short-term deposits (max 3 months)	-	104
Life insurance, total	682	482

Holding

EURm	2016	2015
Cash	1,439	739
Group, total	2,585	1,997

27 Liabilities from insurance and investment contracts

P&C insurance

Change in insurance liabilities

EURm	2016			2015		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for unearned premiums						
At 1 Jan.	2,017	46	1,971	1,999	41	1,958
Exchange differences	20	1	21	-20	1	-20
Change in provision	4	-2	2	39	5	44
At 31 Dec.	2,042	44	1,997	2,017	46	1,971

EURm	2016			2015		
	Gross	Ceded	Net	Gross	Ceded	Net
Provision for claims outstanding						
At 1 Jan.	7,416	193	7,223	7,185	197	6,988
Acquired/disposed insurance holdings	28	-	28	38	-	38

Exchange differences	-19	1	-20	-1	6	-8
Change in provision	-87	-2	-86	195	-10	205
At 31 Dec.	7,338	192	7,146	7,416	193	7,223

Liabilities from insurance contracts

EURm	2016	2015
Provision for unearned premiums	2,042	2,017
Provision for claims outstanding	7,338	7,416
Incurred and reported losses	1,596	1,657
Incurred but not reported losses (IBNR)	3,327	3,352
Provisions for claims-adjustment costs	267	269
Provisions for annuities and sickness benefits	2,148	2,138
P&C insurance total	9,379	9,433
Reinsurers' share		
Provision for unearned premiums	44	46
Provision for claims outstanding	192	193
Incurred and reported losses	114	95
Incurred but not reported losses (IBNR)	78	98
Total reinsurers' share	236	239

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

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. More information on P&C insurance's insurance liabilities in the Risk Management section of the Annual accounts.

Claims costs before reinsurance

Estimated claims cost

EURm	< 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
At the close of the claims year	14,689	2,570	2,696	2,699	2,810	2,893	2,932	2,831	2,814	2,845	2,886	
One year later	14,631	2,566	2,653	2,650	2,849	3,007	2,919	2,859	2,807	2,864		
Two years later	14,543	2,531	2,597	2,622	2,796	3,003	2,935	2,860	2,815			
Three years later	14,551	2,500	2,570	2,582	2,794	2,991	2,924	2,865				
Four years later	14,542	2,455	2,547	2,564	2,787	2,963	2,892					
Five years later	14,449	2,431	2,533	2,541	2,785	2,948						
Six years later	14,347	2,422	2,514	2,539	2,768							
Seven years later	14,342	2,409	2,520	2,511								
Eight years later	14,352	2,408	2,500									
Nine years later	14,462	2,390										
Ten years later	14,429											
Current estimate of total claims costs	14,429	2,390	2,500	2,511	2,768	2,948	2,892	2,865	2,815	2,864	2,886	41,868
Total disbursed	11,640	2,177	2,278	2,280	2,506	2,649	2,562	2,477	2,332	2,255	1,640	34,797
Provision reported in the balance sheet	2,788	213	223	231	262	298	330	388	483	609	1,246	7,071
of which established	1,523	82	71	61	77	75	71	81	64	37	8	2,148

vested annuities

Provision for claims-
adjustment costs

267

**Total provision reported
in the BS****7,338****Claims costs after reinsurance****Estimated claims cost**

EURm	< 2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
At the close of the claims year	13,663	2,473	2,580	2,586	2,673	2,736	2,737	2,782	2,775	2,799	2,825	
One year later	13,589	2,462	2,549	2,554	2,719	2,809	2,722	2,810	2,764	2,814		
Two years later	13,510	2,436	2,496	2,524	2,677	2,796	2,738	2,812	2,756			
Three years later	13,480	2,406	2,470	2,498	2,671	2,791	2,738	2,819				
Four years later	13,489	2,363	2,451	2,481	2,668	2,760	2,711					
Five years later	13,418	2,340	2,439	2,457	2,665	2,749						
Six years later	13,332	2,332	2,420	2,455	2,648							
Seven years later	13,333	2,319	2,427	2,431								
Eight years later	13,354	2,318	2,408									
Nine years later	13,454	2,300										
Ten years later	13,417											
Current estimate of total claims costs	13,417	2,300	2,408	2,431	2,648	2,749	2,711	2,819	2,756	2,814	2,825	39,877
Total disbursed	10,676	2,089	2,188	2,204	2,391	2,458	2,390	2,445	2,305	2,223	1,630	32,998
Provision reported in the balance sheet	2,741	210	220	227	257	291	321	373	451	591	1,195	6,879
of which established vested annuities	1,523	82	71	61	77	75	71	81	64	37	8	2,148
Provision for claims- adjustment costs												267
Total provision reported in the BS												7,146

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2016	4,979	36	5,014
Premiums	149	0	149
Claims paid	-469	0	-470
Expense charge	-37	0	-37
Guaranteed interest	138	0	138
Bonuses	5	-	5
Other	29	-8	21
Total at 31 Dec. 2016	4,794	28	4,821
Liabilities related to assets held for sale			-210
Life insurance, total			4,611
Reinsurers' share	-3	0	-3

Net liability at 31 Dec. 2016	4,791	28	4,608
EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2015	5,058	4	5,062
Premiums	148	30	178
Claims paid	-445	0	-445
Expense charge	-38	0	-38
Guaranteed interest	153	0	153
Bonuses	0	-	0
Portfolio transfers	17	-	17
Other	85	1	86
At 31 Dec. 2015	4,978	36	5,014
Reinsurers' share	-3	-	-3
Net liability at 31 Dec. 2015	4,976	36	5,012

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2016	4,042	1,817	5,858
Premiums	498	475	973
Claims paid	-222	-355	-577
Expense charge	-43	-20	-64
Other	153	97	250
At 31 Dec. 2016	4,427	2,013	6,440
Liabilities related to assets held for sale			-2,992
Life insurance total			3,448
At 1 Jan. 2015	3,599	1,714	5,312
Premiums	575	394	969
Claims paid	-198	-358	-556
Expense charge	-44	-22	-66
Other	110	89	200
At 31 Dec. 2015	4,042	1,817	5,858

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	2016	2015
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,425	2,516
Provision for claims outstanding	2,366	2,461
Total	4,791	4,976
Assumed reinsurance		
Provision for unearned premiums	0	1
Provision for claims outstanding	1	1
Total	1	2
Insurance contracts total		
Provision for unearned premiums	2,426	2,517
Provision for claims outstanding	2,368	2,462
Total	4,794	4,978
Investment contracts		
Liabilities for contracts with discretionary participation feature		

(DPF)		
Provision for unearned premiums	28	36
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,454	2,552
Provision for claims outstanding	2,368	2,462
Life insurance total	4,821	5,014
Liabilities related to assets held for sale	-210	-
Liabilities for insurance and investment contracts total, life insurance	4,611	5,014
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	2016	2015
Group, total	13,990	14,447

28 Liabilities from unit-linked insurance and investment contracts

Life insurance

EURm	2016	2015
Unit-linked insurance contracts	4,427	4,042
Unit-linked investment contracts	2,013	1,817
Total	6,440	5,858
Liabilities related to assets held for sale	-2,992	-
Life insurance, total	3,448	5,858
Elimination items between segments	-41	-18
EURm	2016	2015
Group, total	3,407	5,841

29 Financial liabilities

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

P&C insurance

EURm	2016	2015
Derivative financial instruments (note 15)	67	17

Subordinated debt securities				
Subordinated loans				
Euro-denominated loans				
	Maturity	Interest		
Preferred capital note, 2011 (nominal value EURm 110)	30 years	6.00%	109	109
Preferred capital note, 2013 (nominal value EURm 90)	perpetual	4.70%	92	90
Preferred capital note, 2016 (nominal value 1,500 MSEK)	30 years	3 months Stibor + 2,25%	154	-
Preferred capital note, 2016 (nominal value 500 MSEK)	30 years	2.42%	52	-
Total subordinated debt securities			407	199
P&C insurance, total financial liabilities			474	216

The loan 2011 was issued with fixed interest rates for the first ten years, after which it becomes 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.

The loan of 1 500 MSEK issued in 2016 is issued with variable interest rate terms. After ten years the margin is increased by one percentage point. It includes terms stating the right of redemption after five years and at any interest payment date thereafter.

The loan of 500 MSEK issued in 2016 is issued with fixed interest rate terms for the first five years. After that period, the loan becomes subject to variable interest rate but it also includes terms stating the right of redemption at this point in time or at any interest payment date thereafter.

The loan issued in 2011 and both loans issued in 2016 are all listed on the Luxembourg Exchange.

The purpose of the loans is to secure the good financial standing. All loans and their terms are approved by supervisory authorities and they are utilised for solvency purposes.

Life insurance

EURm	2016	2015
Derivative financial instruments (note 15)	11	33
Subordinated debt securities		
Subordinated loans	100	100
Life insurance, total	111	133

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	2016	2015
Derivative financial instruments (note 15)	3	12
Debt securities in issue		
Commercial papers	671	305
Bonds ^{*)}	2,877	1,997
Total	3,548	2,302
Holding, total	3,551	2,314

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

Elimination items between segments	-289	-339
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EURm	2016	2015
Group, total	3,847	2,375

30 Provisions

P&C insurance

EURm	2016
At 1 Jan. 2016	51
Exchange rate differences	-1
Additions	9
Amounts used during the period	-22
Unused amounts reversed during the period	-1
At 31 Dec. 2016	35
Current (less than 1 year)	8
Non-current (more than 1 year)	27
Total	35

EURm 11 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 21 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	2016	2015
Present value of estimated pension obligation, including social costs	294	303
Fair value of plan assets	214	213
Net pension obligation recognised in the balance sheet	79	90

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, 2006 regardless of age. In May 2015, If decided that all employees born in 1958 or later that were covered by the Norwegian defined-benefit pension plan would be switched to a defined-contribution plan as of January 2016. As of the same date, it was also decided that existing retirees would no longer be covered by the plan, and that future retirees would cease being covered by the plan when they are no longer employed by If. Accordingly, the Norwegian pension plan now consists solely of active people employed prior to 2006 and born no later than 1957.

The pension benefits referred to are old-age pension and survivors' pension in Sweden. For Norway, old-age pension and survivors' pension are included, as well as disability pension up to July, 1, 2016. Following an amendment to the plan, all employees will instead be covered by a defined-contribution plan for disability pension. A common feature of the defined-benefit 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% 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% 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% of the pensionable salary between 0 and 7.5 income base amounts, 65% of salary between 7.5 and 20 income base amounts and 32.5% 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% of the pensionable salary up to 12 National Insurance 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 were earlier indexed upwards in an amount corresponding to 80 -100% of the change in the consumer price index. Instead, as of January 2016, a paid-up policy is issued on retirement, whereby If is no longer responsible for and has no obligation in respect of future indexation of the insured plans.

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 obligation is discounted to the present value using interest rates based on the extrapolated yield-curves in Sweden and in Norway for AAA and AA corporate bonds, including mortgage-backed bonds, as at 30 November, approximately updated to reflect market conditions mid-December. The discount rate chosen takes into account the duration of the company's pension obligations. After a deduction for the plan assets, a net asset or net liability is recognized 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. As apparent from the tables, the said amendments to the insured plan in Norway have been taken into account when preparing the annual accounts for 2015 and had a material impact on both recognized costs and assets and obligations.

The carrying amounts have been stated including special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (19.1%).

Specification of employee benefit obligations by country

	2016			2015		
	Sweden	Norway	Total	Sweden	Norway	Total
Recognised in income statement and other comprehensive income						
Current service cost	5	4	9	6	9	15
Past service cost	0	-7	-6	0	-156	-156
Interest expense on net pension liability	1	1	2	1	3	4
Total in income statement	7	-2	5	7	-144	-137
Remeasurement of the net pension liability	8	-2	6	-9	-4	-14
Total in comprehensive income statement	15	-4	11	-2	-148	-150

Recognised in balance sheet						
Present value of estimated pension liability, including social costs	206	87	294	196	107	303
Fair value of plan assets	166	49	214	156	57	213
Net liability recognised in balance sheet	41	39	79	40	49	90

Distribution by asset class	2016		2015	
	Sweden	Norway	Sweden	Norway
Debt instruments, level 1	39%	54%	39%	50%
Debt instruments, level 2	0%	13%	1%	13%
Equity instruments, level 1	28%	6%	26%	5%
Equity instruments, level 3	10%	3%	10%	3%
Property, level 3	11%	12%	10%	12%
Other, level 1	2%	9%	4%	14%
Other, level 2	6%	3%	6%	3%
Other, level 3	4%	0%	4%	0%

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

	Sweden 31.12.2016	Sweden 31.12.2015	Norway 31.12.2016	Norway 31.12.2015
Discount rate	2.75%	3.00%	2.75%	2.50%
Future salary increases	2.75%	2.75%	3.00%	3.00%
Price inflation	1.75%	1.75%	2.00%	2.00%
Mortality table	FFFS 2007:31 +1 year	FFFS 2007:31 +1 year	K2013	K2013
Average duration of pension liabilities	22 years	21 years	13 years	14 years
Expected contributions to the defined benefit plans during 2017 and 2016	91	10	25	4

Sensitivity analysis of effect of reasonably possible changes	2016			2015		
	Sweden	Norway	Total	Sweden	Norway	Total
Discount rate, +0,50%	-25	-6	-31	-23	-7	-30
Discount rate, -0,50%	28	6	35	27	8	35
Future salary increases, +0,25%	8	1	9	8	1	9
Future salary increases, -0,25%	-8	-1	-8	-7	-1	-9
Expected longevity, +1 year	8	2	10	7	2	10

EURm	2016			2015		
	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	260	33	294	267	36	303
Fair value of plan assets	214	-	214	213	-	213
Net pension liability recognised in the balance sheet	46	33	79	54	36	90

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

EURm	2016	2015
Pension liabilities:		
At the beginning of the year	303	664
Earned during the financial year	9	15
Costs pertaining to prior-year service	-6	-156
Interest cost	8	15

Actuarial gains (-)/losses (+) on financial assumptions	8	4
Actuarial gains (-)/losses (+), experience adjustments	2	-14
Exchange differences on foreign plans	-2	-7
Benefits paid	-22	-25
Settlements	-7	-194
Defined benefit plans at 31 Dec.	294	303
Reconciliation of plan assets:		
At the beginning of the year	213	399
Interest income	6	11
Difference between actual return and calculated interest income	5	4
Contributions paid	16	26
Exchange differences on foreign plans	-3	-10
Benefits paid	-14	-16
Settlements	-7	-200
Plan assets at 31 Dec.	214	213

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 2016 is EURm 48.

32 Other liabilities

P&C insurance

EURm	2016	2015
Liabilities arising out of direct insurance operations	177	163
Liabilities arising out of reinsurance operations	29	30
Liabilities related to Patient Insurance Pool	118	115
Premium taxes	49	49
Tax liabilities	114	91
Prepayments and accrued income	174	181
Other	39	39
P&C insurance, total	700	669

The non-current share of other liabilities is EURm 96 (108).

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	2016	2015
Interests	7	10
Tax liabilities	0	5
Liabilities arising out of direct insurance operations	30	21
Liabilities arising out of reinsurance operations	5	4
Settlement liabilities	31	61
Guarantees received	2	0
Other liabilities	73	66
Life insurance, total	148	167

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	2016	2015
Interests	25	34
Guarantees for trading in derivatives	17	38
Liability for dividend distribution	38	35
Other	16	26
Holding, total	96	133
Item Other includes e.g. reservations for share-based incentive programmes and other incentive salaries.		
Elimination items between segments	-10	-11
EURm	2016	2015
Group, total	933	957

33 Contingent liabilities and commitments

P&C insurance

EURm	2016	2015
Off-balance sheet items		
Guarantees	4	5
Other irrevocable commitments	15	15
Total	19	20

Assets pledged as collateral for liabilities or contingent liabilities

EURm	2016		2015	
	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Investments				
- Investment securities	231	147	242	159
Total	231	147	242	159
EURm	2016	2015		
Assets pledged as security for derivative contracts, carrying value				
Investment securities	16	0		

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

EURm	2016	2015
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	103	98
later than five years	45	48
Total	180	178

Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-33	-20

The subsidiary If P&C Insurance Ltd provides insurance with mutual undertakings within the Nordic Nuclear Insurance Pool, 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.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling EURm 15, 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	2016	2015
Off-balance sheet items		
Investment commitments	657	397
Acquisition of IT-software	2	1
Total	658	398

EURm	2016	2015
Assets pledged as security for derivative contracts, carrying value		
Cash and cash equivalents	18	19

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

EURm	2016	2015
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	7	8
later than five years	6	7
Total	15	18
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-4	-4
- sublease payments	0	0
Total	-4	-4

Holding

EURm	2016	2015
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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	4	0
later than five years	1	-
Total	6	1

The Group had at the end of 2015 premises a total of 159,160 m² (171,254) 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 the end of the financial year 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

The reserve includes other investments of equity nature, as well as issue price of shares to an extent it is not recorded in share capital by an express decision.

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	2016	2015
Short-term employee benefits	9	8
Post employment benefits	2	4
Other long-term benefits	14	13
Total	26	25

In addition, deferred compensation EUR 66,786 (119,269) was paid to former members of the Group Executive Committee during the financial year.

Short-term employee benefits comprise salaries and other short-term 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 (TyEL) 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 key management does not have any loans from the Group companies.

Associates

Outstanding balances with related parties/Associate Nordea

EURm	2016	2015
Assets	2,500	2,004
Liabilities	90	102

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. Some 120 persons were included in the schemes at the end of year 2016.

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 - 43.38. The maximum value of one incentive unit varies between eur 33.37 - 62.38, 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 per cent, 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	2014 I/2
Terms approved ^{*)}	14.9.2011	14.9.2011	17.9.2014	17.9.2014
Granted (1,000) 31 Dec. 2013	4,134	100	-	-
Granted (1,000) 31 Dec. 2014	2,855	100	4,434	-

Granted (1,000) 31 Dec. 2015	1,415	70	4,380	62
Granted (1,000) 31 Dec. 2016	0	35	4,211	62
End of performance period I 30 %	Q2-2014	Q2-2015	Q2-2017	Q2-2018
End of performance period II 35 %	Q2-2015	Q2-2016	Q2-2018	Q2-2019
End of performance period III 35 %	Q2-2016	Q2-2017	Q2-2019	Q2-2020
Payment I 30 %	9-2014	9-2015	9-2017	9-2018
Payment II 35 %	9-2015	9-2016	9-2018	9-2019
Payment III 35 %	9-2016	9-2017	9-2019	9-2020
Price of Sampo A at terms approval date ^{*)}	18.10	18.10	37.22	37.22
Starting price ^{**)}	18.37	24.07	38.26	43.38
Dividend-adjusted starting price at 31 Dec. 2016	10.07	16.97	34.16	41.23
Sampo A - closing price 31 Dec. 2016	42.59			
Total intrinsic value, meur	0	1	21	0
Total debt	22			
Total cost for the financial period, meur (incl. social costs)	15			

^{*)} Grant dates vary

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

37 Assets and liabilities related to assets held for sale

In October 2016, Mandatum Life Insurance Company announced that it will not continue the distribution agreement of insurance policies with Danske Bank Plc after 31 December 2016 and that it will use its right to sell the insurance portfolio acquired via Danske Bank to Danske Bank A/S. The value evaluation will last approximately until the summer 2017. The portfolio transfer requires the approval of the authorities, expected to take place at the earliest at the end of year 2017.

The insurance portfolio targeted in the agreement is mainly included in the 'Unit-linked contracts' segment. Assets and liabilities are valued at book value. The effect of the with profit insurance portfolio on the investment result in the 'Other contracts' segment is deemed insignificant. The insurance risk result in the 'Other contracts' segment also consists mainly of other insurance portfolio than that targeted in the agreement. The effect of the transfer of the insurance portfolio is expected to weaken the result significantly and this will mainly show in the 'Unit-linked contract' segment. The premium income of the insurance portfolio in 2016 was EUR 304 and claims cost EUR 253.

Assets and liabilities of the portfolio at 31 Dec. 2016

Assets	
Financial assets	210
Investments related to unit-linked insurance contracts	2,992
Goodwill	89
Total	3,291
Liabilities	
Liabilities for insurance and investment contracts	210
Liabilities for unit-linked insurance and investment contracts	2,992
Total	3,202

38 Auditors' fees

EURm	2016	2015
Auditing fees	-2	-2

Other fees	0	0
Total	-3	-3

39 Legal proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2016, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

40 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	1,265
If P&C Insurance Company Ltd	100	464
If P&C Insurance AS	100	46
Support Services AS	100	0
CJSC If Insurance	100	9
If Livförsäkring Ab	100	8
Life insurance		
Mandatum Life Insurance Company Ltd	100	484
Innova Services Ltd	100	3
Mandatum Life Services Ltd	100	1
Mandatum Life Investment Services Ltd	100	2
Saka Hallikiinteistöt GP Oy	100	0
Mandatum Life Vuokratontit I GP Oy	100	0
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.

41 Investments in shares and participations other than subsidiaries and associates

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

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

P&C insurance

	Country	Holding %	Carrying amount/Fair value
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Listed companies			
A P Moller - Maersk	Denmark	0.03%	9
ABB	Switzerland	0.20%	89
Atlas Copco A+B	Sweden	0.14%	45
BB Tools	Sweden	0.64%	4
Clas Ohlson	Sweden	4.75%	44
CTT Systems	Sweden	4.08%	6
Beijer Ab GI	Sweden	0.44%	4
Gunnebo AB	Sweden	11.67%	36
Hennes Mauritz AB	Sweden	0.21%	94
Husqvarna AB	Sweden	1.01%	43
Husqvarna AB	Sweden	0.39%	17
Investor AB	Sweden	0.13%	35
Lindab Intl AB	Sweden	4.94%	30
Nederman Holding AB	Sweden	9.90%	23
Nobia AB	Sweden	10.10%	157
Nolato AB	Sweden	0.92%	7
Sandvik AB	Sweden	0.44%	65
Sectra AB	Sweden	11.04%	57
Svedbergs i Dalstrop	Sweden	11.45%	11
Teliasonera AB	Sweden	0.37%	62
VBG Group AB	Sweden	3.94%	9
Veidekke ASA	Norway	6.90%	125
Volvo AB	Sweden	0.06%	14
Volvo AB	Sweden	0.40%	95
Yara Intl ASA	Norway	0.38%	39
Marine Harvest ASA	Norway	0.23%	16
Team Tankers Intl AS	Norway	0.91%	2
Dof ASA	Norway	4.50%	8
Solstad Offshore ASA	Norway	0.70%	1
Total listed companies			1,144
Other			1
Unit trusts			
Danske Invest	Finland		79
Danske Invest	Finland		20
PEQ Eqt III	Guernsey		0
PEQ Eqt IV	Guernsey		0
PEQ GS Loan Partn I	Cayman islands		2
Investec Asset Mgmt	Great Britain		52
Lyxor Int AM	France		0
PEQ Mandatum I	Finland		1
PEQ Mandatum II	Finland		2
PEQ Mandatum II	Finland		4
PEQ Private Egy mkt	Finland		0
State Street Global	Finland		68
PEQ Eqt Mid Market	Great Britain		10
Handelsbanken Fonder	Sweden		25
Hermes Investment	Ireland		52
Blackrock AM DE	Denmark		20
PEQ OMP Capital	Norway		2
Blackrock AM DE	Denmark		63
Total unit trusts			401
P&C insurance, total shares and participations			1,547

Life insurance

	Country	Holding %	Carrying amount/Fair value
Listed companies			
Amer Sports Plc - A	Finland	3.21%	96
Asiakastieto Group Plc	Finland	9.27%	27
BASF SE	Germany	0.01%	9
Bayerische Motoren Werke AG	Germany	0.02%	12
British American Tobacco Plc	United Kingdom	0.01%	8
CapMan Plc - B	Finland	7.49%	13
Caverion Plc	Finland	2.27%	23
Comptel Plc	Finland	18.79%	49
Continental AG	Germany	0.03%	10
Deutsche Post AG	Germany	0.02%	9
DNA Oy	Finland	1.02%	14
Elecster Plc - A	Finland	6.43%	1
F-Secure Plc	Finland	3.65%	20
GlaxoSmithKline Plc	United Kingdom	0.01%	9
Kuehne + Nagel International AG	Switzerland	0.06%	9
Lassila & Tikanoja Plc	Finland	5.96%	44
LVMH Moët Hennessy Louis Vuitton SA	France	0.01%	6
Metso Plc	Finland	0.73%	30
Nestle SA	Switzerland	0.00%	10
Nokia Plc	Finland	0.03%	8
Nokian Renkaat Plc	Finland	0.44%	21
Oriola-KD Plc	Finland	2.51%	20
Roche Holding AG	Switzerland	0.01%	11
Royal Dutch Shell Plc	United Kingdom	0.01%	6
SAP AG	Germany	0.01%	10
Schneider Electric SA	France	0.03%	11
Stora Enso Plc - R	Finland	0.17%	10
Syngenta AG	Switzerland	0.02%	7
Teleste Plc	Finland	8.84%	15
Tikkurila Plc	Finland	3.66%	30
Tokmanni Group Plc	Finland	3.99%	20
Unilever NV - CVA	Netherlands	0.01%	8
UPM-Kymmene Plc	Finland	0.69%	86
Uponor Plc	Finland	1.44%	17
Vaisala Plc	Finland	4.21%	26
Valmet Corp	Finland	0.62%	13
Wärtsilä Plc Abp	Finland	0.16%	14
YIT Plc	Finland	0.79%	8
Total listed companies			740
Other listed companies			177
Listed companies in total			918
Other equity securities			
Pension Corporation Group Limited	Guernsey		8
Total			8

Unit trusts

Allianz RCM Europe Equity Growth W	Luxembourg	75
Comgest Growth Asia Ex Japan USD I Acc Class	Ireland	62
Danske Invest Europe High Dividend I	Luxembourg	60
DJ STOXX 600 Opt Healthcare	Ireland	30
Financial Select Sector Spdr	United States	11
Fourton Odysseus	Finland	47
Fourton Stamina Non-Ucits	Finland	27
Investec Gsf-Asia Pacific-I	United Kingdom	72
iShares Core S&P 500 ETF	United States	251
iShares SMI ETF	Switzerland	56
KJK Fund SICAV-SIF Baltic States B1 C	Finland	13
Lansdowne Clean Energy Funds	United Kingdom	5
LUX Mandatum Life Nordic High Yield Total Return Fund SICAV-SIF G EUR Share Class	Luxembourg	14
MFS European Value Fund Z	Luxembourg	56
MFS Mer-Europe Sm Cos-I1Eur	Luxembourg	18
The Forest Company Limited	Guernsey	7
Unideutschland XS	Germany	27
Total unit trusts		831

Capital trusts

Activa Capital Fund II FCPR	France	6
Amanda III Eastern Private Equity L.P.	Finland	12
Amanda IV West L.P.	Finland	19
Apollo Offshore Energy Opportunity Fund Limited	Cayman Islands	9
Avenue Energy Opportunities Fund L.P.	United States	19
Avenue Special Situations Fund VI (C-Feeder), L.P.	Cayman Islands	11
Broad Street Loan Partners 2013 Europe L.P.	United Kingdom	45
Broad Street Real Estate Credit Partners II Treaty Fund, L.P.	Cayman Islands	10
Capman Buyout IX Fund A L.P.	Guernsey	5
CapMan Hotels RE Ky	Finland	10
CapMan RE II Ky	Finland	7
Capman Real Estate I Ky	Finland	11
Capman Real Estate II Ky	Finland	8
EQT Auris Co-Investment L.P.	United Kingdom	18
EQT Credit (No.2) L.P.	Guernsey	37
EQT kfszteile24 Co-Investment L.P.	United Kingdom	9
EQT Mid Market (No.1) Feeder Limited Partnership	United Kingdom	10
EQT VI (No.1) L.P.	Guernsey	37
Financial Credit Investment I, L.P.	Cayman Islands	16
Fortress Credit Opportunities Fund II (C) L.P.	Cayman Islands	46
Fortress Credit Opportunities Fund III (C) L.P.	Cayman Islands	29
Fortress Credit Opportunities Fund IV (C) L.P.	Cayman Islands	16
Fortress Life Settlement Fund (C) L.P.	Cayman Islands	10
Highbridge Liquid Loan Opportunities Fund, L.P.	Cayman Islands	61
Lunar Capital Partners III L.P.	Cayman	9

	Islands	
M&G Debt Opportunities Fund	United Kingdom	7
M&G Debt Opportunities Fund II	Ireland	29
MB Equity Fund IV Ky	Finland	12
Mount Kellet Capital Partners (Cayman), L.P.	Cayman Islands	10
Mount Kellett Capital Partners (Cayman) II, L.P.	Cayman Islands	11
Oaktree Real Estate Debt Fund (Cayman), L.P.	Cayman Islands	7
Petershill II Offshore LP	Cayman Islands	13
Russia Partners II, L.P.	Cayman Islands	5
Specialty Fund III	Cayman Islands	33
Verdane Capital VII K/S	Denmark	14
Verdane Capital VIII K/S	Denmark	8
Victory Park Capital Fund II (Cayman), L.P.	Cayman Islands	17
Total capital trusts		640
Other shares and participations		112
Life insurance, total shares and participations		2,509

Holding

	Country	Holding %	Carrying amount/Fair value
Listed companies			
Aktia Plc	Finland	5.7%	37
Asiakastieto Group Plc	Finland	10.1%	29
Domestic other than listed companies			
LUX Mandatum Life European Small & Mid Cap Equity Fund SICAV-SIF G EUR Share Class	Luxembourg	0.0%	11
LUX Mandatum Life Finland Equity Fund SICAV-SIF G EUR Share Class	Luxembourg	0.0%	11
Keskinäinen työeläkevakuutusyhtiö Varma	Finland	80.3%	14
Other			47
Holding, total shares and participations			148

42 Events after the balance sheet date

In the meeting of 8 Feb. 2017, the Board of Directors decided to propose at the Annual General Meeting on 27 April 2017 a dividend distribution of EUR 2.30 per share, or total EUR 1.288.000.000, for 2016. The dividends to be paid will be accounted for in the equity in 2017 as a deduction of retained earnings.