

Economic Value Risks

In order to have a comprehensive, economic view on risks and capitalization, Sampo Group companies calculate the economic value of insurance liabilities with market rates and adjust their capital bases in the internal Economic Capital framework accordingly.

The difference between technical provisions and the economic value of insurance liabilities is a major

component of the liability side adjustment that is part of the reported adjusted solvency capital.

The sensitivity of adjusted solvency capital is shown in the table Sensitivity Analysis of Capitalization to Market Risks, If P&C, Mandatum Life and Sampo plc, 31 December 2014.

Sensitivity Analysis of Capitalization to Market Risks

If P&C, Mandatum Life and Sampo plc, 31 December 2014

| EURm | Interest Rate | | Equity | Other financial investments |
|--|------------------------|----------------------|--------------------|-----------------------------|
| | 1% parallel shift down | 1% parallel shift up | 20% fall in prices | 20% fall in prices |
| If P&C | 94 | -90 | -274 | -9 |
| Mandatum Life | 9 | -34 | -340 | -186 |
| Sampo plc | 5 | -5 | -12 | -6 |
| Total effect on equity | 109 | -129 | -625 | -201 |
| Change in liability side adjustment | -1,285 | 1,036 | 25 | 27 |
| Effect on adjusted solvency capital | -1,176 | 907 | -600 | -174 |

The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values as of 31 December, 2014. The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes. The debt issued by Sampo Group companies is not included.

Because the durations of liabilities in Sampo Group companies are much longer than the duration of assets, the effect of decreasing interest rates is negative for Sampo Group. In the opposite case, a rise in interest rates would reduce the values of financial instruments causing a decline in the amount of Sampo

Group's equity. However, the effect on adjusted solvency capital would be positive due to the fact that the economic value of insurance liabilities would decrease as a result of applying higher market rates in discounting.