

Sampo Group's **Annual Report 2013**

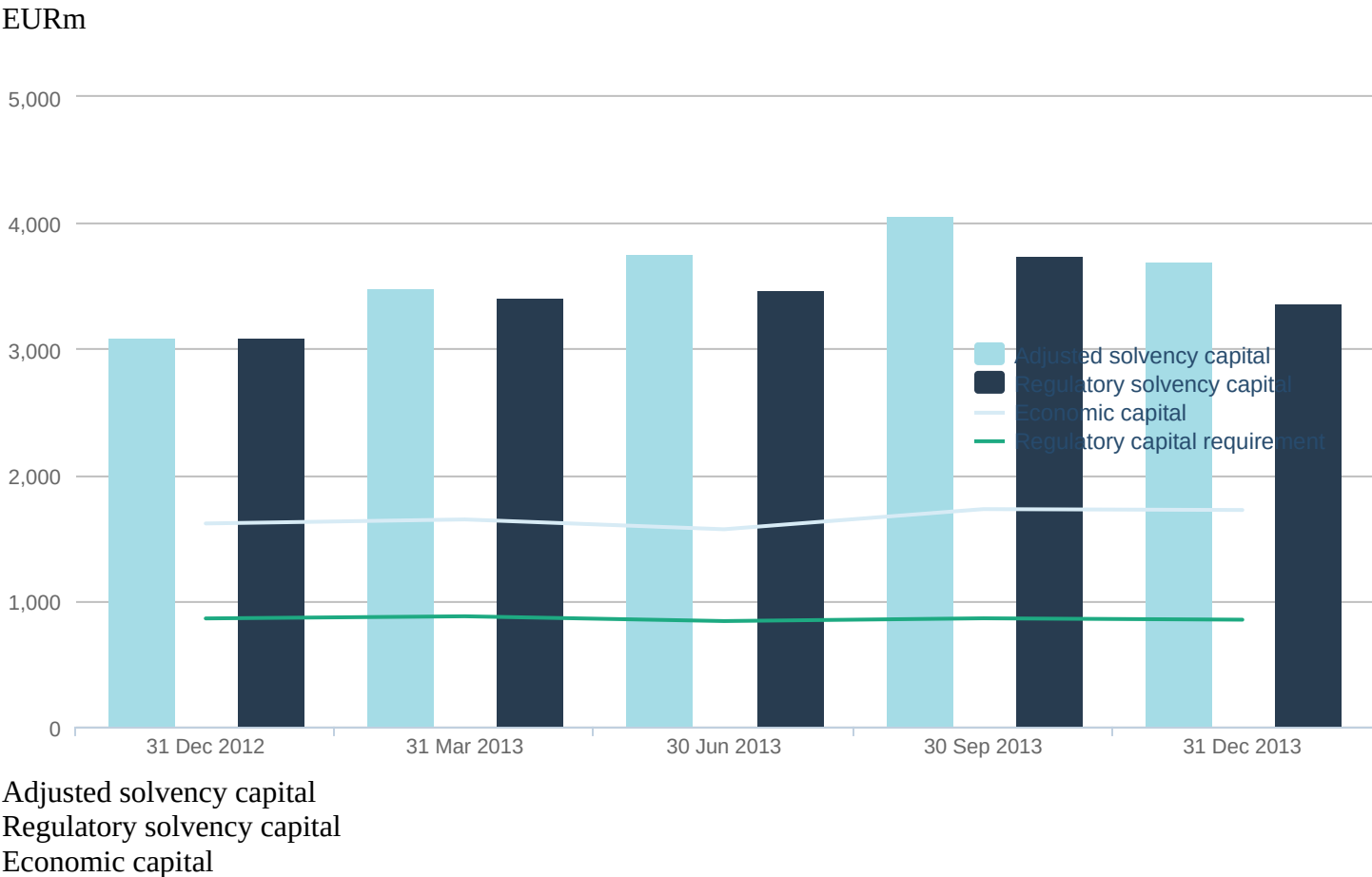
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Capitalization at Group Level Capitalization at Group Level

Capitalization at Group Level

The adjusted solvency capital of Sampo Group’s insurance subsidiaries increased during the year due to positive fair value results and increase in interest rates. This growth was partly offset by paid dividends. The changes in subsidiaries’ risk exposures and hence in economic capital were modest. At Sampo Group level Nordea’s and Sampo plc’s figures are taken into account as well when adjusted solvency capital and economic capital figures are calculated. At group level the amount of adjusted solvency capital increased more than economic capital and hence capitalization can be considered stronger than year ago. The development of capitalization in Sampo Group from both internal and regulatory perspectives during the year 2013 is shown in the figure Development of Capitalization, If P&C, Mandatum Life and Sampo Group, 31 December 2012 – 31 December 2013.

Development of Capitalization
If P&C, 31 December 2012 – 31 December 2013



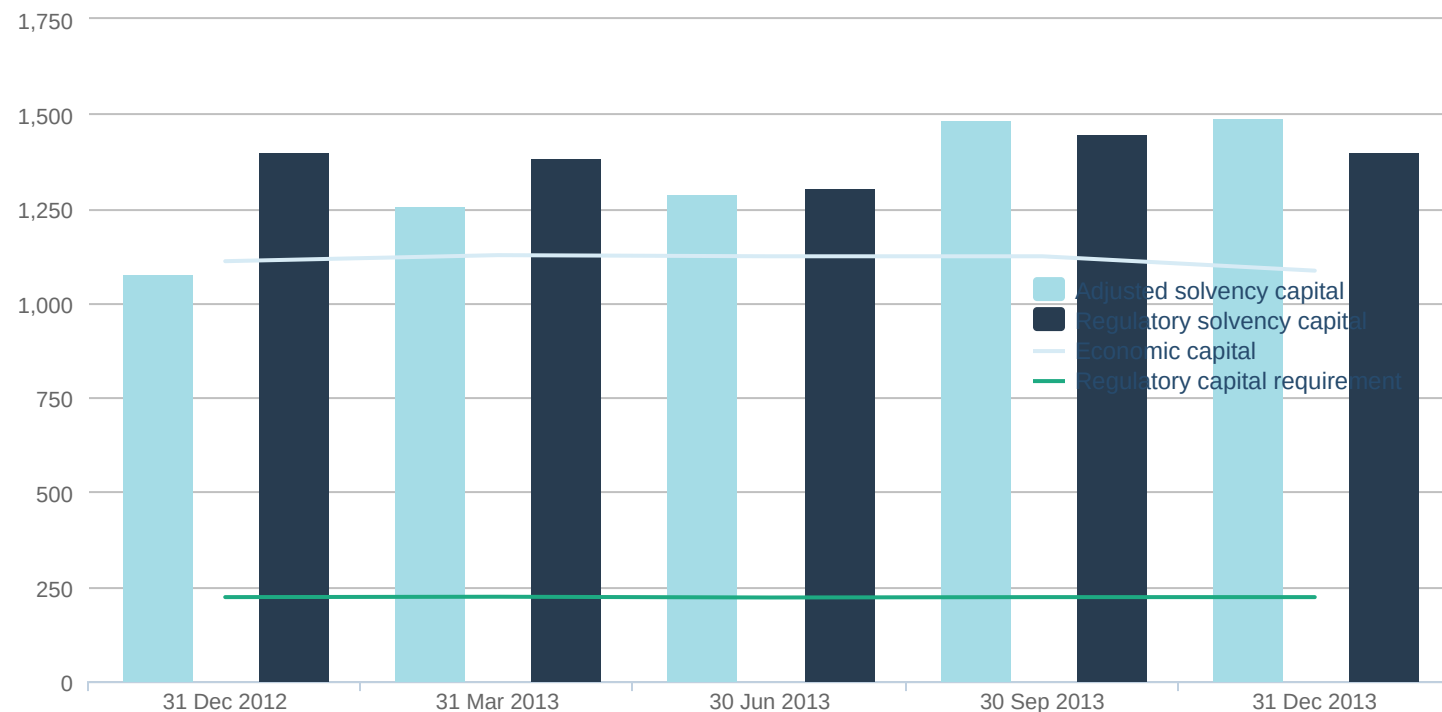
Regulatory capital requirement

	31 Dec 2012	31 Mar 2013	30 Jun 2013	30 Sep 2013	31 Dec 2013
Adjusted solvency capital	3,090	3,495	3,760	4,059	3,706
Economic capital	1,613	1,645	1,567	1,727	1,720
Regulatory solvency capital	3,101	3,421	3,469	3,742	3,372
Regulatory capital requirement	859	876	838	860	849
Adjusted solvency capital / Economic capital	1.9	2.1	2.4	2.4	2.2
Regulatory solvency capital / Regulatory capital requirement	3.6	3.9	4.1	4.4	4.0

Development of Capitalization

Mandatum Life, 31 December 2012 – 31 December 2013

EURm

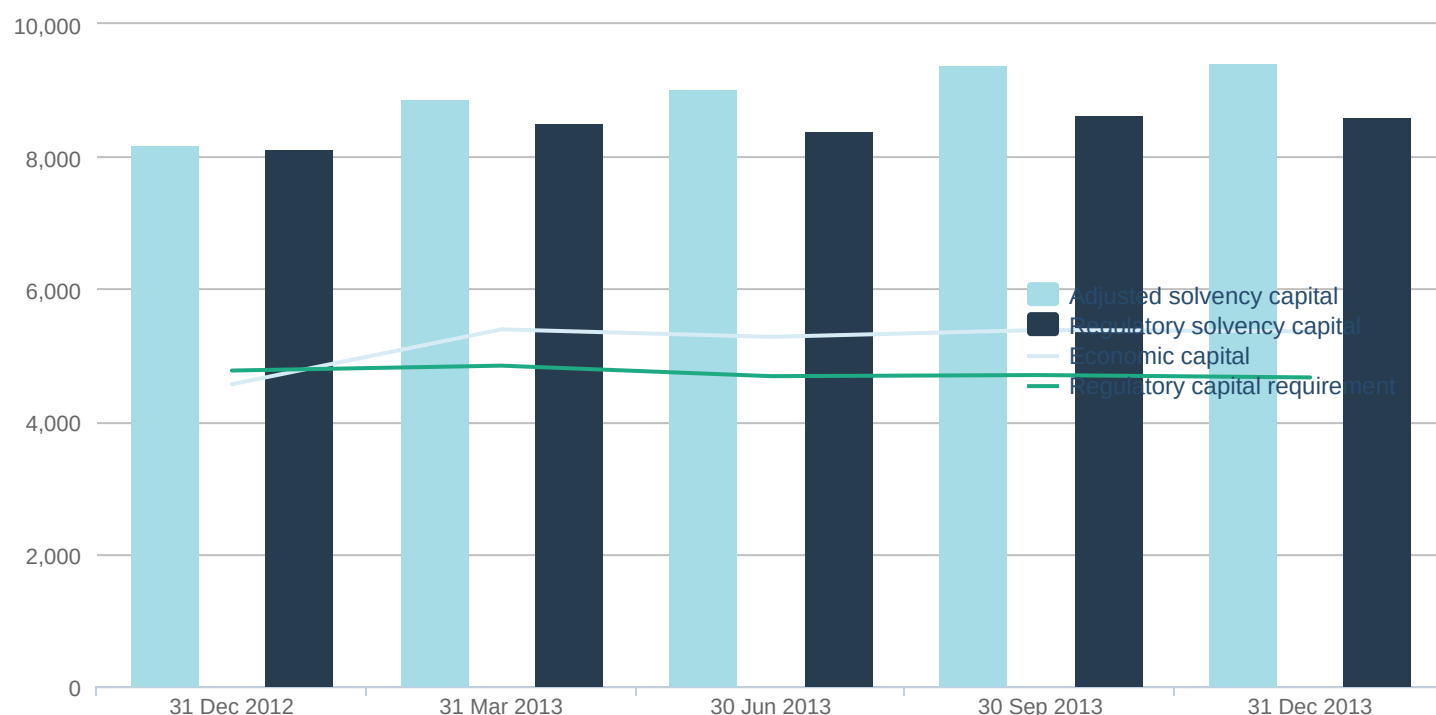


Adjusted solvency capital
Regulatory solvency capital
Economic capital
Regulatory capital requirement

	31 Dec 2012	31 Mar 2013	30 Jun 2013	30 Sep 2013	31 Dec 2013
Adjusted solvency capital	1,076	1,256	1,292	1,485	1,492
Economic capital	1,110	1,126	1,123	1,123	1,085
Regulatory solvency capital	1,402	1,386	1,305	1,448	1,403
Regulatory capital requirement	222	223	221	222	222
Adjusted solvency capital / Economic capital	1.0	1.1	1.2	1.3	1.4
Regulatory solvency capital / Regulatory capital requirement	6.3	6.2	5.9	6.5	6.3

Development of Capitalization
Sampo Group, 31 December 2012 – 31 December 2013

EURm



Adjusted solvency capital
Regulatory solvency capital
Economic capital
Regulatory capital requirement

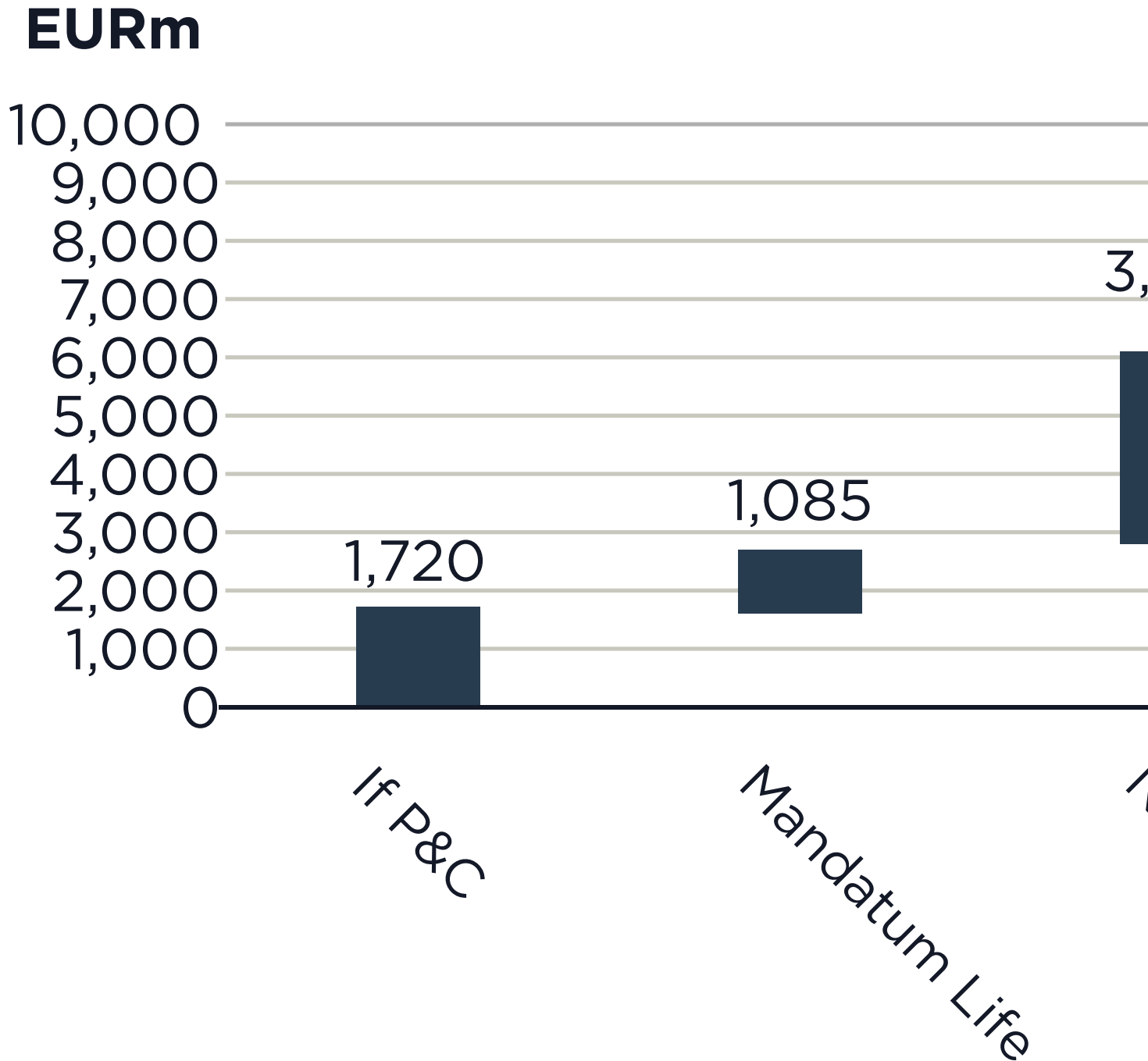
	31 Dec 2012	31 Mar 2013	30 Jun 2013	30 Sep 2013	31 Dec 2013
Adjusted solvency capital	8,197	8,872	9,039	9,391	9,417
Economic capital	4,560	5,389	5,276	5,380	5,361
Regulatory solvency capital	8,125	8,511	8,389	8,655	8,598
Regulatory capital requirement	4,767	4,841	4,682	4,699	4,663
Adjusted solvency capital / Economic capital	1.8	1.6	1.7	1.7	1.8
Regulatory solvency capital / Regulatory capital requirement	1.7	1.8	1.8	1.8	1.8

Updates and refinements are done frequently both to the models and the assumptions used for calculating the economic capital. Thus, the economic capital figures may not be fully comparable between years.

The figure Breakdown of Capitalization, Sampo Group, 31 December 2013 presents the contributions of the different business areas including Nordea to Sampo Group's total economic capital as well as the diversification effect included in the calculation of Group's economic capital. The figure also presents the amount of adjusted solvency capital at group level, which comprises Solvency I capital and other loss absorbing items. In internal assessments, adjusted solvency capital is compared to economic capital. When regulatory capitalization is under consideration, the Solvency I capital is compared to the

regulatory capital requirement.

Sampo Group's economic capital increased during the year and amounted to EUR 5,361 million at the end of 2013 (EUR 4,560 million in 2012). The amount of adjusted solvency capital at group level increased during the year to EUR 9,417 million (EUR 8,197 million in 2012) due to strong fair value results and increase in interest rates. The adjusted solvency capital exceeded the economic capital by EUR 4,056 million (EUR 3,637 million in 2012) and capitalization by internal measures is strong.



Regulatory solvency capital amounted to EUR 8,598 million in Sampo Group at the end of year 2013.

Nordea is included in the calculation of Sampo Group’s economic capital by adding Sampo Group’s share of the economic capital reported by Nordea, converted into the 99.5 per cent confidence level used

in Sampo Group. At year end, the risks arising from Nordea constitute the largest single component in Sampo Group's economic capital. The correlations between risk types and business areas, and thereby indirectly the amount of diversification, are defined by Sampo plc at Sampo Group level.

Regulatory Solvency Capital at Group Level

Sampo Group reports its Group solvency quarterly to the Finnish supervisory authorities monitoring the Group. The calculation of Group solvency according to the Act on the Supervision of Financial and Insurance Conglomerates (1193/2004) is broken down in the table Group Solvency, 31 December 2013 and 31 December 2012.

Group Solvency 31 December 2013 and 31 December 2012

EURm	31 Dec 2013	31 Dec 2012
Group capital	10,643	10,020
Sectoral items	1,274	1,285
Valuation differences and deferred taxes	445	435
Topdanmark	-130	-165
Subordinated loans	143	212
Share of Nordea's capital not included in Group capital	816	803
Intangibles and other deductables	-3,319	-3,160
Intangibles (insurance companies)	-752	-771
Intangibles (Nordea)	-1,314	-1,314
Equalisation provision (Finland)	-317	-309
Other	-13	-11
Planned dividends for the current period	-924	-756
Solvency capital, total	8,598	8,145
Minimum requirements for solvency capital, total	4,663	4,767
Group solvency	3,935	3,379
Group solvency ratio	184%	170%
(solvency capital % of minimum requirement)		

Due to the adoption of the revised accounting standard IAS 19 on Employee Benefits, the comparison figures for 2012 have been restated and differ from the earlier published figures.

At the end of 2013, Sampo Group's consolidated regulatory capital position was strong. The Group's solvency ratio was 184 per cent (170 per cent in 2012).