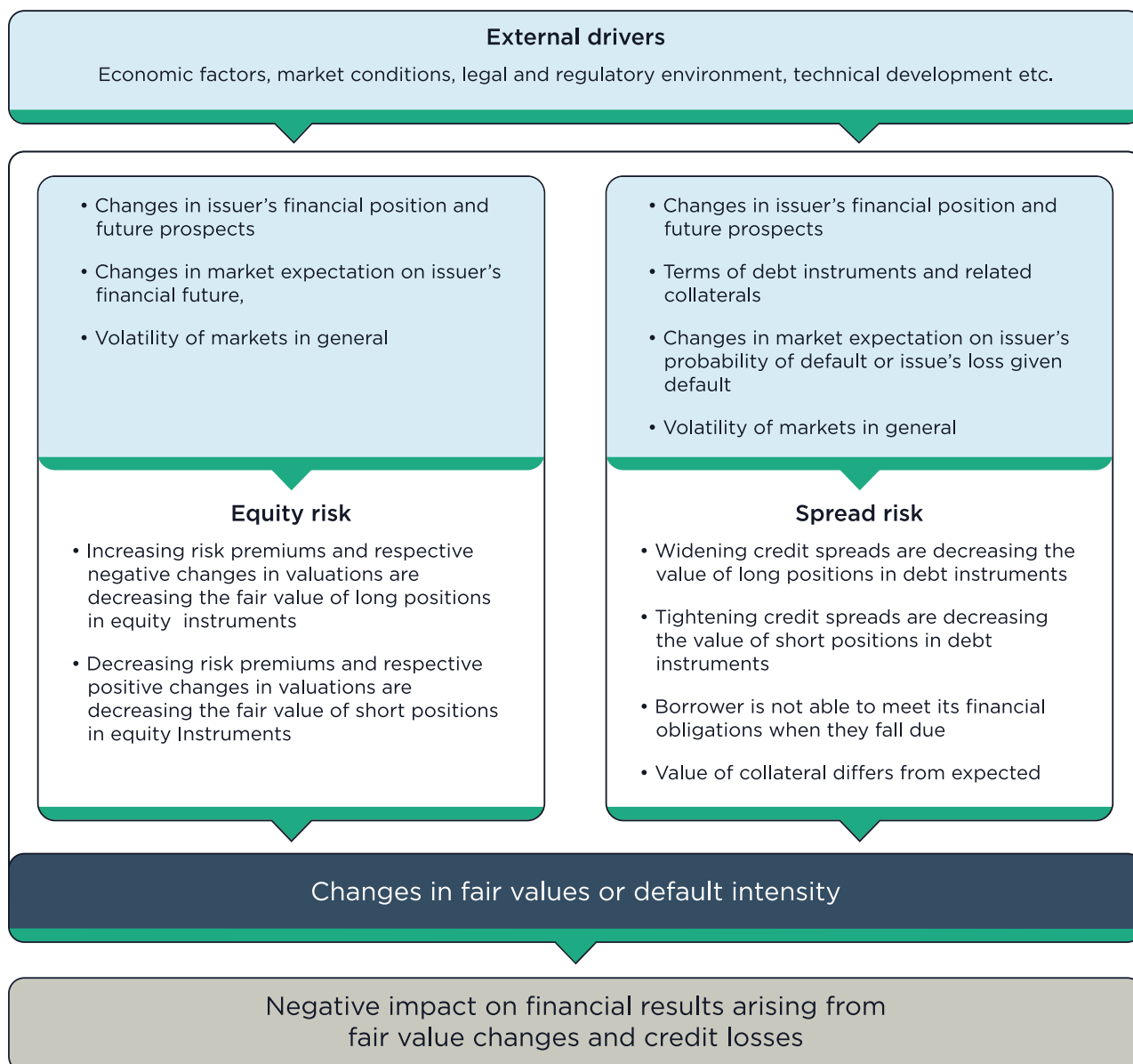


Equity and Spread Risks

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.

Credit Exposures to Fixed Income and Equity Instruments

Exposures in debt and equity instruments are shown in the table Exposures by Sectors, Asset Classes and Rating, If P&C, Mandatum Life and Sampo Group, 31 December 2013. The table includes also counterparty risk exposures relating to reinsurance and derivative

transactions. Counterparty risks are described in more detail in section [Counterparty Credit 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.

Credit Exposures by Sectors, Asset Classes and Rating
If P&C, 31 December 2013

EURm	AAA	AA+	A+	BBB+	BB+	Non-rated	Fixed income total	Equities	Other	Counter-party risk	Change 31 Dec 2012	
		- AA-	- A-	- BBB-								- C
Basic Industry	0	0	0	107	84	0	42	233	34	0	267	-115

Capital Goods	0	0	0	26	0	0	41	67	368	0	0	435	-9
Consumer Products	0	0	13	216	11	0	82	322	341	0	0	663	-32
Energy	0	6	0	4	91	0	363	464	38	0	0	502	-92
Financial Institutions	25	959	1,101	406	192	0	16	2,699	24	0	1	2,724	-662
Governments	366	594	0	4	0	0	0	963	0	0	0	963	927
Government Guaranteed	215	0	0	0	0	0	0	215	0	0	0	215	-14
Health Care	0	0	0	0	0	0	62	62	3	0	0	65	65
Insurance	0	0	0	0	0	0	1	1	0	0	295	296	-162
Media	0	0	0	0	0	0	19	19	0	0	0	19	-19
Public Sector, Other	617	64	0	0	0	0	0	681	0	0	0	681	231
Real Estate	0	9	0	0	0	0	355	364	0	92	0	456	270
Services	0	0	0	5	0	0	11	15	3	0	0	19	-6
Technology and Electronics	0	0	0	0	12	0	18	30	4	0	0	34	31
Telecommunications	0	0	137	32	0	0	20	189	87	0	0	276	-33
Transportation	0	25	0	56	13	0	226	320	9	0	0	329	29
Utilities	0	0	176	99	0	0	82	356	0	0	0	356	-2
Others	0	0	0	0	0	0	0	0	37	0	0	37	14
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	3,077	160	0	0	0	0	0	3,237	0	0	0	3,237	-563
Funds	0	0	0	0	0	0	35	35	335	21	0	391	-108
Total	4,300	1,817	1,427	955	402	0	1,372	10,273	1,283	113	296	11,966	-253
Change 31 Dec 2012	-25	688	-664	-91	-49	0	38	-103	36	-15	-171	-253	

Credit Exposures by Sectors, Asset Classes and Rating Mandatum Life, 31 December 2013

EURm	AA+		BBB+		BB+	D	Non-rated	Fixed income total	Equities	Other	Counter-party risk	Total	Change 31 Dec 2012
	AAA	AA-	A+	BBB-									
Basic Industry	0	0	0	8	211	0	67	286	183	0	0	468	-77
Capital Goods	0	0	8	29	12	0	37	86	131	0	0	218	-114
Consumer Products	0	0	3	29	57	0	71	160	105	0	0	265	-14
Energy	0	0	14	15	0	0	49	77	3	0	0	80	-10
Financial Institutions	0	352	455	63	220	0	0	1,090	23	21	5	1,139	-336
Governments	151	576	0	0	0	0	0	727	0	0	0	727	715
Government Guaranteed	0	0	0	0	0	0	0	0	0	0	0	0	0
Health Care	0	0	0	0	27	0	19	45	10	0	0	55	55
Insurance	0	0	0	21	0	0	18	39	17	0	0	56	-31
Media	0	0	0	0	12	0	26	38	1	0	0	40	11
Public Sector, Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate	0	0	0	0	0	0	31	31	0	170	0	201	16
Services	0	0	0	0	51	0	18	70	42	12	0	124	1
Technology and Electronics	0	0	0	0	28	0	0	28	72	0	0	100	27
Telecommunications	0	0	6	96	30	0	13	145	0	0	0	145	-19
Transportation	0	0	7	31	0	0	5	43	1	0	0	44	-1
Utilities	0	0	61	52	0	0	0	114	82	2	0	198	-74
Others	0	0	0	0	0	0	13	13	3	8	0	25	6
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	61	53	11	0	0	0	0	125	0	0	0	125	-13

Funds	0	0	0	0	0	0	112	112	775	548	0	1,435	-203
Total	211	981	565	343	649	0	480	3,229	1,448	761	5	5,443	-60
Change 31 Dec 2012	137	436	-349	-46	-13	0	-99	66	-130	2	3	-60	

Credit Exposures by Sectors, Asset Classes and Rating

Sampo Group, 31 December 2013

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non- rated	Fixed income total	Equities	Other	Counter- party risk	Total	Change 31 Dec 2012
Basic Industry	0	0	0	115	295	0	129	539	217	0	0	756	-194
Capital Goods	0	0	8	54	12	0	89	163	499	0	0	663	-113
Consumer Products	0	0	16	245	68	0	153	481	446	0	0	927	-46
Energy	0	6	14	19	91	0	411	542	41	0	0	582	-102
Financial Institutions	25	1,660	1,843	469	413	0	16	4,426	47	21	14	4,508	-1,192
Governments	517	1,170	0	4	0	0	0	1,690	0	0	0	1,690	1,642
Government Guaranteed	215	0	0	0	0	0	0	215	0	0	0	215	-14
Health Care	0	0	0	0	27	0	80	107	13	0	0	166	166
Insurance	0	0	0	21	0	0	48	69	34	0	295	352	-210
Media	0	0	0	0	12	0	45	58	1	0	0	59	-8
Public Sector, Other	617	64	0	0	0	0	0	681	0	0	0	681	231
Real Estate	0	9	0	0	0	0	386	395	0	264	0	659	281
Services	0	0	0	5	51	0	29	85	46	12	0	142	-5
Technology and Electronics	0	0	0	0	40	0	18	58	76	0	0	134	58
Telecommunications	0	0	143	128	30	0	33	334	87	0	0	421	-52
Transportation	0	25	7	87	13	0	231	363	10	0	0	373	28
Utilities	0	0	237	151	0	0	82	470	82	2	0	554	-76
Others	0	0	0	0	0	0	13	13	41	8	0	63	20
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	3,138	213	11	0	0	0	0	3,362	0	0	0	3,362	-576
Funds	0	0	0	0	0	0	147	147	1,110	580	0	1,837	-307
Total	4,511	3,148	2,279	1,298	1,051	0	1,912	14,199	2,749	887	309	18,144	-469
Change 31 Dec 2012	112	1,123	-1,203	-137	-63	0	-22	-189	-95	-13	-172	-469	

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 2013. These exposures decreased by EUR 1.4 billion during 2013.

Fixed Income Investments in Financial Sector

Sampo Group, 31 December 2013

	Covered bonds	Money market securities	Long- term senior debt	Long-term sub- ordinated debt	Total, EURm	%
Sweden		2,431	593	951	4,095	52.6%
Finland		241	1,320	97	1,677	21.5%

Norway	506	0	559	107	1,172	15.1%
Denmark	80	11	123	114	328	4.2%
United States		101	56	10	167	2.1%
France	60	0	25	19	104	1.3%
Netherlands		0	92		92	1.2%
Switzerland			31	11	42	0.5%
Austria	33		1		34	0.4%
Estonia		27			27	0.3%
Iceland			15		15	0.2%
Luxembourg	11				11	0.1%
Belgium			5	5	10	0.1%
Russia		6			6	0.1%
Jersey				5	5	0.1%
Italy		1			1	0.0%
Latvia		0			0	0.0%
Germany		0			0	0.0%
Total	3,362	2,060	1,954	411	7,788	100.0%

The public sector (governments, government guaranteed, public sector, other) has had relatively minor role in Sampo Group's portfolios and these exposures have been mainly in the Nordic countries.

However, public sector investments increased by EUR 1.9 billion during 2013. The exposure increased especially in the Netherlands and in France.

Fixed Income Investments in Public Sector

Sampo Group, 31 December 2013

	Governments	Government guaranteed	Public sector, other	Total market value, EURm
Netherlands	845			845
Sweden	57		502	559
Germany	448	73		522
France	325			325
Norway			159	159
Finland	11	106	20	137
Other	4	36		39
Total	1,690	215	681	2,586

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 2013.

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

Sampo Group, 31 December 2013

Largest direct high yield and non-rated fixed income investments	Rating	Total fair value, EURm	% of total direct fixed income investments
ICA Fastigheter	NR	169	1.2%

Eksportfinans ASA	BB-	159	1.1%
Stora Enso	BB	159	1.1%
UPM-Kymmene	BB	106	0.7%
PBA Karlskrona	NR	85	0.6%
Neste Oil Oyj	NR	76	0.5%
Sponda Oyj	NR	68	0.5%
Seadrill LTD	NR	51	0.4%
Wilh Wilhemsen ASA	NR	51	0.4%
Aker Solutions ASA	BB	45	0.3%
Total top 10 exposures		969	6.9%
Other direct fixed income investments		13,140	93.1%
Total direct fixed income investments		14,108	100.0%

The equity investments of Sampo Group totaled EUR 2,749 million at the end of year 2013 (EUR 2,844 million in 2012). During 2013, the decrease in the weight of equity investments in the investment portfolio was mainly due to the net selling of equities.

At the end of year 2013, the equity exposure of If P&C was EUR 1,283 million (EUR 1,248 million in 2012). The proportion of equities in If P&C's investment portfolio was 11.0 per cent. In Mandatum Life, the equity exposure was EUR 1,448 million at the end of year

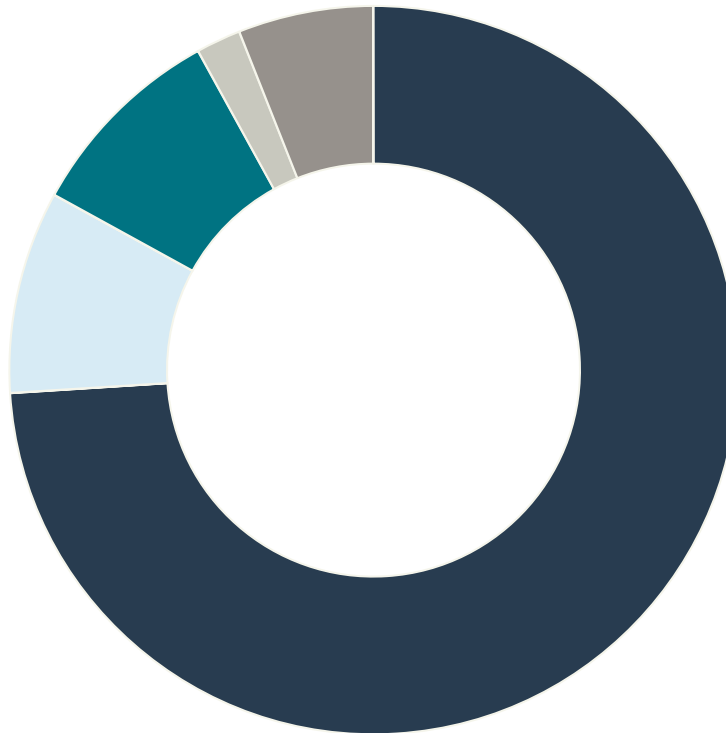
2013 (EUR 1,578 million in 2012) and the proportion of equities was 26.6 per cent of the investment portfolio. The equity portfolio consists of Nordic companies' shares as well as mutual fund and ETF investments outside the Nordic countries.

Breakdown of the equity exposures of Sampo Group by geographical regions is shown in the figure Breakdown of Equity Investments by Geographical Regions, Sampo Group, If P&C and Mandatum Life, 31 December 2013.

Breakdown of Equity Investments by Geographical Regions
Sampo Group, 31 December 2013, total 2,749 EURm



Breakdown of Equity Investments by Geographical Regions
If P&C, 31 December 2013, total 1,283 EURm



Breakdown of Equity Investments by Geographical Regions

Mandatum Life, 31 December 2013, total 1,448 EURm



The geographical emphasis of Sampo Group's equity investments is in Nordic companies. The proportion of Nordic companies' equities corresponds to 58 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 equity investments in Sampo Group is presented in table Credit exposures by sectors, asset classes and rating, If P&C, Mandatum Life and Sampo Group, 31 December 2013. The largest allocations are to capital goods, consumer products and basic industry sectors. Equity investments made through mutual funds and ETF investments accounted for 40 per cent of the entire equity portfolio.

Furthermore, the largest direct equity exposures are presented in the table Ten Largest Direct Equity Investments, Sampo Group, 31 December 2013.

Ten Largest Direct Equity Investments

Sampo Group, 31 December 2013

Top 10 equity investments	Total fair value, EURm	% of total direct equity investments
Nobia	130	7.9%
UPM-Kymmene	117	7.1%
TeliaSonera	87	5.3%
Fortum	82	5.0%

Hennes & Mauritz	73	4.4%
Veidekke	72	4.4%
ABB	61	3.7%
Amer Sports	60	3.7%
Volvo	54	3.3%
YIT	44	2.7%
Total top 10 exposures	781	47.3%
Other direct equity investments	870	52.7%
Total direct equity investments	1,651	100.0%

In addition, Sampo Group's largest equity holdings are disclosed in the (Note 40) to the Financial Statements.

counterparties are presented in the table Largest Individual Exposures by Issuer and by Asset Class, Sampo Group, 31 December 2013.

The largest exposures by individual issuers and

Largest Individual Exposures by Issuer and by Asset Class Sampo Group, 31 December 2013

EURm Counterparty	Total fair value EURm	% 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
Svenska Handelsbanken	1,100	6%	460	640	0	567	70	3	0	0
Nordea Bank	1,044	6%	305	737	0	499	226	13	0	1
Swedbank	900	5%	88	812	0	639	173	0	0	0
Skandinaviska Enskilda Banken	869	5%	345	522	0	243	179	101	0	2
Netherlands	845	5%	0	845	0	0	845	0	0	0
Danske Bank	647	4%	300	347	0	104	123	120	0	0
DnB	541	3%	0	541	0	186	312	43	0	0
OP Pohjola	493	3%	446	47	0	0	47	0	0	0
Germany	448	3%	0	448	0	0	448	0	0	0
France	325	2%	0	325	0	0	325	0	0	0
Total top 10 exposures	7,212	40%	1,944	5,265	0	2,238	2,747	279	0	3
Other	10,637	60%								
Total investment assets	17,849	100%								