Q1 2013 Earnings Call

Company Participants

- Jarmo Salonen, IR
- Kari Stadigh, Group CEO, President
- Peter Johansson, Group CFO
- Ricard Wennerklint, Deputy Head

Other Participants

- Blair Stewart, Analyst
- Gianandrea Roberti, Analyst
- Jakob Brink, Analyst
- Jan Wolter, Analyst
- Matti Ahokas, Analyst
- Mika Koskinen, Analyst
- Per Gronborg, Analyst
- Peter Eliot, Analyst
- Thomas Seidl, Analyst
- Vinit Malhotra, Analyst

Presentation

Jarmo Salonen {BIO 1860650 <GO>}

Ladies and gentlemen. welcome to this conference call on Sampo Group's January; March 2013 results. My name is Jarmo Salonen and I'm head of Investor Relations at Sampo. And with me at this call I have our Group CEO and President, Kari Stadigh; Group CFO, Peter Johansson; and Deputy Head of P&C Insurance, Ricard Wennerklint. We'll have the same procedures as always. Kari will start with a review of the quarterly development and then we'll take whatever questions you may have.

Before handing over to Kari, let me remind you that you can follow this transmission on our website, sampo.com/result, and a recorded version, of course, will then later be available at that same address. And I will hand over to Kari. Kari, please?

Kari Stadigh {BIO 1504152 <GO>}

Thank you, Jarmo. Welcome to the conference call on my behalf as well. Once again, we report very good numbers, an EPS of EUR0.57 is well in line with the corresponding quarter last year. Our NAV reached EUR21.03, an all-time high figure at the end of the First Quarter. Our non-life operations had an excellent quarter as well, and delivered the best ever First Quarter combined ratio at 90.9%. The profit before taxes for the period at EUR204 million was up 3% from last year's First Quarter.

After the quarter, we also closed a deal to acquire three Finnish insurance operations and are now up and running with the first policies sold through Nordea in Finland. In the First Quarter, Nordea's strong business momentum continued. Total operating income was the highest ever First Quarter number and core tier 1 ratio rose to 13.2% despite the negative impact from revised IAS 19 rules. We booked in First Quarter a dividend of EUR293 million from Nordea and carry now at the end of First Quarter Nordea on our books at EUR7.57 a share.

Our life insurance performed also well in line with the plan. Profit before taxes was up 8% at EUR36 million; and on top of this, EUR20 million was put aside to bring the discount rate in 2014 to 2.7%. And as you all remember, the discount rate for this year is 2.5%. In April, Mandatum Life further distributed EUR100 million in dividends to Sampo PLC, maintaining its solvency ratio post dividend at the very strong level of 27.3%.

So all in all, a solid First Quarter of the Group. And I want to sum up by saying I highly appreciate the discipline and low volatility that can be recognized in all areas of our business operations. Based on this, we are also able to narrow our combined ratio guidance for the full year unusually early in the year to 89% to 92%.

As we have clearly communicated in earlier calls, our main challenge is now the low interest rate environment in general, resulting in a gradually declining running yield for our fixed income portfolio. However, our internal cash flow remains very strong and we are committed to be a dividend stock also in the future.

Jarmo Salonen {BIO 1860650 <GO>}

Thank you, Kari. And operator, we are now ready for the questions, please.

Questions And Answers

Operator

Thank you very much. (Operator Instructions) Your first question comes from Per Gronborg. Please go ahead.

Q - Per Gronborg {BIO 15910340 <GO>}

Thank you. I think it was me, Per Gronborg from Danske. I have a single question related to your liability side, the adjustments on the life side. It's coming down quite materially this quarter. Have you made any changes to the discount rate you're putting in, or is this only driven by high interest rates?

A - Kari Stadigh {BIO 1504152 <GO>}

High interest rates, it's mainly driven by, because we look at the reserves once a year based on this review. There's a reduction on the effect EUR90 million and then interest rates are roughly EUR40 million.

Q - Per Gronborg {BIO 15910340 <GO>}

EUR90 million from the review and EUR30 million from interest rates?

A - Kari Stadigh {BIO 1504152 <GO>}

EUR40 million from interest rates.

Q - Per Gronborg {BIO 15910340 <GO>}

And it was down some, something like EUR220 million?

A - Kari Stadigh {BIO 1504152 <GO>}

Yes. And then the rest is the discount rate effect.

Q - Per Gronborg {BIO 15910340 <GO>}

Isn't that only the EUR20 million that you had for raising the (inaudible) this quarter? Was it the unwinding of what happened full year last year?

A - Kari Stadigh {BIO 1504152 <GO>}

Then, when -- the EUR20 million is simply the amount (technical difficulty) we have rolled over from previous quarters and added on another EUR10 million.

Q - Per Gronborg {BIO 15910340 <GO>}

So this is a figure we should expect to take material moves every First Quarter? Is that correctly understood?

A - Kari Stadigh {BIO 1504152 <GO>}

Not necessarily, actually. This was a bit of a surprise for us also, that this move was such big.

Q - Per Gronborg {BIO 15910340 <GO>}

Okay, but the discount rates are basically the same? The principals are the same as you used last quarter?

A - Kari Stadigh {BIO 1504152 <GO>}

Principals are same, yes.

Q - Per Gronborg {BIO 15910340 <GO>}

Okay. Thank you.

Operator

Your next question comes from Matti Ahokas. Please go ahead.

Q - Matti Ahokas {BIO 2037723 <GO>}

Yes. Good afternoon. Two questions, please. Firstly, the large claims, as you say, were below the normal level. Could you also say what was the figure for Q1? Then, I don't know if you've gotten new information already regarding what the potential impact of the lower tax rate in Finland next year would be; it would be greatly appreciated if you could shed some light on that. Thanks.

A - Peter Johansson {BIO 3902189 <GO>}

Matti, this is Peter. I can take the tax rate. You should -- going forward, you should apply then 20% on Mandatum Life, and basically that means that also if you look at the (technical difficulty) custom life's deferred tax liabilities from unrealized gains. So depending on where that number is in the fair value reserve at the end of the year, so there will be a one-off on that one because basically we apply at 24.5%. So that's the main impact.

Then there will be a marginal effect in Finland because we still have some -- I'm looking at EUR300 million, EUR400 million of equalization provisions in Finland, so there's a deferred tax on that, which is 24.5%, and then will go down to 20%. So this will have a minor positive effect on Group equity.

Q - Matti Ahokas {BIO 2037723 <GO>}

But the effective tax rate from 2014 onwards, is it a minor effect? It is like one percentage point, or what should we be talking -- looking for?

A - Kari Stadigh {BIO 1504152 <GO>}

Because the life number is actually if we have the same amount of unrealized gains, it would be -- in the life portfolios, the effect would be $25 million. And I think the effect is pretty much -- we're quite not there, I think around EUR30 million to EUR50 million in Finland. But this is, of course -- so, this is more what's going to happen during the coming quarters.

A - Ricard Wennerklint

And I want to comment (inaudible), we have an EUR11 million better than normal result in Q1 and EUR19 million better than last year. If you're asking about average large claims, this was the level we're looking at, you can get an estimate , which is roughly 200 million Swedish per month in large claims from industrial and commercial. But that is, of course, a moving target since every time we write new business the normalized large claims number will be different.

Q - Matti Ahokas {BIO 2037723 <GO>}

And if I seem to recall correctly, this 200 million per month is the same figure that you previously also stated.

A - Ricard Wennerklint

Yes.

Q - Matti Ahokas {BIO 2037723 <GO>}

Great. Thanks.

Operator

Your next question comes from Jan Wolter. Please go ahead.

Q - Jan Wolter {BIO 1646844 <GO>}

Yes. Good afternoon. Jan Wolter here, Deutsche Bank. I have two questions from my side. As you said, it's unusually early to tighten your combined ratio guidance in Q1. What are you seeing to make you communicate this now? That's the first question. Then, I assume you continue to adapt to the low rate environment in a measured way. What do you feel is an appropriate discount rate in your life insurance book? Thank you.

A - Peter Johansson {BIO 3902189 <GO>}

This is Peter again on the discount rate. So basically, the Finnish rules are simple, where you can -- or you have to use a three -- or on the old policies, 3.5% discount rate. Then, if you underwrite any new risk/profit business, the maximum risk discount rate allowed is 2.5%. So regardless of the movements of interest rates, the regulator has not changed this. So basically, this extra reserving that we do, that's purely a Company decision.

A - Ricard Wennerklint

I'd like to comment to the tightening of the forecast for the year or the guidance. I would say only this is a strong First Quarter that we have seen. That's the only new information.

A - Kari Stadigh {BIO 1504152 <GO>}

And for my part, I feel very comfortable with the guidance that I have received because of the historic low volatility in our combined ratio. I think that now with almost any year track record, it's such low volatility compared to our peers that we have this situation very well under control, as well as you can have it in this industry.

Q - Jan Wolter {BIO 1646844 <GO>}

Thanks a lot for that. And just to follow-up on my second question there, so are you saying that the discount rate could really continue to come down to 2.5% and below that? Is that what we should expect?

A - Peter Johansson {BIO 3902189 <GO>}

No. Basically, you have -- we have slightly less than EUR3.9 billion of guaranteed business with profit liabilities in our portfolio. And this is a portfolio that will gradually run up -- run off. We estimate that now, during the next five years, there will (disappear) about EUR200 million every year. So there will be -- actually, slightly more. So we will be down somewhere at EUR3 billion after four or five years.

So this means basically that unless there are no regulatory changes and unless we don't move into Solvency II plus, then the second phase of IFRS, basically it gradually runs off. And this is -- these are purely Company decisions, how we have smoothened out for future profits by lowering our 2013 and 2014 discount rates to make the hurdle lower to make money on investments.

Q - Jan Wolter {BIO 1646844 <GO>}

Okay. Many thanks for that.

Operator

Your next question comes from Blair Stewart. Please go ahead.

Q - Blair Stewart {BIO 4191309 <GO>}

Thanks very much. Good afternoon, everyone. I've got three questions, I think. Firstly, on the fixed income running yield in the non-life business, it dropped from, I think, 3.6% down to 3.4%, and you talked about that carry as being a challenge. I just wondered if that's the right sort of trajectory to be thinking about, what we've seen so far this year.

Second question is on the life business. You've taken a dividend from life; I think you had previously said that you may not take a dividend from the life business. So I just wonder what prompted you to say that, to take that dividend. Is it just the strong start to the year of markets and high fair values over, et cetera?

And thirdly, on economic capital, you've seen a reduction in your economic capital ratio, I think because the economic capital requirements for Nordea went up. I think we've had some debates in the past about the way that you consolidate Nordea into your economic capital and the way that Nordea does. I just wonder if you can clarify exactly what's happened there in Q1. Thank you.

A - Kari Stadigh {BIO 1504152 <GO>}

So let's start with life dividend. We have distributed, I think, life at dividend from the life Company, the previous time was 2011, and before that 2007. Of course, it was a long time since we had distributed any significant dividends if you take cumulative number of years. So we felt comfortable, especially after the strong development in the beginning of the year and the very strong solvency ratio the Company has to take out this dividend.

There is really nothing new in that. The Company should generate, I think, going forward, if the environment stays like this, maybe EUR50 million in dividend capacity per year plus/minus something. So if we want to take it out in step every second year as EUR100 million or every year as EUR50 million, that remains to be seen. And this is, of course, subject to the development of the equity market.

Then, on the running yield, it's dropping, yes, it's coming slowly down. I think you asked also in the previous call about this, how should you look at this going forward. I have no better guidance than the previous time. We are piling up cash; I think the present figure is, on the Group level, we have EUR1.8 billion in cash, and we see that there is less and less value in fixed income products.

So the situation remains -- we are not going to panic on this, so you will see gradual decrease in the running yield; however, this is not, of course, for concern for us, this is something we just struggle with. But you have yourself to calculate the steepness of that. We are not dropping off any cliff. You can calculate the steepness by you know our duration, you know our maturity. So just remember that the major part is (inaudible).

A - Peter Johansson {BIO 3902189 <GO>}

Blair, this is Peter on the economic capital side, actually, not they are reporting at year end, they had an economic capital requirement of close to EUR18 billion, and that jumped by almost EUR6 billion.

And simply because they have recalibrated their economic capital number up to higher core tier 1 ratio targets that the regulators have set, that basically in our internal model we take our share of that increase of roughly EUR6 billion, which is about EUR1.25 billion. But that's done with a 99.97% confidence level, and there we scale that back to a 99.5% confidence level, and that brings up our economic capital by roughly EUR1 billion.

Q - Blair Stewart {BIO 4191309 <GO>}

Okay. So there's still a gap -- just to make sure I understand that, Peter, there's still a gap between yourselves and Nordea? There's a still a difference between the two, but you're just reflecting their higher base and recalibrating it to your base? Is that correct?

A - Peter Johansson {BIO 3902189 <GO>}

That is correct, that the -- because of the economic capital model is our internal test (inaudible; background noise) (investments), so we want to use same confidence level. But this actually is clearly above then any regulatory requirement that will be put on us, or there's some margin on the regulatory requirement.

Q - Blair Stewart {BIO 4191309 <GO>}

Yes, understood. Thank you.

Operator

Your next question comes from Mika Koskinen. Please go ahead.

Q - Mika Koskinen {BIO 1557965 <GO>}

Yes. Hi, there. Good afternoon. It's Mika from SEB. Just a question on the dividend. And I know it's a bit early days to talk about next year's dividend at this stage, but you mentioned that you want to strongly profile yourself still -- or you're committed to be a dividend stock. And if we look at this year's paid out dividend, should that be taken as an indication that basically as long as you don't see meaningful acquisitions on the radar screen you are willing to pay out basically all the free cash flow that you are generating?

A - Kari Stadigh {BIO 1504152 <GO>}

I think that my statement that we are dividend stock should be interpreted so that we would like to see our dividend increase. But let's not (technical difficulty) it should be (graphically) viewed also. So I don't know if it's linear or algorithmic or what it should cause some enjoyment visually when the end dividend grows annually.

Q - Mika Koskinen {BIO 1557965 <GO>}

The graphical appeal annually is very important. When you mentioned that you have roughly -- and this is -- I know that there's a large margin of error into this, but you said that Mandatum Life should have an annual dividend capacity of roughly EUR50 million a year. If we take the corresponding analogy to if it's fair to assume that with the current shall I say running rate of the business, the annual dividend capacity of it should be in the range of EUR500 million to EUR600 million a year?

A - Peter Johansson {BIO 3902189 <GO>}

I think that you have to correct it with some currency fluctuations. And it's sensible to be conservative, so I would say plus/minus EUR500 million is a better number.

Q - Mika Koskinen {BIO 1557965 <GO>}

All right, fair enough. Thanks very much.

Operator

Your next question comes from Thomas Seidl. Please go ahead.

Q - Thomas Seidl {BIO 17755912 <GO>}

Yes. Thank you. And good afternoon, everyone. Two questions. One on P&C. I look at slide 32, the growth development by segment, and I wonder if you could comment on industrial and on Sweden, where we sort of see them lower numbers now. Is this a reflection as to the market environment and market dynamics, or what is happening in this? And on the life side, slide 48, I think market share has dropped significantly. And what was sort of the main driver for this?

A - Kari Stadigh {BIO 1504152 <GO>}

P&C, our product life part, as you are well aware, we have no market share targets in any of our businesses because we are (technical difficulty) to make money (technical difficulty) financial industry market shares are really dangerous. Mandatum performed exactly according to plan; however, we can see that the market leader in Finland almost doubled its volume in the First Quarter. And I think you have to direct the question on their behavior, to them. But Mandatum performed according to plan on volume.

A - Ricard Wennerklint

When it comes to growth in P&C, I will say we're quite happy with the overall growth during the First Quarter. The number that you've seen in industrial, that's more a reflection of our persistent increasing rates in the industrial market. It's a need for rate increases and apparently will mean that we do some business with the current market environment.

The Swedish number is partly reflecting premium increases, but also lower car sales, which, as you know, has a direct effect on our volume.

Q - Thomas Seidl {BIO 17755912 <GO>}

Okay. Thank you.

Operator

Your next question comes from Vinit Malhotra. Please go ahead.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Hi. Most of my questions have been answered, but if I can just jump in still on the combined ratio, vertically the two markets of Norway and Sweden. In last three or four quarters now, or effective four quarters now, where there's no (inaudible) on the reported level, at least, (technical difficulty) it's kind of worsened, if you see the trend that Sweden has kind of improved successive quarters, last four quarters now. Is it just a coincidence that this trend exists, or is there something else going on?

And the reason I'm also asking this is because the whole Nordic P&C market is almost at its best ever and it's benefiting all the players. So one question from Europe that we always ask is, is this cycle close to its peak in terms of profitability? And I know your view, that this is still a nicely behaving market, but I just wanted to see if there is any trend here, or am I just reading too much into this chart? Thanks.

A - Ricard Wennerklint

Reading much into this first of (technical difficulty) --

Q - Vinit Malhotra {BIO 16184491 <GO>}

Sorry

A - Ricard Wennerklint

-- the market. So combined ratio by country would always be impacted by large claims. Basically, we haven't seen any sign of a (technical difficulty) long time. It has been good now for, let's say, about a year. And I make no estimate on where this market will continue to move. The Swedish market has been quite bad and in need of premium increases, and that it (technical difficulty) underlying results, Sweden should be improving.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Thank you.

A - Kari Stadigh {BIO 1504152 <GO>}

Remember, when you at quarterly results, that there are certain mega trends we chart (technical difficulty). One is that mutuals are becoming (least feed), or semi least feed. That's very important. So I think the mega trends are really not changing in this environment.

Q - Vinit Malhotra {BIO 16184491 <GO>}

And is competition still not misbehaving? In fact, that's the main thing, isn't it?

A - Kari Stadigh {BIO 1504152 <GO>}

The lower interest environment would support this, every P&C company to concentrate on their insurance profitability.

Q - Vinit Malhotra {BIO 16184491 <GO>}

Okay. All right. Thanks very much.

Operator

Your next question comes from Peter Eliot. Please go ahead.

Q - Peter Eliot {BIO 7556214 <GO>}

Thanks very much. Peter Eliot from Berenberg. If we could just come back on two things that's just been asked recently, actually. The first one, and, Kari, I apologize if I'm trying to read too much into this, but just interested by your comment on you'd like a linear or even better progression. Clearly, over the last four years dividends have gone up by pretty close to sort of 0.15 on average per year. Should we -- is there any reason you should dissuade us from thinking that that linear progression can continue? And as I say, apologizes if I'm reading too much into your statement, but that would be great.

The other thing I wanted to comment on was the life, your sales or market share. I guess if sales across the market have been very good, then people are buying these products. When we're talking unit-linked, is it a case that fees are not looking as attractive as they were? I'm just wondering if you could comment a bit more on perhaps why -- what the dynamics are that are perhaps making these products not look as attractive for you? Thank you very much.

A - Kari Stadigh {BIO 1504152 <GO>}

The Finnish life market is such that there are actually three players who have 90% of the market. And the distribution power in unit-linked is with main -- the three main banks. And we have one of the banks, Danske, as a partner on an exclusive basis, and they are performing really well; however, they are the smallest one of the three banks. So that now it is clear that the two other banking groups, they have decided to sell more capital redemption policies.

Then, that means that apparently what I interpret from the markets that fix these fees that they have guided their salespeople to systemically lead the client into an insurance repper. And this has probably to do mainly with Finnish legislation, tax legislation. But as these companies have very strong distribution power, they have been able to grow the market under an insurance repper. This is more what has happened than any fee-based or any profitability-based change. You shouldn't read into more from this than just what I explained.

On the dividend, I think that as with all artistic issues, they fluctuate and they change. Even if I'm an engineer, you can't read too much out of it. Then, as a concluding remark, it's the board that decides what they propose to the (HEM) on these, but we are real artists here, so we (technical difficulty) (see the) dividend regularly increase.

Q - Peter Eliot {BIO 7556214 <GO>}

Okay. Thanks very much.

Operator

Your next question comes from Mika Koskinen. Please go ahead.

Q - Mika Koskinen {BIO 1557965 <GO>}

Thanks. Just a follow-up, which you actually to some extent alluded to already, but I was also curious about the competitive dynamics of the marketplace. And do you see -- first of all, do you see any changes or any differences in behavior on the different markets, i.e., is -- for example, is Norway different than Finland for the time being? Then, have you seen that anyone had become a bit more aggressive on market share after a long period of very stable development?

A - Ricard Wennerklint

Let's put it like this, I think the most competitive market now is, a bit surprisingly, the industrial market and the Swedish market. And I'm saying that because these are the markets that are most in need of premium increases and we don't see that happening on a sort of broad scale. The rest of the Nordic market, I would say, are doing quite well and have been quite calm during the First Quarter.

Q - Mika Koskinen {BIO 1557965 <GO>}

All right. And clearly, you don't expect -- at least in the short term, just based on your basic (broad language or language), you don't expect any meaningful changes in that?

A - Ricard Wennerklint

(inaudible).

Q - Mika Koskinen {BIO 1557965 <GO>}

How is the (coal pressure) going with Topdanmark?

A - Kari Stadigh {BIO 1504152 <GO>}

Excellently. We are the biggest shareholder in Topdanmark. How do you think that companies treat their biggest shareholder?

Q - Mika Koskinen {BIO 1557965 <GO>}

I hope they treat them well.

A - Kari Stadigh {BIO 1504152 <GO>}

Yes, (inaudible). We treat our big shareholders well. I think that's in the genes of executives.

Q - Mika Koskinen {BIO 1557965 <GO>}

Perfect. All right. Thanks very much for my part.

Operator

Your next question comes from Gianandrea Roberti. Please go ahead.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Yes. Good afternoon, from me as well. I have a couple of very quick questions. One was in Mandatum Life, again, when you mentioned about the possibility of having around EUR50 million per annum dividend. Maybe listed zero one year and EUR100 million on two years, that's your real ramp.

I was also thinking about the fact that, if I understand correctly, Mandatum Life reserve will go down around EUR200 million per annum going forward. And when I look on your economic calendar model with a 25% solvency margin, just from the fact that this reserve goes down EUR200 million, that it's EUR50 million of capital free up in that division. I just would like to check if this assumption is correct and that's what you're counting in, or if it's more general capital market development for that kind of EUR50 million range.

The second question is more life related than -- I was just thinking, your top line has actually developed pretty nicely in the last two-and-a-half years, particular suppose through raise in prices. And I know probably from a client's main household it would sound like an insult, but I'm just trying to figure out if lower investment going forward but could be offset by more price hikes, if there is space for that or how do you see that equation? Thanks.

A - Kari Stadigh {BIO 1504152 <GO>}

Gianandrea, your on the ball here with my dividend guidance on life, because I don't think I have ever guided anything on the life dividend. And of course, the fact that capital or the (with profit) balance sheet is melting, that also frees up capital, and that gave me the confidence to guide like this.

However, the situation is not that easy. We have to analyze a little bit the investment market. And I think that if we analyze the investment market, what we see unraveling in front of us is a very similar scenario that is happening now in Japan. I think that the European Central Bank will follow very carefully what is happening in Japan, and I think that there is a clear probability that people will find this as a successful approach.

Then, that leads to the conclusion that southern European countries will need more help than they are getting today from the ECB. So I think the probability for even negative interest rates has increased significantly, and it has also become quite evident that now a long duration and sovereign debt and loan debt, that's not the place where you should be. So then you easily come to the conclusion that equities is where you should be.

And therefore, if Mandatum Life wants to maintain or increase its equity risk, then that, of course, consumes capital. And therefore, I didn't want to put the bigger number than EUR50 million because with this investment scenario which we see in front of us, it's quite likely that equity is the one which will pay off and then we want to have enough leeway to maintain and even increase our equity weight in the life company. And so, therefore, I thought that the conservative number of EUR50 million is the right card to play in this conference call.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Thanks, Kari, I appreciate the answer.

A - Ricard Wennerklint

(inaudible; microphone inaccessible) combined ratio going forward, with respect to your question, would remind you that the most important target we have is return on equity target of 17.5%, and, of course, return on investment or interest rates are an important part of that. And there is no other way to go for us or anyone else in this market than to increase prices if we foresee lower investment returns.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

And Ricard, just to add up, do you think that there's actually space in the market to do that? Because in 2012, most companies have closed with a combined between 85 and 90. And obviously, there are accounting reporting differences, but those are the numbers, right? So in a way, it would sound a bit unlikely that you can push through even more price hikes to lower the combined. That was the question, really.

A - Ricard Wennerklint

I think there is room to improve pricing, if needed, to hit the ROE target. And I don't see a difference between our Company or our competitors' companies. They have the same type of balance sheet, they see the same interest rates as we do.

A - Kari Stadigh {BIO 1504152 <GO>}

And Gianandrea, you must remember that there are some big mutuals still around who have combined ratios much higher than what you just described.

Q - Gianandrea Roberti {BIO 6786731 <GO>}

Absolutely. Thanks a lot. Thanks.

Operator

Your next question comes from Matti Ahokas. Please go ahead.

Q - Matti Ahokas {BIO 2037723 <GO>}

Yes, Matti here from Handelsbanken here. A follow-up question regarding the non-life business and the impact of the consolidation of the (Turg) Finnish business. You got the approval now very recently. Obviously, that business, when Turg was the owner, wasn't very profitable. What kind of financial impact should we be looking for in 2013 and 2014 from this portfolio alone, for the non-life business?

A - Ricard Wennerklint

(inaudible; microphone inaccessible) -- a very small business. But from 2014, we're definitely looking at a positive contribution from Turg business. This year, everything else being equal, most likely we'll see a negative impact, but this is smallish. And it was roughly EUR8 million in premiums.

Q - Matti Ahokas {BIO 2037723 <GO>}

Great. Thanks.

Operator

Your next question comes from Blair Stewart. Please go ahead.

Q - Blair Stewart {BIO 4191309 <GO>}

Thanks. Just a follow-up. I'm interested and amused by your comments on (Top). And I just wondered, just trying to set your comments about being a dividend stock into that.

Philosophically, what's Sampo's view with regards to share buybacks such as dividends from Top? Thank you.

A - Kari Stadigh {BIO 1504152 <GO>}

Really, we are not represented on the board of Top, as you are well aware of, and we have bought into the concept of this excellent company. And we have no reason to be involved in changing that concept as long as it is as powerful in underwriting and insurance technicalities as it is today. If that were to change, then I think our opinion would be different.

But at this moment, our only worry is that the share price is too high. So we have to follow that buybacks as such if the liquidity dries up or not making imbalances in the market. We see no sign yet of that, but this is, of course, as a shareholder, something we follow very carefully.

So we -- at the moment, we have no dialogue with the company where we would require them to change anything in their concept. We are the happy shareholder in the first row of the (ATM).

Q - Blair Stewart {BIO 4191309 <GO>}

Fantastic. Thank you, Kari.

Operator

There are no more questions registered at this moment, sir. Please continue.

Your next question comes from Jakob Brink. Please go ahead.

Q - Jakob Brink {BIO 7556154 <GO>}

Hi, it's Jakob from ABG. I just have a very final question, then. I'm just -- you said something about Sweden, that it was remarkably the country where it's most difficult to raise premiums, even though you have been doing so. I seem to remember that after Q4 you mentioned, or (inaudible) mentioned, that Sweden was a theocracy which kind of helped it perform in line with 2012 this year. Could you maybe give a bit more detail on exactly how you expect this to play out, if Norway should be weaker than last year, which I guess must be assumed? Thank you.

A - Ricard Wennerklint

That's a bit too much speculation. I'm just saying that during the First Quarter we have increased prices in Sweden, but my -- what I can see, I don't see the rest of the market doing the same, which is a bit surprising.

Q - Jakob Brink {BIO 7556154 <GO>}

Okay. Thank you.

Operator

There are no more questions registered at this moment, sir. Please continue.

A - Jarmo Salonen {BIO 1860650 <GO>}

Okay. Thank you. If there are no questions, then let me thank you for your attention. But before closing, two things I would like to point out. First of all, you probably have, and hopefully have, received an invitation to our Capital Market Day on the 30 of May in London. If not, please send me an email and I'll get you one. And secondly, if you have further issues to discuss, please call Peter and myself this evening, since tomorrow is a public holiday in the Nordic countries. Thank you.

Operator

That does conclude our conference for today. Thank you for participating. You may all disconnect now.