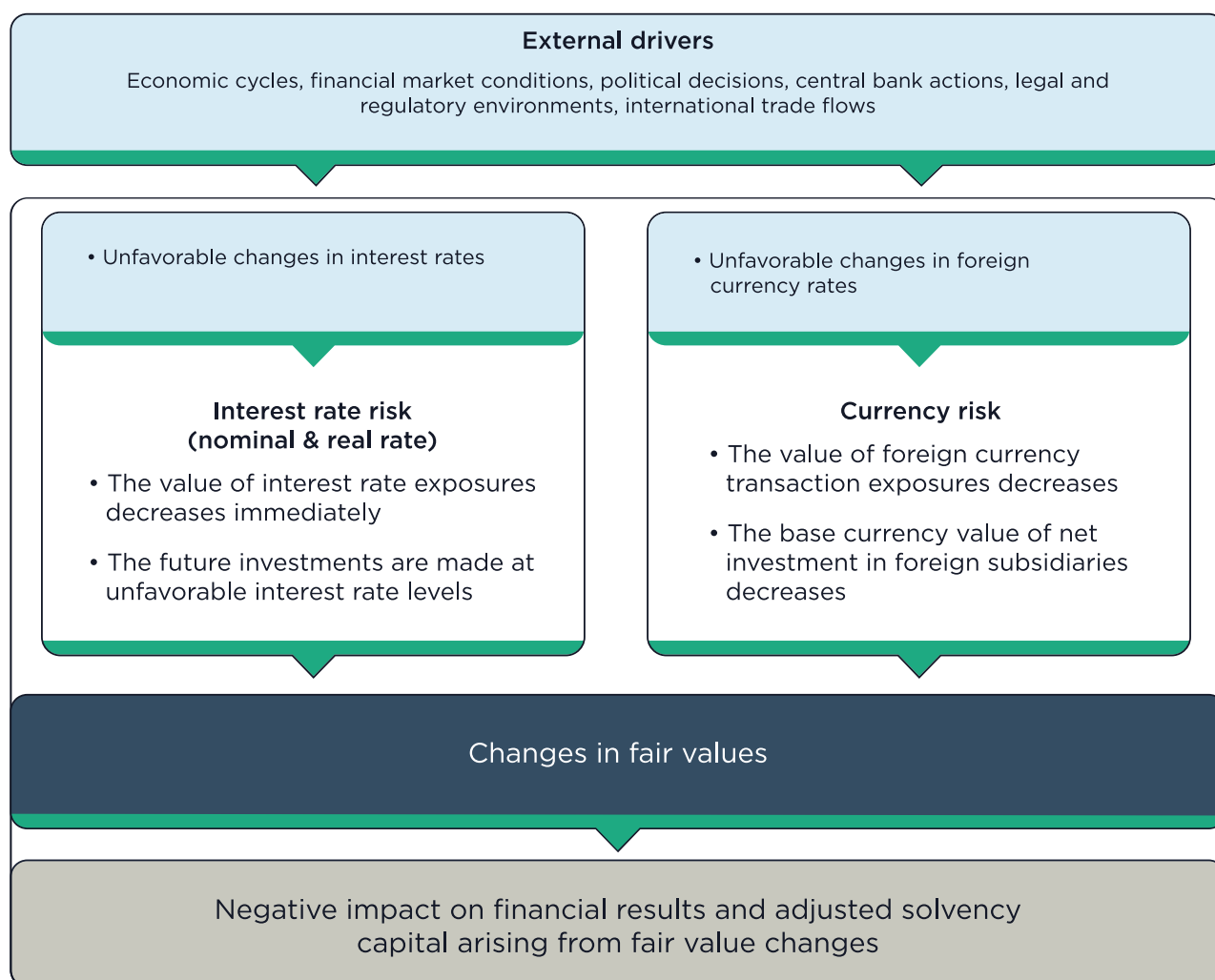


Interest Rate and Currency Risks

The factors behind interest rate and currency movements are diverse. Market participants are continuously reacting to reported macro-economic data and information regarding financial market and commercial cash flows. Hence, risk factors affecting interest rates and foreign exchange rates are many.

Interest Rate and Currency Risks



Interest Rate Risk

Interest rate sensitivity in terms of the average duration of fixed income investments was in If P&C 1.1 years and in Mandatum Life 1.8 years. These duration figures include the effect of hedging derivatives.

In addition to hedging purposes, derivatives are used to utilize market view or to mitigate risks at balance sheet level. In both cases derivatives are booked as trading derivatives at fair value through profit or loss in financial accounting.

Currency Risk

Currency risk can be divided into transaction and translation risk. Transaction risk refers to currency risk arising from contractual cash flows in foreign currencies related to insurance activities, investment operations and foreign exchange transactions. Hence, transaction risk includes various balance sheet items and it can be seen as balance sheet risk. In Sampo Group the net foreign currency exposure is considered as a separate asset class and it is managed within investment portfolio activities. Open transaction risk positions are identified and measured separately for each subsidiary. The net position in each currency consists of the assets, liabilities and foreign exchange transactions denominated in the particular currency.

If P&C writes insurance policies that are mostly denominated in the Scandinavian currencies and in euro. In If P&C, the transaction risk is reduced by matching technical provisions with investment assets

in the corresponding currencies or by using currency derivatives.

In Mandatum Life, transaction risk arises mainly from investments in other currencies than euro as the company's technical provisions are almost completely denominated in euro. Mandatum Life's currency risk strategy is based on active management of the currency position. The objective is to achieve a positive return relative to a situation where the currency risk exposure is fully hedged.

The transaction risk positions of If P&C and Mandatum Life against their base currencies are shown in the table Transaction Risk Position, If P&C and Mandatum Life, 31 December 2013. The table shows the net transaction risk exposures and the changes in the value of positions given a 10 per cent decrease in the value of the base currency.

Transaction Risk Position
If P&C and Mandatum Life, 31 December 2013

| | Base Currency | EUR | USD | JPY | GBP | SEK | NOK | CHF | DKK | LTL | LVL | Other | Total, net |
|--|------------------|------------|------------|-----------|-----------|------------|------------|-----------|-----------|-----------|-----------|------------|---------------|
| If P&C | | | | | | | | | | | | | |
| | SEKm | | | | | | | | | | | | |
| Insurance operations | | -363 | -124 | -0 | -17 | 41 | -2,473 | -1 | -744 | -1 | -0 | -5 | -3,689 |
| Investments | | 2 | 565 | 0 | 0 | 60 | 2,354 | 0 | 12 | 0 | 0 | 1 | 2,994 |
| Derivatives | | 332 | -419 | 0 | 17 | -99 | 124 | -1 | 728 | 0 | 0 | 13 | 694 |
| Total transaction risk, net position, If P&C | | -29 | 21 | -0 | 0 | 3 | 4 | -2 | -5 | -1 | -0 | 8 | -0 |
| Sensitivity: SEK -10% | | -3 | 2 | -0 | 0 | 0 | 0 | -0 | -0 | -0 | -0 | 1 | -0 |
| Mandatum Life | | | | | | | | | | | | | |
| | EURm | | | | | | | | | | | | |
| Technical provisions | | 0 | 0 | 0 | 0 | -4 | 0 | 0 | 0 | 0 | 0 | 0 | -4 |
| Investments | | 0 | 1,056 | 7 | 237 | 39 | 3 | 96 | 17 | 2 | 0 | 185 | 1,641 |
| Derivatives | | 0 | -885 | -6 | -219 | 70 | 108 | -94 | 0 | 0 | 0 | -73 | -1,099 |
| Total transaction risk, net position, Mandatum Life | | 0 | 171 | 1 | 18 | 105 | 111 | 2 | 17 | 2 | 0 | 112 | 538 |
| Sensitivity: EUR -10% | | 0 | 17 | 0 | 2 | 10 | 11 | 0 | 2 | 0 | 0 | 11 | 54 |

If P&C's transaction risk position in SEK represents exposure in foreign subsidiaries/branches within If with base currency other than SEK.

Sampo plc's transaction risk position is related to SEK denominated dividends paid by If P&C and to debt instruments issued in other currencies than euro.

In addition to transaction risk, Sampo Group and its

insurance subsidiaries are also exposed to translation risk. Translation risk refers to currency risk that arises when consolidating the financial statements of subsidiaries that have a different base currency than the parent company into the Group financial statements. Sampo Group's consolidated financial

statements are denominated in euro. Changes in foreign exchange rates result in translation differences which are recognized in the consolidated other comprehensive income. Translation risks arise also

within If P&C from its subsidiaries whose base currencies are different from that of the parent company.