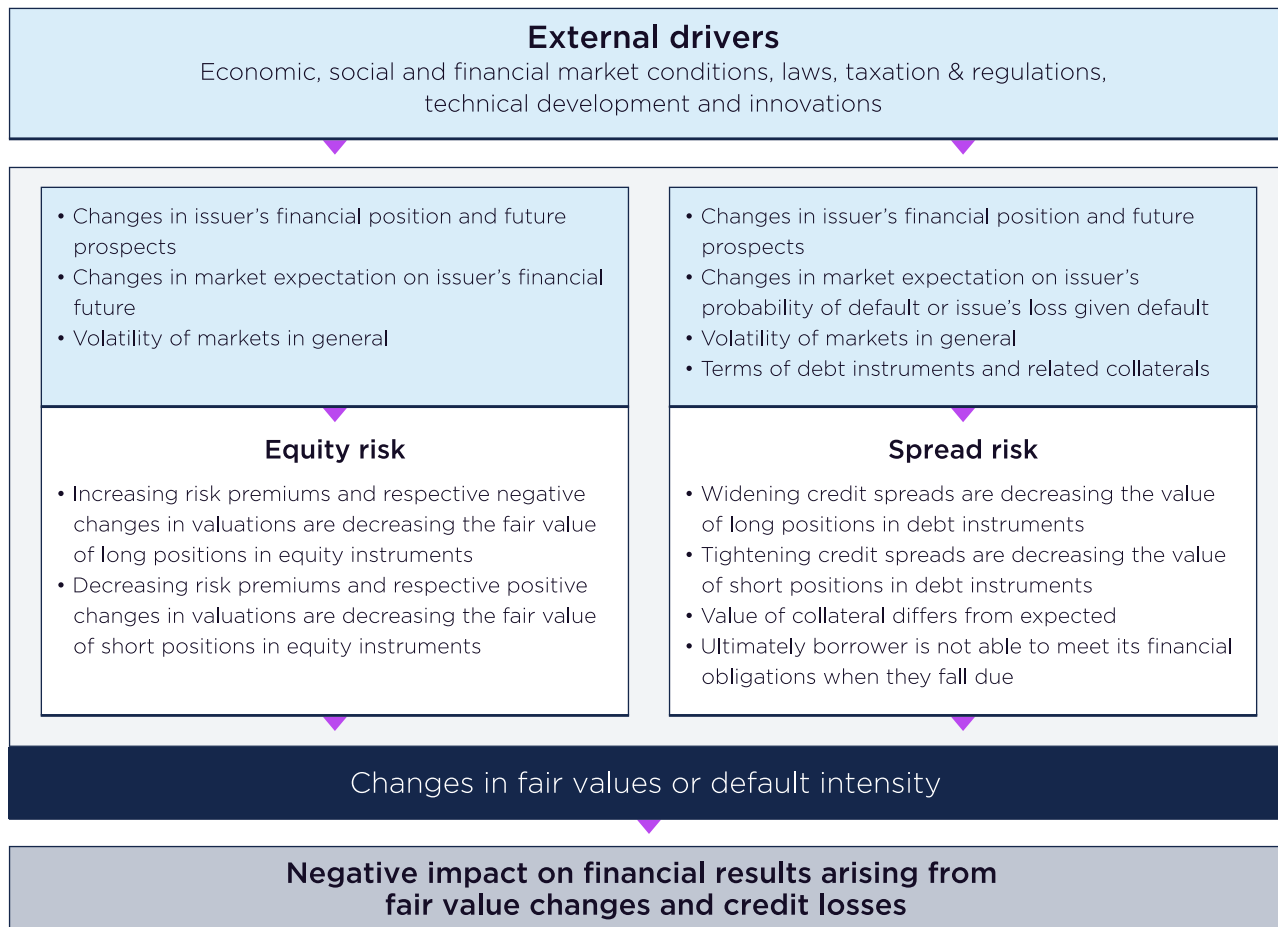


Equity and Spread Risks

Sampo Group is exposed to price risk dependent on changes in equity prices and spreads arising from its fixed income and equity investments. Equity price and

spread movements are affected by general market trends and by risk factors that are related specifically to a certain issuer or a specific issue.

Equity and Spread Risks



When the financial strength or future prospects of an issuer deteriorate or value of collaterals decreases, equity and spread risks materialize as decreases in the value of investment assets.

The values of investment assets decrease when credit spreads of tradable debt instruments are changing unfavourably or equity prices are decreasing. Most Sampo Group’s investments are tradable and hence

subject to daily mark-to-market valuation. Moreover, the fair values of non-tradable instruments change adversely when the financial strength or future prospects of the issuer deteriorates or value of collaterals decreases. Ultimately the issuer may fail to meet its financial obligations and the risk realizes as credit losses.

Management of Equity and Spread Risks

In Sampo Group, the selection of direct fixed income and equity investments is based primarily on stock and bond-picking and secondarily on top-down allocation. This investment style ensures that the

portfolio includes thoroughly analyzed investments with adequate risk return ratios, although the portfolio might not be necessarily as diversified as the finance or portfolio theory suggests.

Decision Making, Limit System and Monitoring

1. Potential investments are analyzed thoroughly. The creditworthiness and future prospects of the issuer are assessed together with collaterals and structural details of the instruments. Although external credit ratings by rating agencies and opinions of analysts are used to support the internal assessment, Sampo Group's own internal assessment is always the most important factor in decision making.
2. Investment transactions shall be executable on a short notice when an opportunity appears. This puts pressure on authorisations and credit limit structures and procedures that must be at the same time (i) flexible enough to facilitate fast decision making regardless of instrument type, (ii) well-structured to ensure that investment opportunities are assessed prudently, taking into account the specific features and risks of all investment types and (iii) able to restrict the maximum exposure of a single name risk to the level that is in balance with the company's risk appetite.
3. Accumulated credit exposures over single names and products are monitored regularly at the subsidiary level and at group level to identify unwanted concentrations. Credit exposures are reported, for instance, by sectors and asset classes and within fixed income by ratings.

Exposures in Fixed Income and Equity Instruments

Exposures in fixed income and equity instruments are shown in the tables Credit Exposures by Sectors, Asset Classes and Rating, If P&C, Mandatum Life and Sampo Group, 31 December 2014. The tables include also counterparty risk exposures relating to reinsurance and derivative transactions. Counterparty

default risks are described in more detail in section [Counterparty Default Risks](#). Due to differences in the reporting treatment of derivatives, the figures in the table are not fully comparable with other tables in this annual report.

Exposures by Sectors, Asset Classes and Rating

If P&C, 31 December 2014

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counter-party risk	Total	Change 31 Dec 2013
Basic Industry	0	0	0	101	83	0	62	246	34	0	0	280	13
Capital Goods	0	0	0	49	0	0	30	79	418	0	0	497	62
Consumer Products	0	0	35	37	46	0	94	212	367	0	0	579	-83
Energy	0	6	0	4	99	0	270	380	0	0	0	380	-122
Financial Institutions	0	1,233	1,145	362	114	0	10	2,865	29	0	22	2,917	193
Governments	693	222	0	2	0	0	0	918	0	0	0	918	-46
Government Guaranteed	105	76	0	0	0	0	0	181	0	0	0	181	-34

Health Care	0	0	0	5	0	0	49	54	45	0	0	99	35
Insurance	0	0	10	41	0	0	0	51	0	0	111	162	-134
Media	0	0	0	0	0	0	18	18	0	0	0	18	-1
Public Sector, Other	857	127	0	0	0	0	0	984	0	0	0	984	303
Real Estate	0	9	0	0	0	0	482	490	0	23	0	513	57
Services	0	0	0	5	42	0	17	64	0	0	0	64	45
Technology and Electronics	0	0	0	0	0	0	35	35	5	0	0	40	6
Telecommunications	0	0	94	14	0	0	27	135	79	0	0	214	-62
Transportation	0	97	7	23	13	0	168	307	9	0	0	317	-12
Utilities	0	0	143	107	0	0	79	329	0	0	0	329	-27
Others	0	0	0	0	0	0	0	0	0	2	0	2	-35
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	2,608	142	0	0	0	0	0	2,750	0	0	0	2,750	-487
Funds	0	0	0	0	0	0	7	7	380	20	0	407	16
Total	4,263	1,911	1,434	751	397	0	1,348	10,105	1,367	45	133	11,650	-316
Change 31 Dec 2013	-37	94	7	-204	-5	0	-24	-168	83	-69	-162	-316	

Exposures by Sectors, Asset Classes and Rating

Mandatum Life, 31 December 2014

EURm	AAA	AA+ - AA-	A+ - A-	BBB+			Non-rated	Fixed income total	Listed equities	Other	Counter- party risk	Total	Change 31 Dec 2013
				-	BBB-	BB+							
Basic Industry	0	0	0	1	157	0	62	220	199	0	0	420	-49
Capital Goods	0	0	1	1	30	0	42	75	141	0	0	215	-2
Consumer Products	0	0	6	4	108	0	56	175	117	0	0	292	27
Energy	0	1	0	16	0	0	50	67	2	0	0	68	-12
Financial Institutions	2	967	902	22	228	0	0	2,121	28	23	0	2,172	1,033
Governments	334	32	0	21	0	0	0	387	0	0	0	387	-340
Government Guaranteed	0	4	0	0	0	0	0	4	0	0	0	4	4
Health Care	0	0	1	0	47	0	25	73	17	0	0	91	36
Insurance	0	0	1	25	0	0	11	37	5	23	0	65	8
Media	0	0	0	0	13	0	28	40	0	0	0	40	1
Public Sector, Other	0	2	0	0	0	0	0	2	0	0	0	2	2
Real Estate	0	0	0	1	0	0	55	55	0	255	0	311	110
Services	0	0	0	1	88	0	16	105	39	0	0	144	21
Technology and Electronics	1	0	0	1	2	0	1	4	88	1	0	93	-6
Telecommunications	0	0	8	12	52	0	15	88	1	0	0	89	-56
Transportation	0	0	0	0	11	0	7	18	1	0	0	19	-25
Utilities	0	0	54	56	1	0	0	111	0	0	0	111	-87
Others	0	0	0	0	6	0	10	16	0	15	0	31	6
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	23	58	13	0	0	0	0	93	0	0	0	93	-32
Funds	7	0	95	50	24	0	147	323	1,061	632	0	2,017	582
Total	367	1,065	1,082	212	767	0	523	4,016	1,698	951	0	6,664	1,222
Change 31 Dec 2013	156	83	517	-131	118	0	43	787	276	164	-5	1,222	

Exposures by Sectors, Asset Classes and Rating

Sampo Group, 31 December 2014

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non- rated	Fixed income total	Listed equities	Other	Counter- party risk	Total	Change 31 Dec 2013
Basic Industry	0	0	0	102	240	0	124	466	233	0	0	700	-56
Capital Goods	0	0	1	50	30	0	77	158	562	0	0	720	57
Consumer Products	0	0	41	41	154	0	150	387	484	0	0	871	-56
Energy	0	7	0	21	99	0	320	446	2	0	0	448	-134
Financial Institutions	2	2,658	2,363	497	342	0	10	5,871	95	23	29	6,018	1,510
Governments	1,027	254	0	23	0	0	0	1,304	0	0	0	1,304	-386
Government Guaranteed	105	80	0	0	0	0	0	185	0	0	0	185	-30
Health Care	0	0	1	5	47	0	74	128	62	0	0	238	72
Insurance	0	0	11	65	0	0	41	118	5	40	111	226	-126
Media	0	0	0	0	13	0	46	59	0	0	0	59	-0
Public Sector, Other	857	130	0	0	0	0	0	987	0	0	0	987	305
Real Estate	0	9	0	1	0	0	536	546	0	280	0	826	167
Services	0	0	0	5	130	0	33	169	39	0	0	208	66
Technology and Electronics	1	0	0	1	2	0	36	40	92	2	0	134	1
Telecommunications	0	0	102	26	52	0	42	223	80	0	0	303	-118
Transportation	0	97	7	23	24	0	175	325	10	0	0	335	-37
Utilities	0	0	197	163	1	0	79	440	0	0	0	440	-114
Others	0	0	0	0	6	0	10	16	0	17	0	33	-29
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	2,631	200	13	0	0	0	0	2,844	0	0	0	2,844	-519
Funds	7	0	95	50	24	0	154	331	1,441	678	0	2,450	613
Total	4,630	3,434	2,832	1,075	1,164	0	1,907	15,042	3,105	1,042	140	19,329	1,185
Change 31 Dec 2013	119	286	553	-223	113	0	-5	843	383	129	-169	1,185	

The largest holdings are in financial institutions and covered bonds. Most of these investments are in Nordic countries as can be seen in the table Fixed

Income Investments in Financial Sector, Sampo Group, 31 December 2014. These exposures increased by EUR 0.9 billion during 2014.

Fixed Income Investments in Financial Sector

Sampo Group, 31 December 2014

	Covered bonds	Money market securities	Long-term senior debt	Long-term sub-ordinated debt	Total, EURm	%
Sweden	1,666	1,286	690	241	3,883	44.6%
Finland	223	2,403	118	11	2,754	31.6%
Norway	684		413	77	1,174	13.5%
Denmark	183	45	183	74	486	5.6%
United States		78	25	1	104	1.2%
Switzerland			48	12	60	0.7%
France	36	0	2	20	59	0.7%
Netherlands	2	0	44		46	0.5%
Austria	32				32	0.4%
Iceland			32		32	0.4%
Germany		0	25	0	26	0.3%

Estonia		23			23	0.3%
United Kingdom	4		4	4	13	0.1%
Luxembourg	12				12	0.1%
Jersey				5	5	0.1%
Russia		4			4	0.0%
Italy	1	1			2	0.0%
Spain	1				1	0.0%
Australia	1				1	0.0%
Total	2,844	3,842	1,584	445	8,715	100.0%

The public sector exposure includes government bonds, government guaranteed bonds and other public sector investments. The public sector has had

relatively minor role in Sampo Group's portfolios and these exposures have been mainly in the Nordic countries.

Fixed Income Investments in Public Sector

Sampo Group, 31 December 2014

	Governments	Government guaranteed	Public sector, other	Total market value, EURm
Sweden	244		726	970
Netherlands	422			422
Germany	347	71		419
Norway			242	242
France	224	4		228
Finland	28	76	19	123
Other	39	33	0	72
Total	1,304	185	987	2,476

The exposures in non-rated and high yield fixed income instruments are significant, because relatively small number of Nordic companies are rated. The largest high yield and non-rated fixed income

investment exposures are presented in the table Ten Largest Direct High Yield and Non-rated Fixed Income Investments, Sampo Group, 31 December 2014.

Ten Largest Direct High Yield and Non-rated Fixed Income Investments

Sampo Group, 31 December 2014

Largest direct high yield and non-rated fixed income investments	Rating	Total fair value, EURm	% of total direct fixed income investments
ICA Gruppen AB	NR	166	1.2%
Eksportfinans ASA	BB-	158	1.1%
Stora Enso	BB	157	1.1%
High Street Shop AS	NR	128	0.9%
PBA Karlskrona	NR	80	0.6%
Neste Oil Oyj	NR	78	0.5%
Sponda Oyj	NR	68	0.5%
Storebrand ASA	BB+	63	0.4%
Sor Boligkreditt AS	NR	44	0.3%
Nassa Midco AS	B	42	0.3%
Total top 10 exposures		983	6.8%
Other direct fixed income investments		13,446	93.2%
Total direct fixed income investments		14,430	100.0%

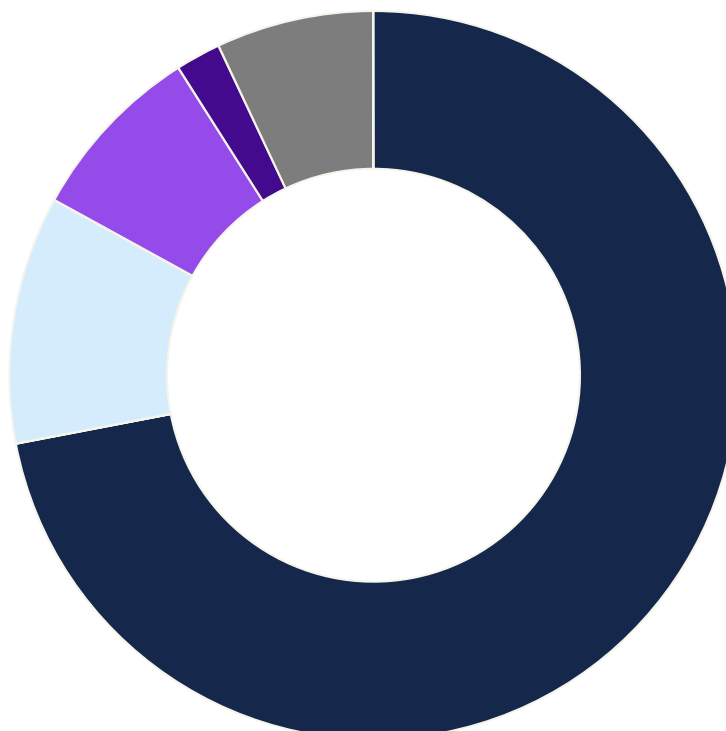
The listed equity investments of Sampo Group totaled EUR 3,105 million at the end of year 2014 (EUR 2,749 million in 2013). At the end of year 2014, the listed equity exposure of If P&C was EUR 1,367 million (EUR 1,283 million in 2013). The proportion of listed equities in If P&C's investment portfolio was 11.9 per cent. In Mandatum Life, the listed equity exposure was EUR 1,698 million at the end of year 2014 (EUR 1,422

million in 2013) and the proportion of listed equities was 25.6 per cent of the investment portfolio.

Breakdown of the listed equity exposures of Sampo Group by geographical regions is shown in the figure Breakdown of Listed Equity Investments by Geographical Regions, Sampo Group, If P&C and Mandatum Life, 31 December 2014.

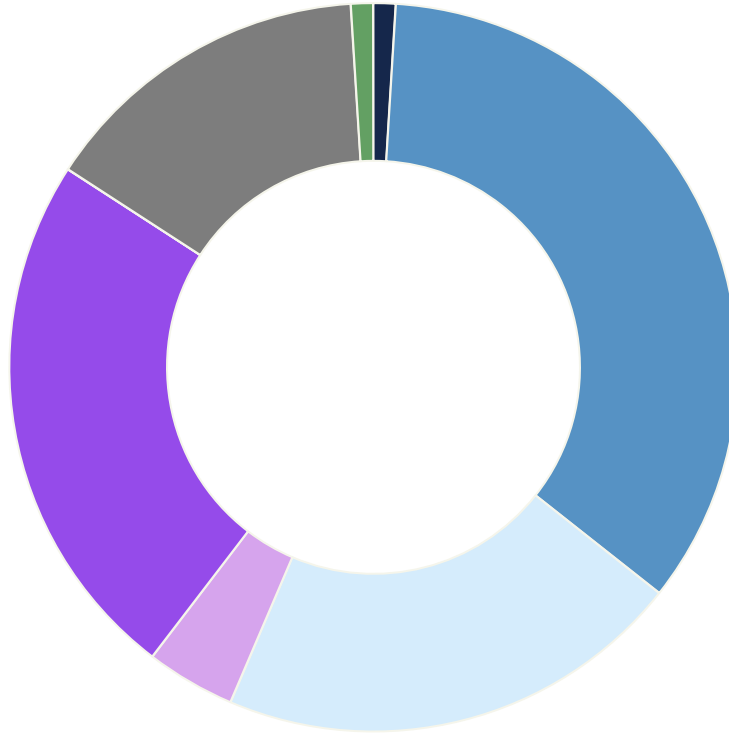
Breakdown of Listed Equity Investments by Geographical Regions

If P&C, 31 December 2014, total EURm 1,367



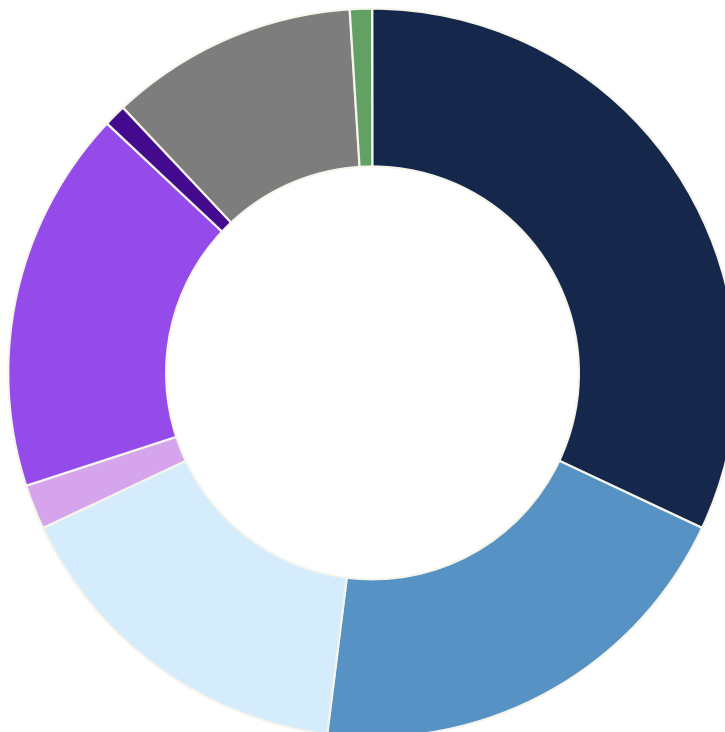
Breakdown of Listed Equity Investments by Geographical Regions

Mandatum Life, 31 December 2014, total EURm 1,678



Breakdown of Listed Equity Investments by Geographical Regions

Sampo Group, 31 December 2014, total EURm 3,105



The geographical emphasis of Sampo Group's equity investments is in Nordic companies. The proportion of Nordic companies' equities corresponds to 53 per cent of the total equity portfolio. This is in line with Sampo Group's investment strategy to focus on Nordic companies. Moreover, the Group's insurance liabilities are mostly denominated in the euro and in the Nordic currencies. In the long run the proportion of investments outside of the Nordic countries has gradually increased, because the amount of companies issuing securities in the Nordic countries is limited and from a tactical point of view other geographical areas have recently provided interesting investment opportunities.

The sector allocation of direct listed equity investments in Sampo Group is presented in tables [Exposures by sectors, asset classes and rating, If P&C, Mandatum Life and Sampo Group, 31 December 2014](#). The largest allocations are to capital goods, consumer products and basic industry sectors. Listed equity investments made through mutual funds and ETF investments accounted for 46 per cent of the entire equity portfolio.

Furthermore, the largest direct listed equity exposures are presented in the table [Ten Largest Direct Listed Equity Investments, Sampo Group, 31 December 2014](#).

Ten Largest Direct Listed Equity Investments

Sampo Group, 31 December 2014

Top 10 equity investments	Total fair value, EURm	% of total direct equity investments
Nobia	156	9.4%
UPM-Kymmene	130	7.8%
Veidekke	100	6.0%
Hennes & Mauritz	94	5.7%
Amer Sports	82	4.9%

TeliaSonera	80	4.8%
Volvo	77	4.6%
ABB Ltd	74	4.4%
Husqvarna Ab	50	3.0%
Sectra Ab	45	2.7%
Total top 10 exposures	889	53.3%
Other direct equity investments	777	46.7%
Total direct equity investments	1,666	100.0%

In addition, Sampo Group's largest listed equity holdings are disclosed in the [Notes to the Financial Statements \(Note 40\)](#).

counterparties are presented in the table Largest Individual Exposures by Issuer and by Asset Class, Sampo Group, 31 December 2014.

The largest exposures by individual issuers and

Largest Individual Exposures by Issuer and by Asset Class

Sampo Group, 31 December 2014

EURm Counterparty	Total fair value	% of total investment assets	Cash & short-term fixed income	Long-term fixed income, total	Long-term fixed income: Government guaranteed	Long-term fixed income: Covered bonds	Long-term fixed income: Senior bonds	Long-term fixed income: Tier 1 and Tier 2	Equities	Uncollateralized derivatives
Nordea Bank	1,600	8%	926	674	0	387	172	115	0	0
Svenska Handelsbanken	1,490	8%	908	582	0	509	69	4	0	0
Danske Bank	1,002	5%	631	371	0	130	167	74	0	0
Skandinaviska Enskilda Banken	945	5%	590	355	0	124	129	102	0	0
Sweden	665	3%	0	665	0	0	665	0	0	0
Swedbank	484	3%	59	425	0	275	150	0	0	0
DnB	440	2%	0	440	0	232	165	43	0	0
OP Pohjola	436	2%	383	52	0	0	42	10	0	0
Netherlands	424	2%	0	424	0	0	424	0	0	0
Germany	347	2%	0	347	0	0	347	0	0	0
Total Top 10 Exposures	7,833	41%	3,499	4,334	0	1,656	2,329	348	0	0
Other	11,385	59%								
Total investment assets	19,218	100%								