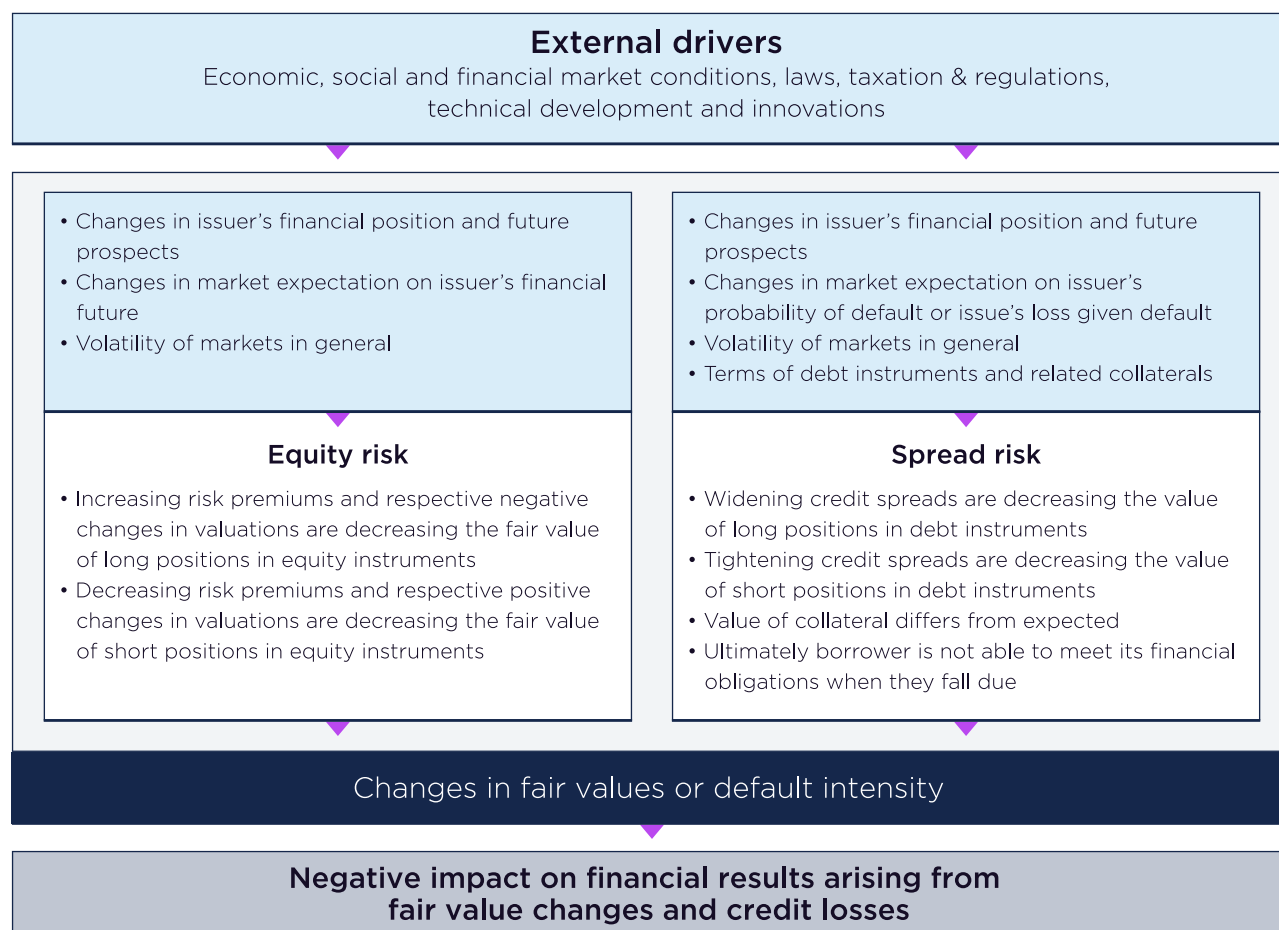


Equity and Spread Risks

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

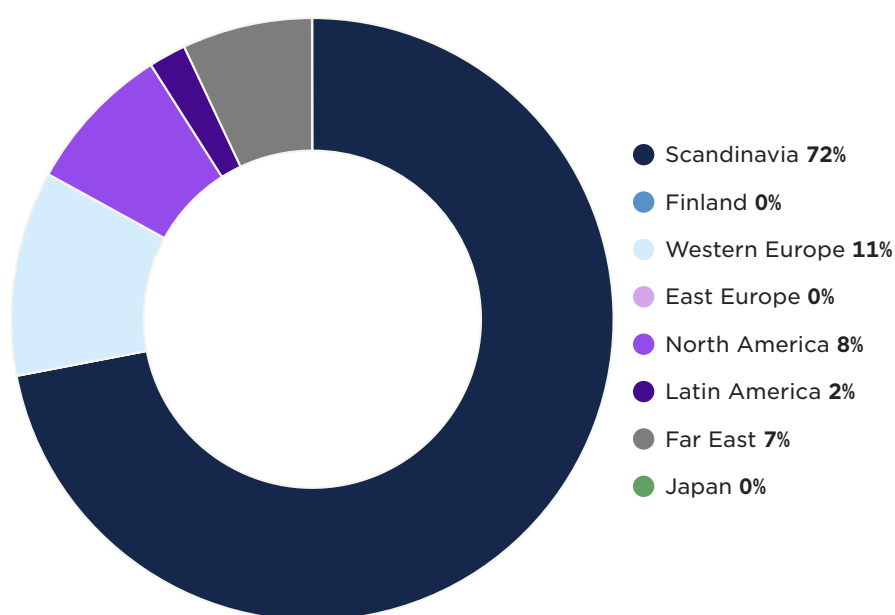
The listed equity investments of Sampo Group totaled EUR 3,105 million at the end of year 2014 (EUR 2,749 million in 2013). At the end of year 2014, the listed equity exposure of If P&C was EUR 1,367 million (EUR 1,283 million in 2013). The proportion of listed equities in If P&C's investment portfolio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

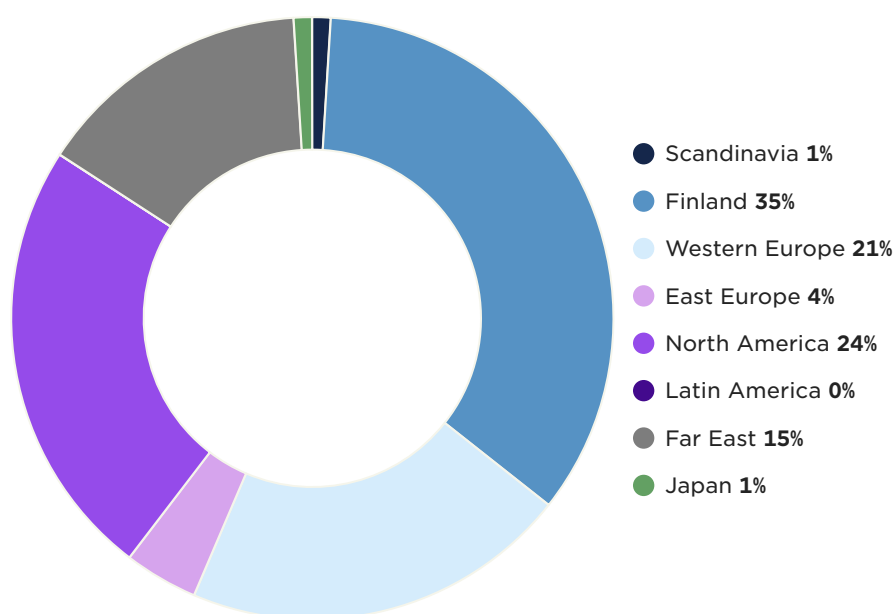
Breakdown of Listed Equity Investments by Geographical Regions

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



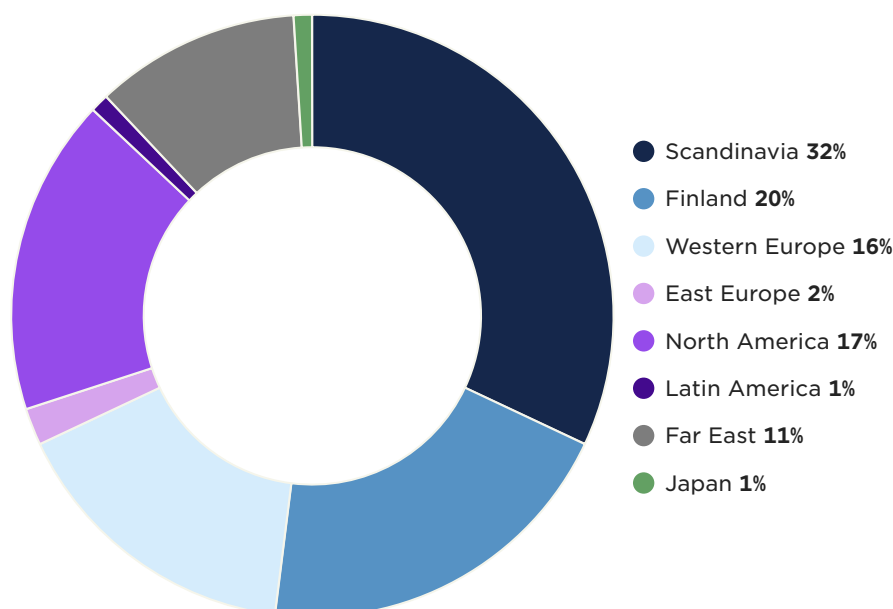
Breakdown of Listed Equity Investments by Geographical Regions

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 | Uncolla- teralized 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% | | | | | | | | |