
Sampo Group – Q2 2024 pre-close information

In advance of Sampo's Q2/2024 silent period, commencing on 8 July 2024, this document summarises the most significant publicly information and data points related to the operating and capital markets environment in the second quarter.

Large claims

On 16 April 2024, a major fire occurred in the Børsen-building in central Copenhagen, causing extensive damage to the structure. If P&C has been identified as the insurer providing the buildings cover for Børsen. Given the extent of the damage, it is currently assumed that the fire could lead to gross claims significantly above the SEK 300 million (approximately EUR 27 million) net retention on If P&C's risk excess of loss reinsurance programme.

Beyond Børsen, the second quarter has seen other large fires to industrial facilities. Although If P&C has not been named as the insurer on other events (in line with standard practise), it is the market leader in P&C insurance for large corporations in the Nordics and could therefore be exposed to additional claims.

To keep its risk and natural catastrophe excess of loss reinsurance covers in place, If P&C pays reinstatement premiums on the layers affected by gross claims. Large gross claims utilise multiple layers of reinsurance cover, leading to potentially significant reinstatement premiums in the low-to-mid-double digit million-euro range. Under IFRS 17, reinstatement premiums are accounted for as net claims in the P&L.

If P&C has a quarterly large claims budget that represents a multiple of the SEK 300 million net retention on the risk excess of loss reinsurance programme. Large claims are reported as a deviation against this budget. In the first quarter of 2024, the large claims outcome was better than expected, driving a 2.9 percentage point positive effect on the quarterly combined ratio.

New car sales

New car sales have remained weak across the Nordic region in 2024, down 7% YTD in May across the region and down 5% in Sweden (the largest new car market for If). During the first quarter of 2024, FX-adjusted GWP growth in Private would have been 0.9 percentage points higher than the 7.2 per cent reported had the Swedish mobility business been excluded.

Market movements

The table overleaf summarises relevant movements in capital markets from the end of Q1 2024 to 18 June 2024. A sensitivity table to changes in market variables is available in Sampo's Q1 2024 [investor presentation](#), on slide 24. In the first quarter of 2024, the discounting benefit to the Sampo Group and If P&C combined ratios were 2.9 per cent and 3.0 per cent, respectively.

Key market movements (estimate) – Q2 2024

	Short end	Long end
EUR swap rates	+5bps to +10bps	+10bps to +15bps
SEK swap rates	-10bps to -20bps	approx. -10bps
NOK swap rates	broadly flat	broadly flat
GBP swap rates	+5bps to +10bps	approx. +10bps
	Investment grade	High yield
Credit spreads	approx. +10bps	approx. +5bps
	OMX Nordic 120	OMX Sweden
Equity markets	+6%	+2%

Both the Swedish and Norwegian krona have strengthened against the euro over the quarter, but the year-on-year change in the average exchange rate remains negative.

Other items

- The investment in Nexi is reported with a delay of one quarter in Sampo's accounts. The change in the Nexi's share price over Q1 implies a decline in the value of the group's investment of approximately EUR 40 million in the Q2 2024 P&L.
- On 1 May 2024, Topdanmark reported that it has entered into agreement with Nordea regarding the process for completion of the IT separation of Topdanmark Liv. The agreement is expected to entail additional costs amounting to a total of approximately DKK 175-195m after tax. These extraordinary costs are expected to be provisioned for in the accounts for Q2 2024 in the profit from discontinued operations.
- Sampo's P&L includes non-operational amortization of cEUR 7 million and cEUR 11 million per quarter related to Topdanmark and Hastings, respectively. The charge is taken in other income and expense in the related P&L segments.