

Risk Management Process Outlook

Sampo Group companies continuously develop their risk management processes. This work is based on internal needs and regulatory requirements of which Solvency II has been the most important driver during the latest years.

The new Solvency II regulations will be implemented 1st January 2016. On 10th October 2014 the Commission adopted a Delegated Act containing implementing rules for Solvency II. The regulation has been approved by the European Parliament and the European Council and published in January 2015. EIOPA has launched a series of consultations during the year 2014 for supplementary rules and guidelines and this will finalize the technical implementation of Solvency II. The 1st of January 2014 was the onset of the Preparatory phase, which will last until Solvency II is fully implemented.

If P&C and Mandatum Life participated in EIOPA's 2014 stress test in June and submitted their first Group ORSA (FLAOR, Forward Looking Assessment of Own

Risks, in the Preparatory phase) reports to the Boards as well as to the supervisors in December 2014. If P&C and Mandatum Life are also preparing Solvency II Pillar 3 reports, which will be submitted to supervisors for the first time during Preparatory phase in June 2015.

To meet with requirements of the Preparatory phase and with those expected once Solvency II has fully entered into force, both companies have continued internal work to ensure compliance with requirements. This work will continue during 2015 as well. If P&C has continued to make progress with its application for applying for a partial internal model. If P&C intends to have its partial internal model approved when Solvency II enters into force. The onset for the formal application is expected by mid-2015. Mandatum Life will most likely use the regulatory standard model including transitional measures for external Solvency II calculations although it has an internal approach for assessment of risks and capital as well.