ANNUAL REPORT

2014

SAMPO GROUP

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Group CEO's Review

A Good Year Despite Slow Economic Growth

Sampo performed very well in 2014 despite slow economic growth, low interest rates and ever increasing regulation. Unfortunately, one cannot say the same for Europe as a whole.

I have my doubts as to whether the European model will perform well in a global economy. Its recent track record does not make for good reading: the eurozone countries have on average a 12 per cent unemployment rate and youth unemployment stands at a staggering 23 per cent. On top of this the eurozone countries have raised over EUR 1,000 billion in new debt over the last five years. As a remedy for this politicians offer tax increases and more bureaucracy. It is highly unlikely that such troubled European nations will be able to tax themselves out of their problems.

As a result of this we are currently seeing a combination of very low economic growth and most likely a buildup of bubbles in several asset classes. As an example of this let us take the fast growth of sovereign debt in the eurozone: the total amount of debt is approximately EUR 4,700 billion, of which over 25 per cent trades at negative interest rates and yet the regulatory framework continues to stipulate this asset class as risk free and it is not consuming any capital on the balance sheets of financial institutions. That is truly remarkable and unsustainable.

Sampo intends to continue to perform in these unusual times and in an environment that is a caricature of a well-run economy. Accordingly, Sampo performed very well in 2014 despite the slow economic growth, low interest rates and ever increasing regulation.

In February 2015 the Sampo share price reached a new all-time high. I interpret this as a flight to safety: a prudent approach to invest in a bond-like equity when interest rates in general are ultra-low. Sampo is a share with stable and predictable earnings, a good dividend yield, high return on equity and all of this is based on a strong market position.

An Excellent Year for If P&C

In spite of the challenging general environment our P&C insurance operations delivered an all-time high profit before taxes of EUR 931 million as well as a best ever combined ratio of 87.7 per cent. Over the years If P&C has mastered its pan-Nordic operational model and developed its internet offering and telephone service to become the benchmark for the industry.

The overall favorable weather of 2014 in the Nordic countries thankfully spared our customers from major events and supported a good claims ratio outcome. Sometimes winners need a bit of luck.

If P&C's stake in Topdanmark currently stands at over 30 per cent. Furthermore, our initial investment of EUR 320 million was valued at EUR 830 million as at the 2014 year end.

Nordea's Dividends to Sampo to Exceed EUR 500 Million

Nordea's fourth quarter and full-year 2014 operating profit were the best on record. Especially noteworthy is the strong growth of Nordea's asset under management (AUM) which has now reached a new record level of EUR 262 billion.

As the main owner of Nordea we have actively participated in the governance and the long-term development of the bank. Nordea proposes to increase its dividend in the spring of 2015 by 44 per cent compared to the previous year.

Mandatum Life Focused on Unit-linked Products

Even interest rates falling to new low levels did not stop Mandatum Life from breaking many old records in 2014: unit-linked premiums reached a new high of EUR 961 million and the expense result was the best that has ever been achieved. In sales, Mandatum Life's Wealth Management continued to perform well and the cooperation with Danske Bank proved to be successful with a significant improvement in sales towards the year end.

By the end of 2014 Mandatum Life had also completed the EUR 1.3 billion group pension portfolio transfer from Suomi Mutual. This contributed to the significant increase in the total technical reserves of Mandatum Life in 2014.

Highest Ever Dividend

Sampo's Board has proposed to distribute a dividend of EUR 1.95 per share to its shareholders. The dividend payment is over EUR 1 billion and this is the sixth consecutive spring that Sampo has increased its dividend – we are unquestionably a dividend stock.

Last but not least, I would like to thank all of our employees for making it possible to once again increase our shareholder value. I also want to thank our customers – many of whom are our shareholders – for your support and trust.

In 2015 we intend to follow the same path – specifically, to deliver on shareholder value.

Kari Stadigh
Group CEO and President

2014 in Figures

Key Figures

Sampo Group, 2014

EURm	2014	2013	Change, %
Profit before taxes	1,759	1,668	6
P&C Insurance	931	929	0
Associate (Nordea)	680	635	7
Life Insurance	163	153	7
Holding (excl. Nordea)	-12	-45	-74
Profit for the period	**1,540**	**1,452**	**6**

	2014	2013	Change
Earnings per share, EUR	2.75	2.59	0.16
EPS (incl. change in FVR), EUR	2.11	2.54	-0.43
NAV per share, EUR	22.63	22.15	0.48
Average number of staff (FTE)	6,739	6,832	-93
Group solvency ratio, %	187.4	184.4	3.0
Return on Equity, %	10.9	13.8	-2.9

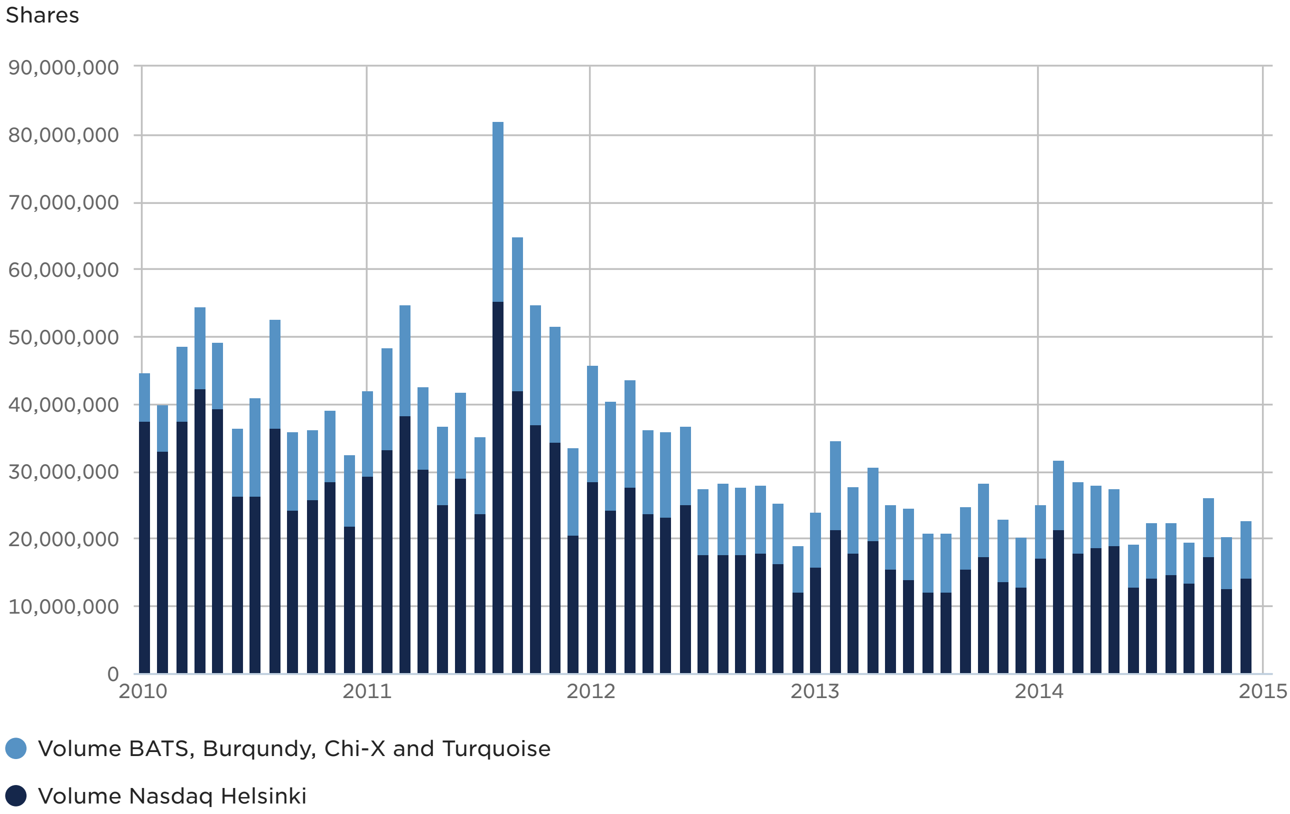
Share Price Performance

Sampo plc, 2010–2014

EUR

Monthly Trading Volume

Sampo plc, 2010–2014



Share Main Facts

A Shares		B Shares	
Market	Nasdaq Helsinki	**ISIN Code**	FI0009006613
List	OMXH Large Caps	**Number of Shares (unlisted)**	1,200,000
Business Sector	Financials	**Votes/share**	5/share
Listed	01/14/1988		
Trading Code	SAMAS (OMX)		
Bloomberg	SAMAS FH		
Reuters	SAMAS.HE		
ISIN Code	FI0009003305		
Number of Shares	558,800,000		
Votes/share	1/share		

All B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into A shares at the request of the holder.

Strategy

Sampo Group creates value for its shareholders through efficient and highly profitable operating units and by investments in situations offering significant upside potential with manageable downside risk. Shareholders benefit from the value creation through a high and stable dividend yield as Sampo plc upstreams the dividends it receives from its subsidiaries and associates to its shareholders.

Sampo Group's business areas are P&C insurance and life insurance. P&C insurance under If brand and Mandatum Life brand, respectively. The Group is also the largest shareholder in Nordea Bank, the leading Nordic banking franchise. On a Group level Sampo has no stated strategy but the business areas have well-defined strategies based on return on equity targets.

The parent company Sampo plc's A shares are listed on the Nasdaq Helsinki. The parent company sets financial targets for the subsidiaries. For both P&C and life insurance operations the return on equity target is to exceed 17.5 per cent. In addition a separate target has been set for the combined ratio in the P&C insurance operation, i.e. the annual combined ratio to be below 95 per cent each and every year.

Financial Targets 2014

	Target	Performance 2014
If P&C Focus on underwriting	**RoE** 17.5% **Combined Ratio** < 95%	**RoE** 18.1% **Combined Ratio** 87.7%
Sampo plc Shareholder value creation	**Payout Ratio*** ≥ 50%	**Payout Ratio*** 71%**
Mandatum Life Focus on unit-linked	**RoE** 17.5%	**RoE** 11.4%

*Dividend % of net profit
**Based on Board's proposal on 11 Feb 2015

Dividend Policy

Sampo plc, the listed parent company of Sampo Group, is a good dividend payer. Sampo aims to pay at least 50 per cent of Group's net profit as dividend. Share buy-backs can be used to complement the dividend. The Board proposes to the AGM a dividend of EUR 1.95 per share for the year 2014. The proposed dividend corresponds to a pay-out ratio of 71 per cent.

If P&C Insurance – Security and Stability

If's vision is to offer insurance solutions that provide customers with security and stability in their daily lives and business operations with such excellence that If is the preferred insurance provider in the Nordic and Baltic markets. This vision is expressed through the customer promise "Relax, we'll help you".

If is the leading property and casualty insurer in the Nordic region, with over 3.6 million customers in the Nordic and Baltic countries. If offers a full range of P&C insurance solutions and services to a broad customer base, from private individuals to large corporate customers.

If operates on a pan-Nordic basis leveraging both scale and capabilities across all areas in If. If's key success factor is continuous improvement of its operations. Underwriting focus by understanding risk better than competitors, setting the right prices, and offering the best products, has been the strategic theme for more than a decade.

If's operations are divided into Nordic business areas by customer segments. In addition, the Baltic countries constitute a separate business area and operate on one business platform across all three Baltic countries.

- The **Private** business area is If's largest business area and Nordic market leader with more than three million private individuals as customers.
- The **Commercial** business area is the largest commercial insurer in the Nordic countries and accounts for nearly one third of If's insurance premiums. This business area insures companies with up to 500 employees and has more than 350,000 companies as customers.
- The **Industrial** business area is the leading insurer for large corporate customers in the Nordic region with approximately 1,300 customers. Customers are companies with a turnover of more than EUR 50 million and more than 500 employees.
- The **Baltic** business area offers property and casualty insurances for both private individuals and corporate customers. If is the second largest P&C insurer in the Baltic region and market leader in Estonia, with approximately 300,000 customers.

In order to fulfil the vision of being the preferred insurance partner, If has adopted a strategy based on three strategic goals:

- **Most satisfied customers through strong focus on customer value**
  To achieve this If must have the best in-depth understanding of the customers' insurance needs and, correspondingly, the best underwriting skills. If strives to be the most service-oriented company in the industry and continues to develop its digital communication.
- **Europe's most professional and innovative P&C insurance professionals**
  If continues to strengthen its underwriting competences within the "Best in Risk" concept. The concept focuses on understanding all aspects of risk management, including product, pricing and risk quality, throughout the organization.
- **Stable profitability through underwriting excellence and operational efficiency**
  Profitability in the core business achieved by accurate pricing of risk. Continuous focus on cost efficiency, an investment strategy based on balanced risk and creditworthiness also contribute to a strong and stable profitability.

If's financial targets are to achieve a return on equity (RoE) of at least 17.5 per cent and a combined ratio of less than 95 per cent.

Mandatum Life – an Expert in Money and Life

Mandatum Life is the leading provider of cover against life and health risks, and a well-respected manager of customer wealth in Finland and the Baltics. Mandatum Life offers its customers a comprehensive range of services that includes tailored unit-linked insurance and wealth management, personal risk insurance for private customers, pension and reward services for companies and the related consultation services.

The focal point of Mandatum Life's new business is unit-linked savings products, group pension insurance and risk insurance covering personal risks. For these, Mandatum Life has three sales channels in Finland: sales groups specialised in corporate sales, wealth managers focused on high-net-worth individuals and Danske Bank's distribution network. The fourth sales channel is customer services, which is responsible especially for the additional services offered to existing clientele.

Mandatum Life began offering its own wealth management services in 2008. Wealth management is primarily focused on high-net-worth individuals; however, the comprehensive range of investment baskets managed by the wealth management service is available to a broad spectrum of private customers through unit-linked pension insurance. Institutions constitute a key section of wealth management's customers. Mandatum Life established fund business especially to cater to the needs of institutional customers.

The parent company for the Mandatum Life Group is Mandatum Life Insurance Company Limited, the subsidiaries of which are, following the change in corporate structure in 2014, Mandatum Life Services Ltd., Mandatum Life Investment Services Ltd., Mandatum Life Fund Management S.A. as well as Innova Services Ltd. and Mandatum Life Insurance Baltic SE that continue their operations as before. As part of the change in corporate structure, Mandatum Life expanded its wealth management services.

Mandatum Life serves its private customers mainly through Danske Bank's distribution channel. Co-operation with Danske Bank has continued to be successful for several years.

Strong Focus on Insuring Companies and Entrepreneurs

Mandatum Life's goal is to maintain its position as Finland's largest life insurer in the corporate customer segment. Mandatum Life estimates that there is still a growing need for Finns to secure their income during retirement and to prepare for health and life risks. The company believes that voluntary corporate pension schemes will play an increasingly important role in complementing statutory earnings-related pensions. Also services intended for companies' personnel, such as personnel funds, are a key component of the service Mandatum Life provides companies with.

Mandatum Life ceased to actively sell contracts with a guaranteed interest rate more than ten years ago. Behind this decision was a declining interest rate level and uncertainty in the capital requirements resulting from long-term guaranteed interest rates. After the final form of the Solvency II framework was established, the uncertainty surrounding capital requirements has receded. This provides the company, in the future, with the opportunity to assess also the granting of guaranteed interest rate contracts if the contract terms and conditions enable returns that are sufficient in relation to the capital requirements for both the shareholders and the policyholders.

The group pension insurance portfolio transferred from Suomi Mutual at the end of 2014 serves to strengthen Mandatum Life's standing as a life insurance provider for companies. Suomi-Mutual group pension insurance portfolio comprises approximately 2,300 insurance policies and 34,000 insured. In terms of the existing high guaranteed interest rate insurance portfolio, the strategy remains unchanged and the focus is on boosting its declining trend. The transition rules of the Solvency II framework, together with the declining trend of this insurance portfolio, will enable the company to carry out efficient capital management in the future.

Mandatum Life's result consists of three components: the investment result, risk result and expense result. Mandatum Life's strategy in investment activities is to maintain adequate solvency in relation to market risks in the balance sheet, which makes it possible to strive for a long-term return that is higher than the return requirement on with-profit technical provisions. In the expense and risk result, Mandatum Life seeks growth through both higher operational efficiency and volume growth. The company's financial target is to produce an RoE of at least 17.5 per cent.

Group Structure

31 December 2014

Sampo plc
Finland

- 100% – **Mandatum Life Insurance Company Ltd**, Finland
  - 100% – **Innova Services Ltd**, Finland
  - 100% – **Mandatum Life Insurance Baltic SE**, Estonia
  - 100% – **Mandatum Life Services Ltd**, Finland
  - 100% – **Mandatum Life Investment Services Ltd**, Finland
  - 100% – **Mandatum Life Fund Management S.A.**, Luxembourg
- 100% – **If P&C Insurance Holding Ltd**, Sweden
  - 100% – **If P&C Insurance Ltd**, Sweden
  - 100% – **IF P&C Insurance Company Ltd**, Finland
  - 100% – **If P&C Insurance AS**, Estonia
  - 100% – **If Livförsäkring AB**, Sweden
  - 100% – **CJSC If Insurance**, Russia
  - >30% – **Topdanmark A/S**, Denmark
- 21.2% – **Nordea Bank AB (publ)**, Sweden

Organization

31 December 2014

Group CEO and President
Kari Stadigh

- **P&C Insurance**
  Torbjörn Magnusson
  - **Deputy MD**
    Ricard Wennerklint
    - **Marketing and Communications**
      Katarina Mohlin
    - **IT**
      Kjell Rune Tveita
  - **Private**
    Morten Thorsrud
  - **Commercial**
    Ivar Martinsen
  - **Industrial**
    Niclas Ward
  - **Baltic**
    Timo Vuorinen
  - **Finance**
    Knut Arne Alsaker
  - **Legal Affairs**
    Dag Rehme
- **Life Insurance**
  Petri Niemisvirta
  - **Finance**
    Jukka Kurki
  - **Private Customers**
    Sanna Rajaniemi
  - **Danske Bank and Alliances**
    Risto Honkanen
  - **Corporate Clients and Business Development**
    Tarja Tyni
  - **Wealth and Investment Management**
    Jukka Pirskanen,
    Juhani Lehtonen
  - **Baltics and Support Services**
    Timo Laitinen
  - **Legal Affairs**
    Timo Vuokila
  - **Marketing and Communications**
    Niina Riihelä
- **Investments**
  Patrick Lapveteläinen
- **Group Finance and Risk Management**
  Peter Johansson
- **Investor Relations and Group Communications**
  Jarmo Salonen
- **Internal Audit**
  Johan Isaksson
- **Personnel**
  Johan Börjesson

Businesses

Sampo Group is active in insurance and banking. Sampo plc, the parent company, has two fully owned insurance subsidiaries, If P&C Insurance Holding Ltd (publ) and Mandatum Life Insurance Company Ltd, and is the biggest shareholder in Nordea Bank AB, the largest bank in the Nordic region.

Sampo plc

Sampo plc, the parent company, is listed in the Nasdaq Helsinki since January 1988. It has no business activities of its own but administers the subsidiaries and is responsible for certain centralized functions in Sampo Group.

if...

If P&C Insurance is the leading property and casualty insurer in the Nordic region, with operations in Finland, Sweden, Norway, Denmark and the Baltic countries. Danish insurance company Topdanmark A/S, in which If P&C Insurance is the largest owner with more than 30 per cent of the shares, is accounted for as an associated company in the P&C insurance segment.

Nordea

Nordea, the largest bank in the Nordic region, has around 11 million customers and is one of the largest universal banks in Europe in terms of total market capitalization. The Nordea share is listed in the Nasdaq Nordic Exchanges in Stockholm, Helsinki and Copenhagen. In Sampo Group's reporting Nordea is treated as an associate and included in the segment Holding. At the end of 2014 Sampo plc held 21.2 per cent of shares in the Bank.

MANDATUM LIFE

Mandatum Life provides its customers with a variety of services, including wealth management, investments, savings, personal risk insurance, as well as, incentive and reward solutions. Mandatum Life has an estimated 250,000 private and 25,000 corporate customers. In addition to Finland, it operates in the Baltic countries.

If P&C Insurance

2014 was a good year for If P&C with a solid insurance result and a positive growth. The combined ratio for 2014 was 87.7 per cent which is the best ever for the company. Profit before taxes increased to EUR 931 million.

The low interest rate environment has become the new normal for the property and casualty insurance industry, producing lower rates of return on insurers' investment portfolios. As a result, the industry's focus on underwriting profitability has in general increased during the past years at the same time as competition remains intense in all markets.

Focus on Underwriting

If P&C's focus areas remained very much unchanged during 2014, with focus on underwriting excellence and cost efficiency. The company also continued to focus on customer value by offering the best customer experience in all types of contacts. This work has led to an additional improvement in customer satisfaction levels. In addition, customer reviews of If P&C's claims handling process have improved further from an already high level.

If P&C's premium growth for 2014 was 1.7 per cent. Positively affected by strong new car sales, continued high activity together with partners and growing internet sales on the back of high digital focus during the past years. Several agreements were renewed during the year and new partnerships were signed.

Underwriting has always been fundamental to If P&C and work to further enhance the understanding of risks and to provide the optimal cover to every client continues.

Digitalization is of ever increasing importance and If P&C strives to be the leading company in the digital channels with focus on developing better electronic interfaces as well as simplifying online sales processes. During the year internet sales in the private market continued to increase and approximately one third of claims are now filed online.

In 2014, If P&C continued to leverage its integrated Nordic organization to achieve operational and IT synergies. On-going investments including Nordic IT platforms, digital solutions and automated claims are expected to increase efficiency further. During the year BA Commercial became operational with one IT base system in all four Nordic countries.

Solvency II regulation is expected to come into effect as of the beginning of 2016. If P&C is well prepared and already compliant with the principles of Solvency II. The Financial Supervisory Authorities have granted If P&C a pre-approval to use the internal capital model to calculate solvency capital requirements. Standard & Poor's has affirmed the company's A-rating with a stable outlook and the Strong assessment of Enterprise Risk Management.

Nordea

Year 2014 was characterized by a challenging environment with low growth, low interest rates as well as increased geopolitical tensions. Despite the headwinds, Nordea showed a robust result with stable income, decreased costs and improved credit quality. The challenging environment signals weaker expectations for a global economic recovery, which also affect the export-oriented Nordic economies.

In 2014, Nordea continued to welcome more new relationship customers and were trusted with more savings, thereby passing the milestone of EUR 250 billion in assets under management. Despite the challenging environment, income was stable, driven by net fee and commission income and Nordea is on track to deliver on its cost targets. Credit quality continued to improve and the loan loss level is below the 10-year average.

Nordea was once again confirmed as one of the safest banks globally, when issuing two Additional Tier 1 instruments, of in total USD 1.5billion with the lowest coupons among corresponding instruments issued in the USD market. This strengthened the Tier 1 ratio by 75 basis points and the total capital ratio is above 20 per cent. Common equity tier 1 (CET1) capital ratio improved 1.8 percentage points to 15.7 per cent.

Building the Future Relationship Bank

The rapid change in customers' preferences towards using online and mobile solutions, as well as the increasing operational regulation, is transforming banking industry.

To enable Nordea to develop even more personalized and convenient services to customers in the future, Nordea is currently simplifying processes in all parts of the bank. Nordea will, as part of this process, build new core banking and payment platforms, significantly increasing agility, scale benefits and resilience.

Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. Nordea is making it possible for customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approximately 700 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalization. The Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges.

Mandatum Life

By a number of indicators, Mandatum Life's year 2014 was a success. The expense result rose to an all-time high and the company's total result was also good. Unit-linked premium income and technical provisions, likewise, broke new records, just as in 2013.

Mandatum Life's investment returns exceeded the level of guaranteed interest rate promised to policyholders, especially due to the excellent return on alternative investments. Low-risk, long-term interest rates sank to an extremely low level, and maturing fixed income investments continue to present a considerable re-investment risk, as in previous years. In response to the low interest rate levels, the company continued to supplement the reserve for decreased discount rates, and has consequently lowered the return requirement on technical provisions for 2015 and 2016.

Premium income continued to grow in the company's core businesses, and the company's unit-linked premiums reached a record-high level. This can be attributed to successful sales work on the part of Danske Bank's and the company's own networks. Despite the growth in premium income, the company lost market shares, because the premium income in the sector grew even more substantially.

The year also involved the transfer of a group pension portfolio from Suomi Mutual, with more than 2,000 insurance policies, 30,000 insured and EUR 1,300 million of assets transferred to Mandatum Life. During 2014, Mandatum Life also initiated fund management business especially tailored to meet the needs of institutional customers. Setting up the fund business necessitated changes in Mandatum Life's corporate structure, resulting in the company establishing an investment services company in Finland and a fund management company and non-UCITS fund in Luxembourg.

New Business Focus on Unit-linked and Personal Risk Insurance

In terms of new business, more than ten years ago Mandatum Life set unit-linked insurance and personal risk insurance as its core business areas. At the time, the company's technical provisions were almost exclusively related to with profit products, and the share of the particularly high (3.5 per cent and 4.5 per cent) guaranteed interest rate portfolio of the total technical provisions was close to 90 per cent. Due to the strong growth in unit-linked technical provisions (51 per cent of the total technical provisions) and the technical provisions that transferred from Suomi Mutual (13 per cent of the total technical provisions), the share of the high guaranteed interest rate portfolio is now only around 30 per cent of the technical provisions.

Cost effectiveness becomes increasingly important as the weight of unit-linked business grows. The cost-savings program initiated two years ago by the company, in conjunction with increased fee and commission income, caused the company's expense result to rise to an all-time high. The expense result for the next few years is expected to increase, despite the fact that it will be increasingly vulnerable to changes in the investment markets due to the growth in the weight of unit-linked savings.

The business result improved also in the Baltics. The company was able to increase premium income, unit-linked savings and capital at risk and simultaneously decrease operating expenses.

Personnel

Finance is a fiercely competitive industry and, consequently, value creation rests on operational excellence and on continuous and rapid renewal. This can only be achieved with competent, creative and engaged staff. Sampo Group's ability to succeed and stay ahead of competition is thus heavily dependent on the know-how, commitment and dedication of the employees. Simply put, Sampo's personnel strategy is to recruit and develop the best people in the industry.

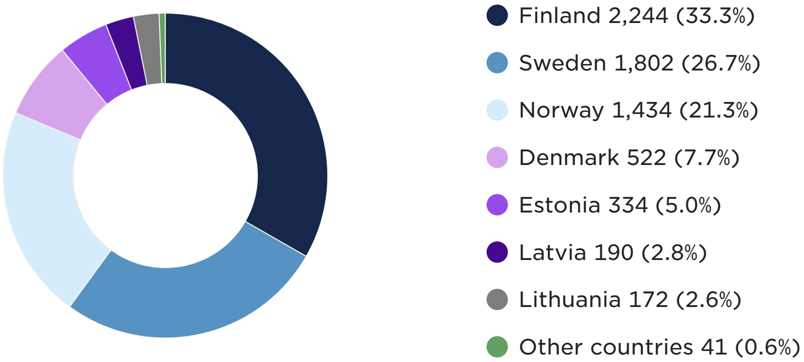
P&C insurance is Sampo Group's largest business area employing 91.6 per cent of the personnel in 2014, while life insurance had approximately 7.6 per cent of the work force and the parent company, Sampo plc, 0.8 per cent.

Average Personnel by Company 2014

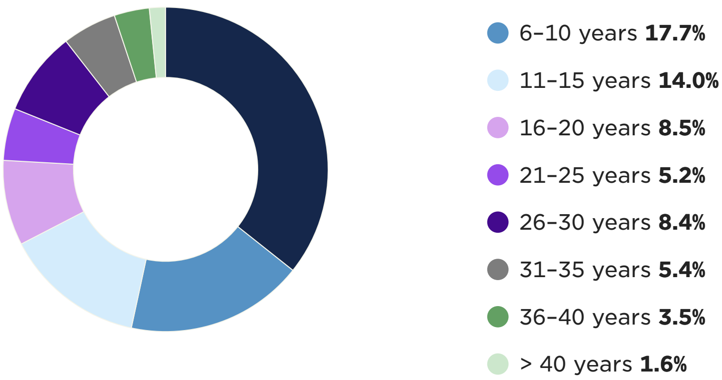
Sampo Group

The average number of Sampo Group's employees (FTE) in 2014 amounted to 6,739 (6,832). In geographical terms Finland had 33 per cent of the personnel, Sweden 27 per cent and Norway 21 per cent. The share of Baltic countries, Denmark and other countries was 19 per cent.

Average Personnel by Country 2014
Sampo Group



Years of Employment 2014
Sampo Group



Personnel at If P&C

During 2014, several large personnel actions were taken to increase efficiencies and develop the business to better respond to the toughening competition. If P&C reorganized the Nordic commercial underwriting organization and the Finnish claims services, marketing and IT departments. The changes were made due to implementation of Nordic-wide IT systems, a decrease in claims volumes and remaining overlaps from the Tryg integration process.

In autumn 2014, the Private Sales and Services unit in Finland started a process to enhance the customer experience by centralizing customer center operations in Espoo and Turku. Some branch offices were closed in Finland due to a decrease in customer activity and geographical overlap in the service network. In Estonia, several branch offices have been closed as a result of more customers using e-channels. Increased sales efficiency focus and performance improvement activities have led to structural and personnel changes in the Estonian sales unit.

If P&C's Personnel Strategy is Based on Four Focus Areas

Leadership the If Way	If Employeeship and Performance Culture
Competence Development and Innovation	Right Person in the Right Place

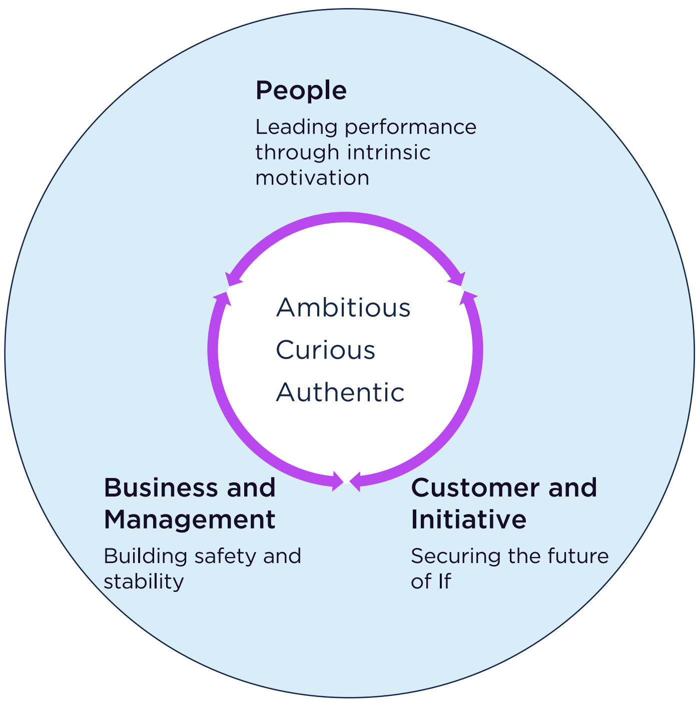
Leadership the If way

The If Leadership model describes the cornerstones of a well-balanced leadership. If P&C's leaders should have a high ambition level, be inquisitive and genuine. Setting demanding standards, constantly investigating customer needs and helping others to succeed are important building blocks to ensure good leadership.

Strengthened succession planning for Sampo Group was performed in spring 2014. Short and long-term succession is largely secured via internal candidates both in If P&C and for Sampo Group as a whole. A Future Leadership Program was run in 2014 to further enhance If P&C's leadership provisioning. This program is a vehicle for recruiting and integrating external high potentials and preparing them for future leadership roles within If P&C.

Leadership Model

If P&C



If Employeeship and Performance Culture

The If Employeeship model describes the mindset and behaviors needed to secure If P&C's continuous success. The model emphasizes the employees' responsibility for their own performance and development. It also focuses on the importance of a strong feedback culture in the company. Large-scale implementation of the Employeeship model has begun in 2014. If P&C invests in coaching for leaders in the organization. For example, every leader (approximately 50 persons) in Contact Center Private in Sweden undertook coaching during the spring of 2014.

Employeeship Model

If P&C

Competence Development and Innovation

Having the most competent insurance professionals in the industry is an important building block in If P&C's strategy. Competence development is thus highly prioritized. The company is developing easily accessible video courses to replace physical seminars and is complementing larger e-learning modules with shorter e-learning courses, to support, for example, the efficient introduction of new tools.

Examples of major efforts in 2014 are "The Modern Underwriter" and "The Modern Product Expert" training modules, aimed at improving the product and underwriting skills of If P&C's 400 core professionals within these fields. In Norway, new national requirements for certification of employees servicing private customers have been introduced and If P&C has set up an internal training process for this purpose.

Right Person in the Right Place

In 2014, If P&C worked on several projects to strengthen the recruitment processes. Firstly, the company is increasingly focusing on evaluating the relevant characteristics when recruiting staff for different roles. Cultural suitability and motivation are also emphasized in recruitments. Secondly, the company has continued to develop processes to give new employees a seamless introduction to the company.

Personnel Cost Initiative

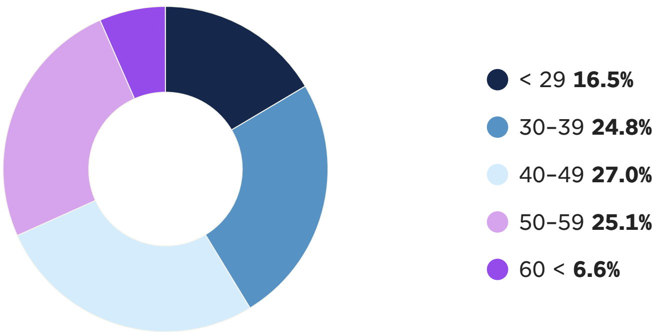
One of the competitive advantages of If P&C is to realize the synergies between Nordic and Baltic countries. In 2014, the company has accelerated its efforts within cross-border cooperation. For example, over 70 employees in the Baltics are performing tasks for the Nordic part of If P&C. In Gothenburg, over 30 persons are serving Norwegian customers, both with sales and service, and claims handling. Cross-border cooperation allows If P&C to optimize the localization of personnel based on availability of staff and cost-saving opportunities.

Number of Personnel
If P&C, 2013–2014

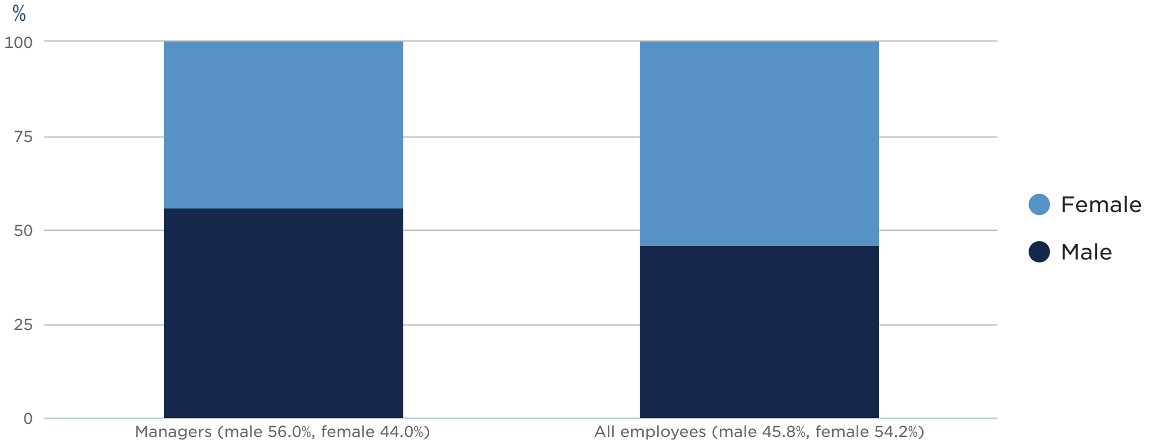
	31 Dec 2014		31 Dec 2013	
	FTE	of which temporary employees	FTE	of which temporary employees
Sweden	1,804	5.8%	1,831	5.2%
Finland	1,771	4.1%	1,807	5.9%
Norway	1,400	1.4%	1,456	1.8%
Denmark	521	3.2%	519	2.9%
Estonia	306	0.5%	289	0.0%
Latvia	174	5.6%	150	7.7%
Lithuania	142	3.5%	133	2.3%
Other	41	2.5%	42	0.0%
Total	6,158	3.8%	6,227	4.2%

Personnel Composition

Age Structure
If P&C, 2014



Gender Structure (Managers and All Employees)
If P&C, 2014



The gender structure of all employees in If P&C is even. Women make up 44.0 per cent of leaders and this figure has been increasing steadily.

Yearly Personnel Turnover
If P&C, 2013–2014

	31 Dec 2014	31 Dec 2013*
Finland	7.2%	8.5%
Sweden	7.5%	6.2%
Denmark	8.5%	9.2%
Lithuania	8.5%	15.0%
Norway	11.2%	8.9%
Latvia	11.2%	18.3%
Estonia	20.0%	23.7%
Total	9.0%	9.1%

**The 2013 turnover has been revised based on updated reporting standards.*

Personnel turnover remains at a relatively low level, mirroring the high employee satisfaction. 9 out of 10 employees gave a positive response when asked whether they enjoy working at If P&C.

Well-being

If P&C focuses on preventive health care and well-being actions to reduce sick leave and disability pensions. For example, the sick leave rate in Finland has decreased over the past five years from 3.7 per cent to 2.7 per cent, while the disability pension category has decreased from five to two. In all Nordic countries, HR works together with leaders on early intervention and follow-up of selected target groups.

Sickness Absences*

If P&C, 2014

	2014	Change compared to previous year
Lithuania	0.8%	-0.66%
Latvia	1.8%	-0.36%
Estonia	2.0%	0.11%
Finland	2.8%	-0.12%
Denmark	3.0%	0.58%
Sweden	3.8%	0.36%
Norway	4.8%	0.07%

**Sickness statistics are based on If P&C's internal reporting standards and may deviate from locally published statistics.*

Personnel at Mandatum Life

The key themes for 2014 in Mandatum Life were improving operational efficiency and enhancing expertise to meet the needs of the market. The company succeeded in achieving its efficiency targets by, among other things, centralizing operations. A new unit was established providing power for effective promotion of all sales channels and ensuring the unity and quality of sales projects and campaigns.

Changes in Corporate Structure

Mandatum Life established two new subsidiaries in Finland: Mandatum Life Services Ltd. and Mandatum Life Investment Services Ltd. The new companies were established as of 1 May 2014 and 300 employees working in support functions and investment management were transferred into the new companies. Despite the change in corporate structure, Mandatum Life's objective remains the same: to promote a harmonized work culture and working “as one team”, which is one of company values. This has been promoted by joint management training programs during the year.

Development of Employee Satisfaction

Mandatum Life develops in-depth expertise of personnel in key areas and combines this know-how in innovative ways to benefit customers. Successful performance requires personnel with high level of motivation and well-being. Employee Satisfaction is measured and benchmarked with Great Place to Work survey. Mandatum Life ranked among the 30 best Finnish companies in the 2014 survey.

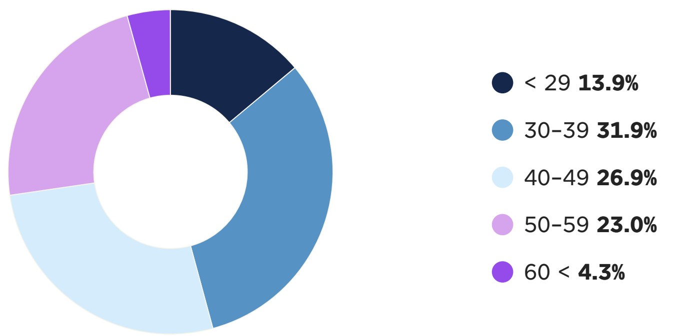
Employee satisfaction is at a good level and has improved from last year. In a workplace atmosphere survey conducted in November 2014, overall satisfaction was 80 per cent (76). Overall, 88 per cent (81) of the employees regarded Mandatum Life as a very good workplace. The high response rate, 91 per cent, is also indicative of the level of employee satisfaction.

Personnel Composition

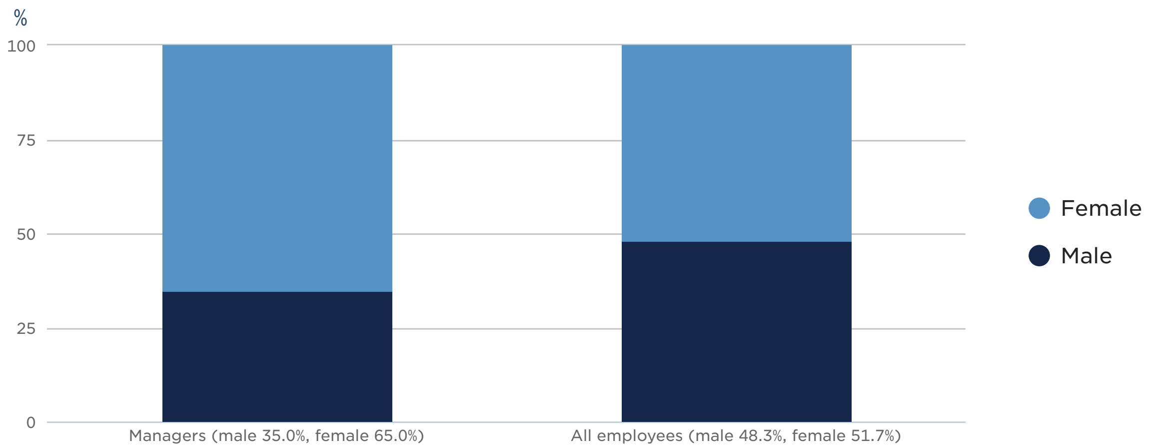
Personnel by Country FTE
Mandatum Life, 2013–2014

	31 Dec 2014	31 Dec 2013
Finland	413	408
Estonia	36	42
Lithuania	36	40
Latvia	24	30
Total	**509**	**520**

Age Structure of Personnel in Finland
Mandatum Life, 2014



Gender Structure in Finland (Managers and All Employees)
Mandatum Life, 2014



The gender structure of all employees is evenly divided between males and females in Mandatum Life. Among leaders, the majority – 65 per cent – are female.

Personnel Turnover and Sickness Absence

In 2014 the personnel turnover in Finland decreased to 6 per cent from 10 per cent the year before*).

Mandatum Life's purposeful focus and development on occupational health and preventive health care actions has reduced sickness absence annually since 2011. In 2014 the sickness absence percentage in Finland was 2.7 per cent**). The disability pension category has also decreased from six to two.

*) The 2013 turnover has been revised based on updated reporting standards.
**) Sickness statistics are based on Mandatum Life's internal reporting standards and may deviate from locally published statistics.

Read more about the personnel of Mandatum Life on the Corporate Responsibility page.

Corporate Responsibility

The focus of Sampo Group's corporate responsibility work is on the subsidiary level. This is where the customers are met and where 99 per cent of the personnel work.

The operations of Sampo Group's insurance subsidiaries If P&C Insurance and Mandatum Life differ significantly from each other and, therefore, the nature of their corporate responsibility activities also differs to a great extent. Hence the subsidiaries have taken care of corporate responsibility activities and corporate responsibility reporting. However, in anticipation of the changing reporting requirements, Sampo has embarked upon a project to develop Group level non-financial reporting.

Corporate Responsibility in If P&C

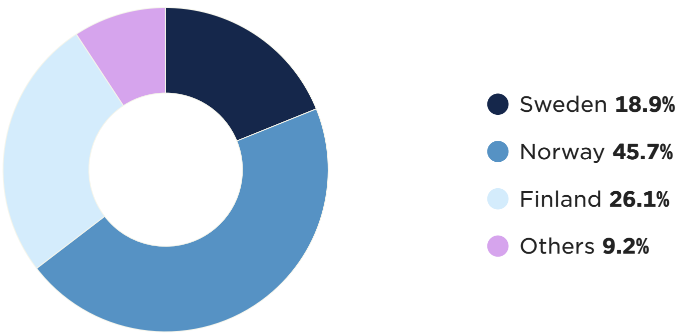
If is committed to promoting a society in which everyone is able to live safely and securely. Along with the police, rescue services, judiciary and other public authorities, the property and casualty insurance companies play a key role in creating a safe and secure society.

In 2014 alone, If dealt with more than 1.8 million insurance claims. These vary greatly, ranging from private clients injured in road accidents to companies whose production has been suspended, for example, due to fire. In total, If has paid out over EUR 3 billion in claims over the past year.

If endeavors to take its social responsibility beyond its business operations. Its principal objective is to constantly act in a manner that satisfies or exceeds the ethical, legal and commercial requirements placed upon the business. If P&C is a significant tax payer in the Nordic countries as the company paid corporate taxes for slightly more than EUR 200 million for the year 2013.

Corporate Taxes for the Year 2013

If P&C Insurance, more than 200 EURm in total



Environmental issues are of critical importance to everyone and often have an immediate impact on the operations of the P&C insurance companies. Climate-related meteorological phenomena, such as heavy rainfalls and flooding, are becoming increasingly common. Populated areas along the coastlines of exposed regions are experiencing frequent flooding.

All of If's activities are governed by a strict environmental policy. The essence of this policy is that If will always endeavor to find the most environmentally viable solution for If, its clients, suppliers and partners.

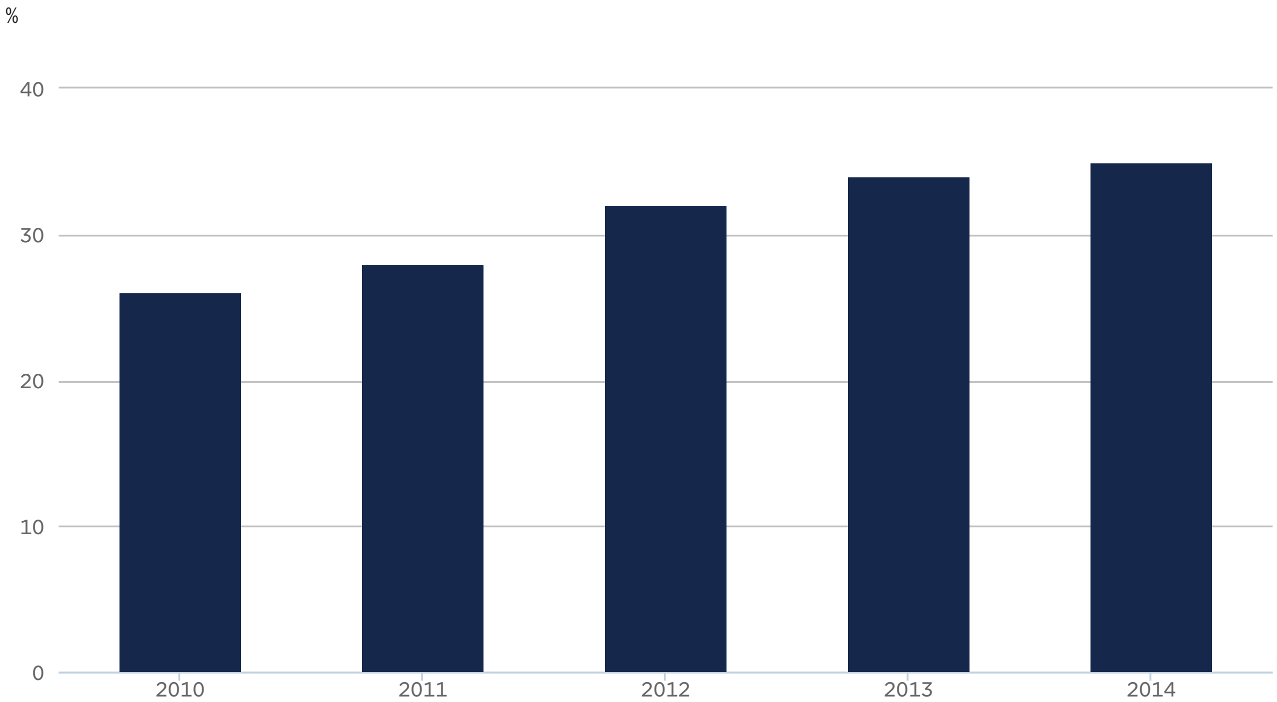
Key Environmental Issues for If P&C

Environmental impact of claims handling: In 2014, If handled around 950,000 claims for damaged cars and properties. The correct handling of damaged materials is a key environmental issue. If's goal is to reuse undamaged parts and increase recycling. As a step towards achieving this, If has implemented stringent environmental standards for its suppliers.

Online filing of claims is becoming more common and represents a more environmentally responsible choice than traditional filing methods. The number of claims filed online increased by 5 per cent in 2014 and more than 35 per cent of claims are filed online today.

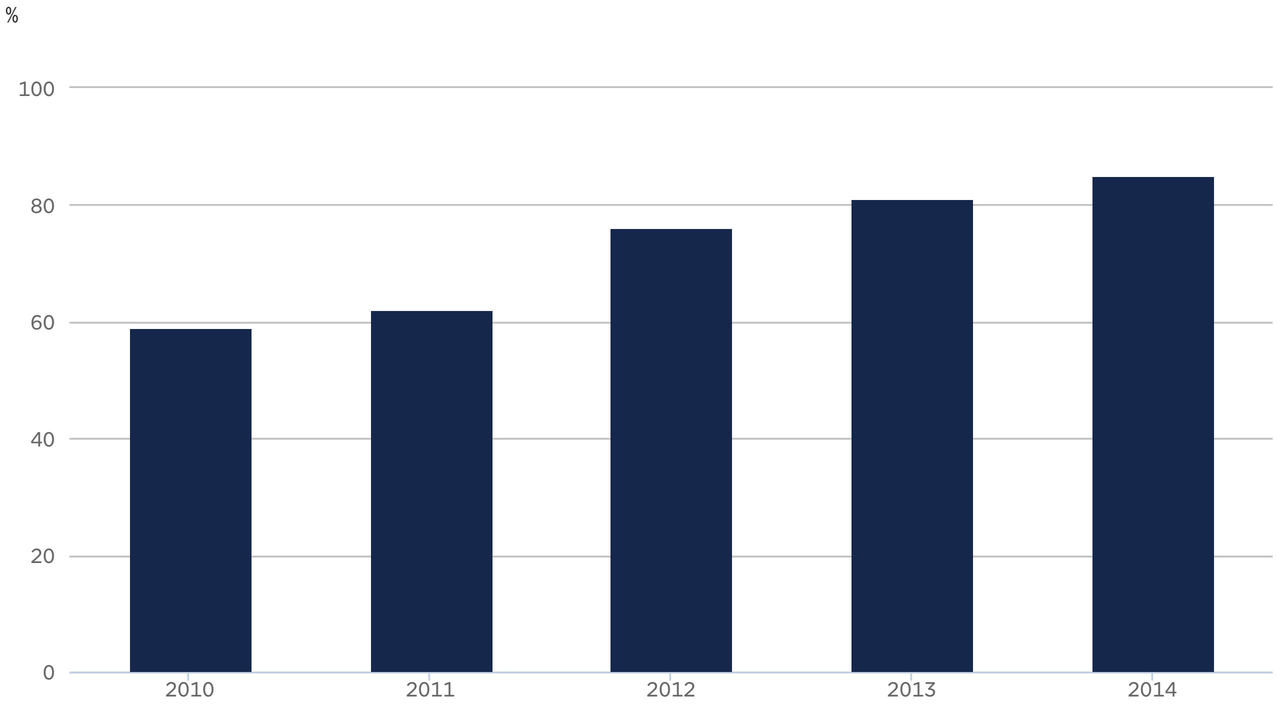
Share of Online Claim Reports from Business Area Private on a Nordic Level

If P&C, 2010–2014



Share of E-invoices in Vehicle Claims on a Nordic Level

If P&C, 2010–2014



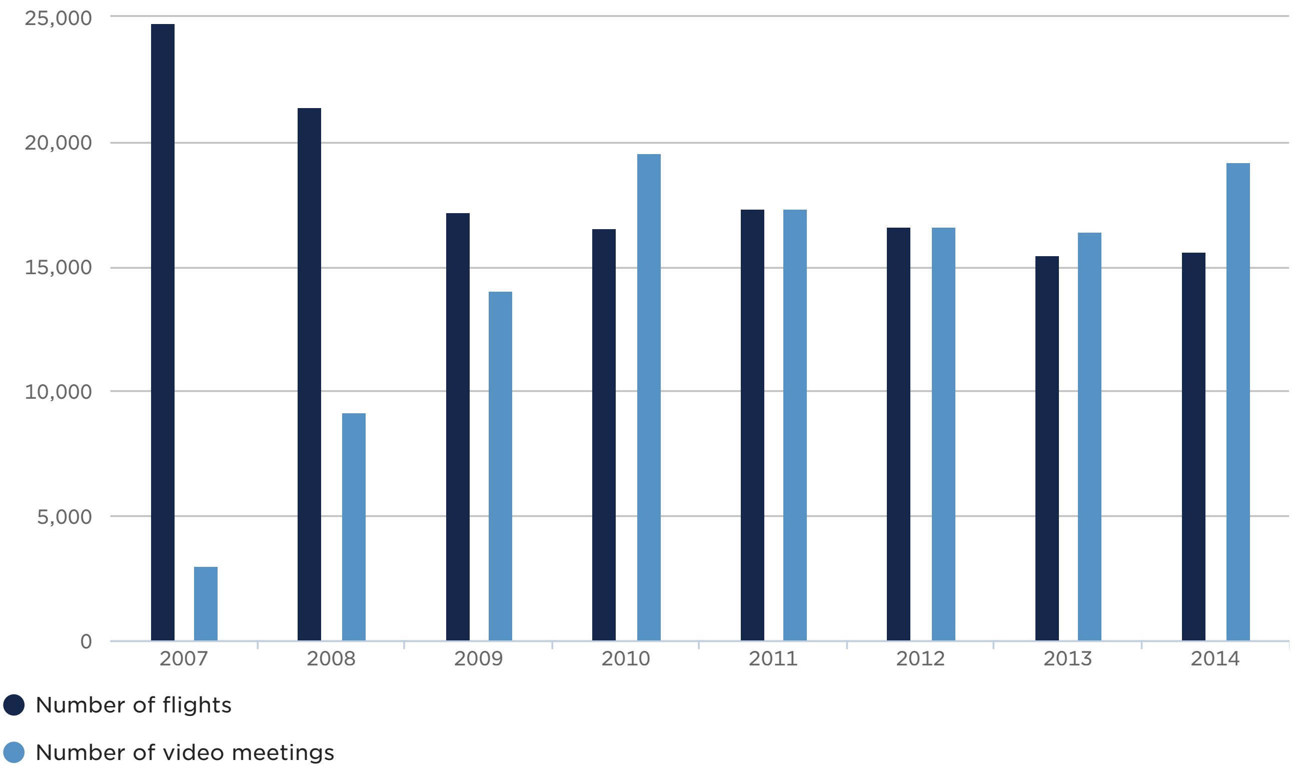
Share of E-invoices in vehicle claims have continued to increase also in 2014. This reduces environmental impact due to decreased paper usage, printing and logistics.

Climate impact: If's carbon dioxide emissions have continued to decrease in 2014. In 2013, If launched a carbon offsetting scheme whereby it compensates for its emissions of carbon dioxide in the Nordic region by distributing energy-efficient wood-burning stoves to villages in India. The scheme is a so-called "Gold Standard project", which is an internationally recognized certification standard developed in collaboration with the World Wide Fund for Nature and other organizations. Not only do the wood-burning stoves reduce carbon dioxide emissions, they also save lives. A report published by the World Bank shows that about four million people die each year from the pollutants emitted by inefficient wood-burning stoves. If will continue with the similar offsetting program in 2015 as well.

Travel and meetings: If has reduced the number of business flights taken by its employees by one third since 2007. Many of its meetings are now conducted online or as video conferences instead of face-to-face.

Yearly Development of Flight Travel and Video Meetings

If P&C, 2007–2014



Environmental Highlights in 2014

- Business area Commercial in Norway has launched three new environment related insurance products.
- Motor Norway tested an initiative whereby customers who were claiming on their car insurance had the option of receiving a bicycle which they could keep instead of renting a car while theirs was being repaired. This was a success and 650 bikes were delivered in 7 weeks.
- If published an annual review called “The Heat is On”, which is based on IPCC’s the 5th assessment report.
- A collaborative project on climate change adaptation and insurance has developed a web based visualization tool for home owners, called VisAdapt.
- If has changed to more environmentally-friendly multifunctional office machines and decreased the number of machines by 20%.

If's Environmental Policy

If must take substantial measures to improve the environment on a daily basis.

- We always endeavor to find the best possible environmental solution – for our company, our customers, our suppliers and our partners.
- We give our staff the opportunity to act in an environmentally-friendly way through the provision of guidelines and support.
- We are developing products, processes and loss prevention services in order to help our customers act in a more environmentally-friendly manner.
- We encourage and support our suppliers and partners in their efforts to use more environmentally-friendly methods in their operations.
- We always provide information about environmental risks and participate actively in the public debate concerning climate change.

Structure of the Environmental Program

If's environmental program has three levels:

- A steering group, led by a member of If's executive board, sets up and upholds If's environmental strategy, policies and overall goals.
- The Nordic Environmental Group is responsible for managing and monitoring the implementation of all environmental initiatives concerning facilities and procurement.
- Local Environmental Groups formulate local action plans and arrange activities for increasing awareness of environmental issues. These groups exist at all larger offices.

Environmental Policies and Tools

Strictly defined environmental policies and tools are established to support and lead If's environmental initiatives. Some of the key policies are:

- Environmental policy
- Procurement policy in line with Nordic Ecolabel procurement guidelines
- Supplier assessment principles
- Climate impact accounting tool based on Greenhouse Gas Protocol standard
- ClimateWise platform for best practice and exchange of ideas
- Environmental rules for claims handling.

Corporate Responsibility in Mandatum Life

Mandatum Life's impacts on society are significant: improving financial security and ensuring successful business operations contribute to a sustainable society. During 2014, Mandatum Life initiated strategic corporate responsibility work with the goal of assessing and measuring the company's societal impacts from a financial and social aspect. Corporate responsibility work supports Mandatum Life's business strategy, according to which Mandatum Life creates financial security for its customers through an innovative combination of wealth management and insurance.

Financial Responsibility Forms Foundation of Mandatum Life's Business

Financial responsibility at Mandatum Life means ensuring the continuity, profitability, earnings power and solvency of operations in all market situations. At the heart of financial responsibility lies the sustainable and responsible management of customers' insurance-related liabilities and customer investments. A further key component of financial responsibility is careful risk management.

Mandatum Life's solvency is at a good level and nearly seven times the minimum required solvency margin. Good solvency and profitability mean that Mandatum Life takes care of its customers' pensions and compensation, whatever the situation or economic environment.

In 2014, Mandatum Life paid out a total of EUR 320 million in pensions to 61,000 pensioners, as well as, other indemnities in case of death, accidents, serious illness and disability, totaling some EUR 90 million. Responsibility towards shareholders can be observed in the aim to provide steady payment of dividends.

As a financial service provider Mandatum Life is a key societal contributor and employer. In 2013, Mandatum Life was the 12th largest corporate tax payer in Finland, paying more than EUR 53.5 million in taxes. Mandatum Life contributes directly to the well-being of Finnish society through the taxes paid on its business profits. The company employs more than 500 people in Finland and the Baltics.

Responsible Investing

The wealth management provided by Mandatum Life is based on taking into account the individual needs and risk tolerance of customers, careful selection of investments and versatile diversification. Mandatum Life's Wealth Management signed the UN's Principles for Responsible Investment (UN PRI) in 2011 and investment operations linked to the management of customers' wealth are implemented according to these principles. Committing to the principles means incorporating issues concerning the environment, society and good corporate governance in the investment process and their promotion and inclusion in the reporting of investment operations. The company sees that, in the long run, successful companies are the ones that operate responsibly.

Mandatum Life's Social Responsibility is Founded on Its Service Offering

At the core of Mandatum Life's services is ensuring individuals' and companies' financial security: voluntary preparation through risk insurance, increasing wealth through investments, providing security for entrepreneurship, supplementing pension cover, ensuring the competitiveness of Finnish companies and improving the quality of working life.

Social responsibility naturally also entails taking care of employees. Responsibility for our personnel is based on the core of Mandatum Life's business: improving the financial security of personnel and preparing for health and financial risks – both at the workplace and outside it.

A Growing Number of People Wish to Supplement Their Statutory Social Security

An insurance survey conducted by the Federation of Finnish Financial Services in 2014 revealed that a growing number of Finns consider voluntary insurance necessary for supplementing social security. Although the support network provided by Finnish society is good, a serious illness, disability or death can present a major risk to individual's finances or those of his or her family. Mandatum Life's risk insurance increases the customer's financial security in case of serious illness, disability or death. Voluntary insurance is important as social security is not sufficient to cover a loss in income resulting from an illness, for example.

Supplementing pension cover is also a key part of improving financial well-being and preparing for the future. In the end of 2013, the portion of pensioners of the over 16-year-old population was already 25 per cent. The proportion of working-aged people will decrease over the following decades and the number of pensioners will increase. The change in the population structure is also forcing Finland's pension system to reform. The objective of the 2017 pension reforms will be, among other things, the lengthening of careers, as a result of which the retirement age will be raised. Voluntary preparation for retirement will become even more important in future. Mandatum Life wishes to offer Finns a possibility to impact the sufficiency of their income during retirement by offering them sensible and cost-effective ways to save and invest for the future. By saving for one's retirement, a person can elevate their standard of living or, if they wish, retire before the statutory pension age. For companies, Mandatum Life offers group pension insurance.

Providing Security to Entrepreneurs Fosters Entrepreneurship

Mandatum Life's services for entrepreneurs secure the continuity of their businesses and supplement the statutory cover of the entrepreneurs and their families. When faced with a serious illness or short period of disability, the entrepreneur can focus on rehabilitation, while in cases of death or permanent disability, the entrepreneur, his or her family, or possible other owner will receive financial assistance during a difficult time.

In order to determine an entrepreneur's financial risks, a plan is required that takes into account his or her entire life situation and bears in mind any business-related risks and the financial security of the entrepreneur and his or her loved ones in preparation for sudden events and retirement.

A key aspect of securing an entrepreneur's future is taking care of his or her pension security. According to Statistics Finland, around one third of all entrepreneurs are currently over 55 years of age. This means that more than 100,000 entrepreneurs will be retiring within a decade. As the entrepreneur is responsible for his or her personal income during retirement, the amount of YEL earned income based on the Self-Employed Persons Pensions Act has a significant impact on the entrepreneur's income during retirement. Many entrepreneurs set their YEL earned income at a level that is too low, which can mean an insufficient pension and a significant risk to society.

Improving the Competitiveness of Companies through Effective Reward Solutions

Companies can affect their competitiveness by investing in their personnel. Personnel are seen still as the largest cost item even though they often have a key impact on the productivity and success of a company. When employees are aware of their own goals and are rewarded for achieving them in a way that is motivating and fair, both the company and personnel flourish.

For good employers, supplementary pensions are not just an additional cost item, but also a way to ensure the well-being of their employees also after their careers have ended. Group pension insurance is the best way to supplement personnel's pension security. Supplementary pensions are also an effective and motivating part of the employee's total compensation.

Following changes to the earnings-related pension acts, many companies have wished to extend their pension insurance also to the key personnel, experts and entire staff. This is a way to significantly improve the pension security of Finnish employees.

Mandatum Life also offers companies tools for managing personnel risks. Personnel-related risks can occur throughout the lifecycle of an employment relationship from recruitment to retirement. By preparing for personnel risks, companies can achieve clear cost savings, as it eliminates costs arising from, for example, sick leave, disability pensions or recruiting new employees.

Securing personnel risks can mean, for example, offering employees personal risk insurance, through which the employer can provide a considerable improvement to the employee's financial security in case of illness, disability or death, for example. The insurance thus also secures the livelihood of the employee's family if worst comes to worst.

Mandatum Life's Responsibility for Its Personnel Ensures Successful Business

The well-being of its personnel is one of Mandatum Life's strategic targets that are being monitored. The company has been selected as one of the best workplaces in Finland for four consecutive years. Taking care of personnel ensures customer satisfaction and provides the company with even better capabilities to operate in the future. Mandatum Life's responsibility for its personnel also means providing security for employees and their families in case of financial risks. The company also wishes to offer its employees a motivating work environment.

Mandatum Life impacts the financial well-being of its employees by supplementing their pension cover and offering them smart ways to save and increase their wealth.

- The benefits of group pension insurance for employees are concrete: supplementing pension insurance guarantees a better income level during retirement.
- The entire personnel are insured in case of accidents, disability or death.
- The personnel fund offers employees the opportunity to increase their capital through professional investment activities. The personnel fund is an open, transparent and fair solution that aims at long-term benefits. Up to 87 per cent of personnel decided to fund their bonuses in 2014.

Successful Corporate Culture Based on Openness, Supervisory Work and Diverse Communication

At Mandatum Life focusing on the corporate culture is a strategic decision and an investment. The systematic management of well-being at work rests on personnel benefits, efficient internal communication and a committed management. Mandatum Life's employees take an active role in developing their work environment and common working methods, and improving operating models. This results in new innovations and the construction of a pleasant and low-hierarchy workplace that values its employees. The low hierarchy in the organization is also obvious from the results of the Great Place to Work survey: up to 85 per cent of Mandatum Life employees feel that the management is easy to approach.

Diverse Investments in the Well-being of Personnel

In recent years, Mandatum Life has made significant investments in benefits linked to occupational well-being and the well-being of its personnel. These efforts have produced results: the absence percentage is low at 2.7 per cent in 2014.

The company offers comprehensive occupational health care services that include, among other things, consultations with a work psychologist, regular ergonomic visits to the workplace, specialist services, examinations related to women's/men's illnesses and support for returning to work following a long illness. Co-operation with the occupational health care services provider is close and an integral part of employees' daily lives.

Additionally, Mandatum Life supports different forms of working and practices that facilitate daily work by offering, for example, possibilities for telecommuting and assistance in caring for a sick child.

Diverse Personnel is an Asset

For Mandatum Life, the diversity of personnel is a fundamental pillar that needs to be invested in. The company monitors the results of the Great Place to Work survey, according to which 87 per cent of respondents feel that people are treated equally at Mandatum Life, regardless of gender. The personnel structure of Mandatum Life has, in recent years, consisted equally of men and women. In 2014, the company took part in social media in the international UN Women's HeForShe campaign, the goal of which is to increase equality between the genders.

Governance

Corporate Governance Statement

Sampo complies in full with the Finnish Corporate Governance Code issued by the Securities Market Association, effective from 1 October 2010.

Acting in compliance with Recommendation 54 of the Corporate Governance Code, Sampo has published a separate Corporate Governance Statement on its website in fulfillment of the requirement referred to in the Finnish Securities Markets Act (746/2012), chapter 7, section 7.

Sampo's Corporate Governance Statement (www.sampo.com/statement)

Governance Structure

Board of Directors

Sampo plc's Board of Directors, elected annually by the AGM of Sampo plc, uses the highest decision making power in Sampo Group between the AGMs. Sampo's Board of Directors is responsible for the management of the company in compliance with the law, the regulations of the authorities, Sampo's Articles of Association and the decisions of Shareholders Meetings.

The following persons served on Sampo plc's Board of Directors in 2014:

Björn Wahlroos

Chairman of the Board
Born 1952

Positions of Trust, 12/31/2014

Nordea Bank AB (publ), Chairman of the Board;
UPM-Kymmene Corporation, Chairman of the Board;
Finnish Business and Policy Forum EVA, Board Member;
The Research Institute of the Finnish Economy ETLA, Board Member;
Hanken School of Economics, Chairman of the Board;
The Mannerheim Foundation, Board Member

- Wahlroos was appointed to the Board of Directors of Sampo plc on 5 April 2001.
- Wahlroos holds 11,863,986 Sampo plc shares directly or through a controlled company.

Vice Chairman of the Board
Born 1951

Positions of Trust, 12/31/2014

- Member of the Board of Directors of Sampo plc since 7 April 2004.
- Vuoria holds 36,477 Sampo plc shares directly or through a controlled company.

Professor of Practice, Hanken School of Economics
Born 1957

Positions of Trust, 12/31/2014

Kone Corporation, Board Member;
Sanoma Corporation, Board Member;
Stora Enso, Board Member;
The Research Institute of the Finnish Economy ETLA, Board Member;
Finnish Business and Policy Forum EVA, Board Member;
Aalto University Foundation, Vice Chairman

- Member of the Board of Directors of Sampo plc since 9 April 2003.
- Brunila holds 8,406 Sampo plc shares directly or through a controlled company.

Jannica Fagerholm

Managing Director, Signe and Ane Gyllenberg Foundation
Born 1961

Positions of Trust, 12/31/2014

Teleste Corporation, Board Member;
Kelonia (Private Equity holding company), Board Member;
Veritas Pension Company, Member of the Supervisory Board;
Hanken School of Economics, Board Member and Chairman of the Investment Committee;
Swedish Society of Literature in Finland, Member of the Investment Committee

- Member of the Board of Directors of Sampo plc since 18 April 2013.
- Fagerholm holds 1,254 Sampo plc shares directly or through a controlled company.

Adine Grate Axén

CEO of Adine Grate AB
Born 1961

Positions of Trust, 12/31/2014

3 Scandinavia, Advisor and Executive Board Member;
Nasdaq Stockholm, Chairman of the Swedish Listing Committee;
Swedish Orphan Biovitrum AB (Sobi), Board Member and Member of the Audit Committee;
Swedavia AB, Board Member;
AP 7, Vice Chairman of the Board;
Madrague Capital Partners AB, Board Member;
Alhanko & Johnson AB (BASE 23), Chairman of the Board;
Sky, Board Member and Member of the Audit Committee

- Member of the Board of Directors of Sampo plc since 14 April 2011.
- Grate Axén holds 3,747 Sampo plc shares directly or through a controlled company.

Veli-Matti Mattila

President and CEO of Elisa Corporation
Born 1961

Positions of Trust, 12/31/2014

The Finnish Fair Association, Member of the Supervisory Board;
Confederation of Finnish Industries EK, Member of Representative Assembly;
Service Sector Employers PALTA, Vice Chairman and Member of the Board;
The National Emergency Supply Council, Member

- Member of the Board of Directors of Sampo plc since 7 April 2009.
- Mattila holds 4,287 Sampo plc shares directly or through a controlled company.

Eira Palin-Lehtinen

Born 1950

Positions of Trust, 12/31/2014

Elisa Corporation, Board Member;
Sigrid Jusélius Foundation, Deputy Board Member and Member of the Finance Committee;
Nordea Funds (Nordea Alternative Investment, Nordea Funds of Funds, Nordea I Sicav), Board Member;
The Finnish Foundation for Share Promotion, Chairman of the Board;
Föreningen Konstsamfundet, Member of the Investment Committee;
Sibelius Academy Foundation, Board Member

- Member of the Board of Directors of Sampo plc since 15 April 2008.
- Palin-Lehtinen holds 3,975 Sampo plc shares directly or through a controlled company.

Per Arthur Sørlie

President & CEO, Borregaard ASA
Born 1957

Positions of Trust, 12/31/2014

Umkomaas Lignin (Pty) Ltd, Chairman of the Board;
Inspiria Science Center, Board Member

- Member of the Board of Directors of Sampo plc since 12 April 2012.
- Sørlie holds 2,247 Sampo plc shares directly or through a controlled company.

When elected, all Board members were independent both of company's major shareholders and of the company.

Information as of 31 December 2014, unless stated otherwise. The CVs of members of the Board of Directors can be viewed at www.sampo.com/board.

Board of Directors' Duties

The operating procedures and main duties of the Board of Directors have been defined in the Board's Charter.

Among other things, the Board of Directors decides on Sampo Group's strategy, approves the principles governing the Group's risk management, remuneration, compliance and internal control, takes responsibility for the proper organization of the Group's operations, defines the required internal minimum capitalization for Group companies and supervises Group's profitability and liquidity position as well as capitalization. The Board also decides, within the framework of the company's business area, on other exceptional and far-reaching matters with respect to the scope and nature of Sampo Group.

In addition, the Board regularly evaluates its own activities and cooperation with the management.

The Board elects the Group CEO and President, the members of the Group Executive Committee and the Group Chief Audit Executive, and releases them from their duties. The Board also decides on the terms and conditions of their employment and on other compensation. In addition, the Board confirms the Group's staff planning targets and monitors their fulfillment, determines the grounds for the Group's compensation system and decides on other far-reaching matters concerning the staff.

In order to secure the proper running of operations, Sampo's Board of Directors has approved internal rules concerning general corporate governance, risk management, remuneration, compliance, internal control and reporting in Sampo Group.

Election and Terms of Office of Board Members

According to Sampo's Articles of Association, the company's Board of Directors comprises no fewer than three and no more than ten members elected by shareholders at the Annual General Meeting ("AGM").

The AGM of 2014 decided that the Board would consist of eight members until the close of the AGM to be held in 2015. The term of office of the Board members ends at the close of the AGM that first follows their election. The members of the Board elect a Chairman and Vice Chairman from among their members at their first meeting following the AGM.

The Board convened 8 times in 2014. The attendance of Board members at meetings was 100 per cent.

Board-Appointed Committees

The Board may appoint committees, executive committees and other permanent or fixed-term bodies for duties assigned by the Board. The Board confirms the Charter of Sampo's committees and Group Executive Committee, and also the guidelines and authorizations given to other bodies appointed by the Board.

The Board has an Audit Committee and a Nomination and Compensation Committee, whose members it appoints from its midst in accordance with the Charters of the respective committees.

Audit Committee

The Audit Committee is responsible for monitoring the statutory auditing and reporting process of the financial statements and consolidated financial statements, and for overseeing the veracity of Sampo Group's financial statements and the financial reporting process.

The Committee also oversees the actions of the auditor under the laws of Finland and monitors the auditor's invoicing for audit and non-audit services as deemed appropriate. Furthermore, the Audit Committee is responsible for evaluating the auditor's and auditing firm's independence and particularly their provision of related services to Sampo Group, and for preparing proposals to the Annual General Meeting concerning the auditor's election and his fee.

The Committee also monitors the efficiency of the Group's internal control, internal audit and risk management systems, and monitors the Group's risks and the quality and scope of risk management. In addition, the Committee approves internal audit's annual action plan, monitors internal audit's reporting, monitors the fulfillment of risk policies, the use of limits and the development of profit in various business areas, oversees the preparation of and compliance with risk management policies and other guidelines within the scope of Audit Committee's activities, and reviews the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, which is included in the company's Corporate Governance Statement.

The Committee also evaluates the compliance with laws and regulations in Sampo Group, monitors significant litigations of Group companies, and executes any other duties that may be bestowed upon it by the Board.

According to its Charter, the Committee comprises at least three members elected from among those Board members who do not hold executive positions in Sampo and are independent of the company and of which at least one is independent of Sampo's major shareholders. Also participating in the meetings of the

Committee are the Responsible Auditor, Group CEO, Group CFO, CFO of the most significant subsidiary, Group Chief Audit Executive, the member of the Group Executive Committee responsible for risk control and Group Chief Risk Officer.

In 2014, the Chairman of the Audit Committee was **Anne Brunila**, and the other members were **Jannica Fagerholm**, **Adine Grate Axén** and **Per Arthur Sørlie**.

Also participating in the meetings were the Auditor's representative, Group CEO, Group CFO, CFO of If P&C, Group Chief Risk Officer and Group Chief Audit Executive.

The Audit Committee convened four times in 2014 and the attendance of members at the meetings was 100 per cent.

Nomination and Compensation Committee

The Nomination and Compensation Committee is entrusted to prepare and present proposals for Sampo's Annual General Meeting on the composition of the Board, the remuneration of Board members and the principles on which this remuneration is determined. The Committee consults the largest shareholders in these matters.

The Committee is also responsible for preparing proposals for Sampo's Board on the evaluation of the independence of the members of the Board, on the composition and chairman of the Board's committees, on the appointment of Sampo Group CEO and President and the composition of Sampo Group's Executive Committee, the composition of the Group MD Committee, and, to the extent required, makes surveys of potential successors to aforementioned positions. The Committee also prepares proposals for the Board on the principles by which the members of the Group Executive Committee are to be compensated and their remuneration.

Nomination and Compensation Committee also prepares for the Board's decision Sampo Group's Remuneration Principles and Sampo plc's Remuneration Policy, Sampo Group's long-term incentive programs, maximum pay-outs based on short and long-term incentive programs as well as the actual payments to be made.

As authorized by the Board of Directors, the Committee also decides on the fixed salaries of the members of the Group Executive Committee, excluding the Group CEO and his/her deputy.

Furthermore, the Committee prepares a proposal for the Board on the appointment, employment conditions and other compensation of Sampo Group's Chief Audit Executive, and on the principles by which Sampo Group's staff are to be compensated. In addition, the Committee is responsible for preparing proposals for the Board on issues relating to the development of corporate governance and confirming the criteria and processes used for the Board's self-evaluation.

The Committee also regularly evaluates its own practices and co-operation with the executive management.

In 2014, the Nomination and Compensation Committee comprised the Chairman of the Board (who acted as the Committee's Chairman), the Vice Chairman of the Board and two members elected from among the members of the Board.

The Chairman of the Nomination and Compensation Committee in 2014 was **Björn Wahlroos**, and the other members were **Veli-Matti Mattila**, **Eira Palin-Lehtinen** and **Matti Vuoria**.

The Committee convened five times in 2014. The attendance of members at meetings was 100 per cent.

Group Executive Committee

The Board of Directors has appointed the Sampo Group Executive Committee and a Group MD Committee to the Group Executive Committee, which supports the Group CEO in preparing matters to be handled by the Group Executive Committee.

The following persons served on the Group Executive Committee in 2014:

Kari Stadigh

Group CEO and President,
MD of Sampo plc
Born 1955

Positions of Trust, 12/31/2014

Nordea Bank AB (publ), Board Member, **Board Risk Committee,** Chairman;
Nokia Corporation, Board Member;
The Federation of Finnish Financial Services, Board Member;
If P&C Insurance Holding Ltd, Chairman of the Board;
Mandatum Life Insurance Company Limited, Chairman of the Board;
Finland Chamber of Commerce, Board Member;
Niilo Helander Foundation, Board Member;
Oy Forcit Ab, Board Member

- Member of Sampo Group Executive Committee since 2001.
- Stadigh holds 285,693 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Knut Arne Alsaker

CFO, If P&C Insurance
Born 1973

Positions of Trust, 12/31/2014

CJSC If Insurance, Board Member;
If Livförsäkring AB, Board Member;
If P&C Insurance AS, Board Member

- Member of Sampo Group Executive Committee since 2014.
- Alsaker holds 10,380 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Peter Johansson

Group CFO
Born 1957

Positions of Trust, 12/31/2014

If P&C Insurance Holding Ltd, Board Member;
Mandatum Life Insurance Company Limited, Vice Chairman of the Board

- Member of Sampo Group Executive Committee since 2001.
- Johansson holds 57,013 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Patrick Lapveteläinen

Group CIO
Born 1966

Positions of Trust, 12/31/2014

If P&C Insurance Holding Ltd, Board Member;
Mandatum Life Insurance Company Limited, Board Member

- Member of Sampo Group Executive Committee since 2001.
- Lapveteläinen holds 246,137 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Torbjörn Magnusson

Head of P&C Insurance;
MD of If P&C Insurance Holding Ltd
Born 1963

Positions of Trust, 12/31/2014

If P&C Insurance Ltd, Chairman of the Board;
If P&C Insurance Company Ltd, Chairman of the Board;
Topdanmark A/S, Board Member;
Swedish Insurance Federation, Board Member;
Swedish Insurance Employer Association, Board Member;
AcadeMedia Aktiebolag, Board Member;
Insurance Europe, Vice President

- Member of Sampo Group Executive Committee since 2004.
- Magnusson holds 22,037 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Ivar Martinsen

Head of Business Area Commercial, If P&C Insurance
Born 1961

Positions of Trust, 12/31/2014

The Norwegian Financial Services Association, Board Member

- Member of Sampo Group Executive Committee since 2005.
- Martinsen holds 30,800 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Petri Niemisvirta

Head of Life Insurance;
MD of Mandatum Life Insurance Company Limited
Born 1970

Positions of Trust, 12/31/2014

Alma Media Corporation, Board Member;
BenCo Insurance Holding B.V., Board Member;
Federation of Finnish Financial Services, Life Insurance Executive Committee, Member;
Kaleva Mutual Insurance Company, Chairman of the Board;
Varma Mutual Pension Insurance Company, Board Member

- Member of Sampo Group Executive Committee since 2001.
- Niemisvirta holds 58,404 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Head of Business Area Private, If P&C Insurance
Born 1971

Positions of Trust, 12/31/2014

Urzus Group AS, Chairman of the Board;
Watercircles Danmark A/S, Board Member;
Watercircles Norge AS, Board Member;
Watercircles Skandinavia AS, Board Member;
The Norwegian Financial Services Association, Member of BRS – Line of Business P&C Board

- Member of Sampo Group Executive Committee since 2006.
- Thorsrud holds 29,554 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Head of BA Baltic;
Head of Private (Finland);
MD of If P&C Insurance Company (Finland)
Born 1964

Positions of Trust, 12/31/2014

If P&C Insurance AS, Chairman of the Board;
Kaleva Mutual Insurance Company, Board Member;
Federation of Finnish Financial Services, Non-life Executive Committee, Member

- Member of Sampo Group Executive Committee since 2009.
- Vuorinen holds 21,662 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Ricard Wennerklint

Deputy MD, If P&C Insurance Holding Ltd
Born 1969

Positions of Trust, 12/31/2014

If P&C Insurance Company Ltd, Board Member;
If P&C Insurance AS, Board Member;
CJSC If Insurance, Board Member;
Nobia AB, Board Member

- Member of Sampo Group Executive Committee since 2005.
- Wennerklint holds 32,061 Sampo plc shares directly or through controlled companies or persons closely associated with him.

Information as of 31 December 2014, unless stated otherwise. The CVs of members of the Group Executive Committee can be viewed at www.sampo.com/management.

Group Executive Committee's Duties

Sampo Group Executive Committee supports the Group CEO in the preparation of strategic issues relating to Sampo Group, in the handling of operative matters that are significant or involve questions of principle, and in ensuring a good internal flow of information.

The Group Executive Committee addresses especially the following: Sampo Group's strategy, profit development, large purchases and projects, the Group's structure and organization, as well as key strategic issues pertaining to administration and personnel.

The Group MD Committee comprised **Kari Stadigh** (Chairman), **Peter Johansson**, **Patrick Lapveteläinen**, **Torbjörn Magnusson**, **Petri Niemisvirta** and **Ricard Wennerklint**.

In 2014, the Group Executive Committee convened four times at the request of Group CEO. The Group MD Committee, which assists the Group Executive Committee, met nine times.

Group CEO and President

The company has a Managing Director who is simultaneously Group CEO and President of Sampo Group.

The Board of Directors elects and releases the Group CEO, and decides on the terms of employment and other compensation. The Managing Director of the company and the Group CEO and President of Sampo Group is Mr. **Kari Stadigh**, M.Sc. (Eng.), BBA (Econ.).

The Group CEO is in charge of the daily management of Sampo, subject to the instructions and control of the Board of Directors. The Group CEO is empowered to take extraordinary and broad-ranging actions, taking into account the scope and nature of Sampo's operations, only upon authorization by the Board of Directors. The Group CEO ensures the legal compliance of Sampo's accounting and the trustworthy organization of asset management.

According to his current agreement the Group CEO is entitled to retire in December 2015 when he turns 60. However, at the request of Sampo's Board of Directors, Kari Stadigh will continue as Group CEO and President from January 2016 until further notice.

Under the terms of the Group CEO contract, the notice period for the Group CEO is six months. In addition to receiving salary for the period of notice, the Group CEO is entitled to severance compensation of 18 months' full salary, provided that the service contract has been terminated by Sampo. In the new service contract entering into force on 1 January 2016, Mr. Stadigh has relinquished the right to the afore-mentioned 18 months' severance compensation.

Remuneration

Fair and rewarding remuneration to all employees is an important factor in Sampo Group's ability to enhance shareholder value in a competitive business environment. Remuneration is an equally important determinant of success in the competition for talent. Sampo's remuneration strategy is responsible both towards the employees and the shareholders and, consequently, long-term financial stability and value creation of the Group guides the design of compensation schemes.

Sampo plc's Board of Directors has approved common Remuneration Principles applicable to all companies within Sampo Group.

Remuneration Principles (www.sampo.com/remuneration)

Remuneration Report

Sampo has published a Remuneration Report on its website in accordance with section 7 (Remuneration) of the Corporate Governance Code.

Compensation of the Members of the Board of Directors

According to Sampo's Articles of Association, the Annual General Meeting decides on the compensation of the members of the Board of Directors.

In accordance with the decision of the Annual General Meeting in 2014, the following annual fees will be paid to the members of the Board of Directors for their Board and committee work up to the close of the Annual General Meeting in 2015: EUR 160,000 to the Chairman, EUR 100,000 to the Vice Chairman, and EUR 80,000 to the other members of the Board, with approximately 50 per cent of each Board member's fee being paid, after taxes and corresponding charges, in Sampo A shares and the rest in cash. In addition, potential statutory social and pension costs incurring to non-Finnish members according to applicable national legislation will be borne by Sampo plc.

Board members employed by the company will not receive separate compensation for Board work during the validity of the employment or service relationship.

Members of the Board of Directors have not received any other benefits, nor do they participate in Sampo's long-term incentive programs.

Compensation of the Managing Director and Other Executives

The Board of Directors decides on the terms of employment and remuneration of the Group CEO and other executives on the Sampo Group Executive Committee, on the basis of a proposal by the Nomination and Compensation Committee. However, the Nomination and Compensation Committee decides, upon authorization by the Board of Directors, on the salaries of the members of the Group Executive Committee, excluding the Group CEO and Deputy CEO.

Principles of the Remuneration System

In addition to receiving monthly salaries, executives who are members of the Group Executive Committee are participants in the Group's short-term incentive programs, which are decided upon separately each year. Short-term incentives are determined on the basis of the Group result, business area result and individual performance. The maximum amount that can be paid for 2014 to members of the Executive Committee is an amount corresponding to nine months' fixed salary.

Members of the Group Executive Committee are also participating in the long-term incentive programs 2011 I and 2014 I for Sampo's management. The terms of the incentive programs are available on Sampo's website.

Terms of the incentive programs (www.sampo.com/incentiveterms)

Based on his employment contract, the Group CEO will be paid a fixed monthly salary and a yearly short-term incentive, which may be no more than an amount corresponding to nine months' fixed salary. The Group CEO is also participating in the long-term incentive programs 2011 I and 2014 I for Sampo's management.

Mr. Kari Stadigh is the CEO of Sampo Group. For year 2014 the Group CEO was paid EUR 851,144 in fixed salary and EUR 498,229 in short-term incentive (including deferred compensation pertaining to the operative year 2010 and excluding compensation deferred in 2014) and EUR 2,304,000 in long-term incentive, together totaling EUR 3,653,372.

Part of the variable compensation payable to members of the Group Executive Committee is deferred as required in the regulatory framework applicable to each Group company. After the deferral period and on the basis of a risk adjustment review, the Board of Directors decides whether the deferred variable compensations shall be paid out in full, partly or omitted in whole.

The members of the Group Executive Committee are each covered by the employment pension system of their country of residence. Under the terms of their employment contracts, the majority of them are also covered by supplementary pension schemes. The retirement age for the Committee's members as set out in their contracts is 60, 65 or the age laid down in the employment pension system of their country of residence.

More detailed information on compensation in Sampo Group during 2014 is available at the Remuneration Report published by Sampo.

Internal Audit

Sampo's Internal Audit is a function independent of business operations, which evaluates the sufficiency and effectiveness of the internal control system and the quality with which tasks are performed in Sampo Group. The Internal Audit reports to the Group CEO.

The Internal Audit has been organized to correspond with the business organization.

The Audit Committee of Sampo's Board of Directors annually approves the Internal Audit's operating plan. The Internal Audit reports on the audits performed to the Group CEO and the Audit Committee. Company-specific audit observations are reported to the respective companies' governing bodies and management.

In its auditing work, the Internal Audit complies with, in addition to the Internal Audit Charter approved by Sampo's Board of Directors, the international professional standards approved by the IIA (the Institute of Internal Auditors).

Insider Administration

Given the nature of Sampo's business areas, especially bearing in mind their extensive investment activities, Sampo's Board of Directors has approved a separate Group Guideline for Insiders. These comply, as required by the Corporate Governance Code, with Nasdaq Helsinki Ltd's Guidelines for Insiders and the Standards of the Financial Supervisory Authority.

Sampo Group's Guidelines for Insiders are stricter than the above-mentioned norms on matters that concern the Group Executive Committee, other corporate executives and other specifically named persons, as these persons must obtain a separate written permission in advance for each share related securities transaction they make with the securities of Sampo plc or any of Sampo's publicly listed subsidiary or affiliate company (currently Nordea AB (publ.) and Topdanmark A/S).

Sampo plc's insider guidelines and register may be viewed on Sampo's website.

Sampo plc's insider register (www.sampo.com/insiders)

External Auditor

Ernst & Young Oy

Authorised Public Accountant

Responsible auditor

Heikki Ilkka, APA

The total fees paid to the auditor for services rendered and invoiced were EUR 2,304,670. In addition, Ernst & Young Oy were paid fees for non-audit services rendered and invoiced totaling EUR 382,779.

Board of Directors' Report

Sampo Group

Sampo Group's results for 2014 were good. P&C insurance achieved a best-ever combined ratio 87.7 per cent for the full year 2014. Nordea continued to deliver on the efficiency programs and reported its best ever profit before taxes. Life insurance also improved further its operational efficiency. Sampo Group's profit before taxes for 2014 amounted to EUR 1,759 million (1,668). Total comprehensive income for the period, taking changes in the market value of assets into account, decreased to EUR 1,179 million (1,425) largely as a result of weakened Swedish and Norwegian kronas.

Earnings per share were EUR 2.75 (2.59). Mark-to-market earnings per share were EUR 2.11 (2.54). The return on equity for the Group decreased to 10.9 per cent for 2014 (13.8) mainly due to the negative currency rate development. Net asset value per share at the end of 2014 increased to EUR 22.63 (22.15).

The Board proposes to the Annual General Meeting to be held on 16 April 2015 a dividend of EUR 1.95 per share (1.65) and an authorization to repurchase a maximum of 50 million Sampo A shares. The proposed dividend payment amounts in total to EUR 1,092 million (924).

The profit before taxes for the P&C insurance amounted to EUR 931 million (929). Combined ratio for the full year 2014 amounted to 87.7 per cent (88.1). Return on equity (RoE) decreased to 18.1 per cent (24.4). Adjusted for currency gross written premiums grew 1.7 per cent. The contribution of Topdanmark's net profit for 2014 amounted to EUR 53 million (52).

Sampo's share of Nordea's net profit for 2014 amounted to EUR 680 million (635). Nordea's RoE was 11.5 per cent (11.0) and core Tier 1 ratio (excluding transition rules) strengthened to 15.7 per cent (13.9). In segment reporting the share of Nordea's profit is included in the segment 'Holding'. Nordea's Board of Directors proposes to the AGM 2015 a dividend of EUR 0.62 per share (0.43). If the AGM approves the Board's dividend proposal, Sampo plc will receive a dividend of EUR 533 million from Nordea on 30 March 2015.

Life insurance operations reported for 2014 profit before taxes of EUR 163 million (153). Return on equity (RoE) amounted to 11.4 per cent (18.3). Premium income on own account increased 4 per cent to EUR 1,105 million (1,063) and premiums from unit-linked policies reached an all-time high EUR 961 million (909).

Sampo Group's total investment assets on 31 December 2014 amounted to EUR 19.2 billion (17.9), of which 78 per cent was invested in fixed income instruments (80), 16 per cent in equities (15) and 6 per cent in other assets (5). The growth was mainly due to the transfer of Suomi Mutual's group pension insurance portfolio to Mandatum Life on 30 December 2014.

The Group's equity as at 31 December 2014 amounted to EUR 10,924 million (10,643). Equity was strengthened mainly by the comprehensive income for the year of EUR 1,179 million and reduced by the EUR 924 million of dividends paid. Other changes were small.

Sampo Group's solvency capital exceeded the minimum solvency requirements at the end of 2014 by EUR 4,282 million (3,935) and the conglomerate solvency ratio stood at 187.4 per cent (184.4).

Key Figures

Sampo Group, 2014

EURm	2014	2013	Change, %
Profit before taxes	1,759	1,668	6
P&C Insurance	931	929	0
Associate (Nordea)	680	635	7
Life Insurance	163	153	7
Holding (excl. Nordea)	-12	-45	-74
Profit for the period	**1,540**	**1,452**	**6**

	2014	2013	Change
Earnings per share, EUR	2.75	2.59	0.16
EPS (incl. change in FVR), EUR	2.11	2.54	-0.43
NAV per share, EUR	22.63	22.15	0.48
Average number of staff (FTE)	6,739	6,832	-93
Group solvency ratio, %	187.4	184.4	3.0
Return on Equity, %	10.9	13.8	-2.9

Income statement items are compared on a year-on-year basis and comparison figures for balance sheet items are from 31 December 2013 unless otherwise stated.

Exchange Rates Used in Reporting

	1–12/2014	1–9/2014	1–6/2014	1–3/2014	1–12/2013
EUR 1 = SEK					
Income statement (average)	9.1011	9.0420	8.9592	8.8598	8.6522
Balance sheet (at the end of period)	9.3930	9.1465	9.1762	8.9483	8.8591
DKK 1 = SEK					
Income statement (average)	1.2205	1.2118	1.2001	1,1865	1.1599
Balance sheet (at the end of period)	1.2616	1.2289	1.2308	1.1986	1.1877
NOK 1 = SEK					
Income statement (average)	1.0893	1.0924	1.0823	1.0574	1.1094
Balance sheet (at the end of period)	1.0388	1.1266	1.0920	1.0840	1.0593

Business Areas

P&C Insurance

If P&C is the leading property and casualty insurance group in the Nordic region, with insurance operations that also encompass the Baltic countries. The P&C insurance group's parent company, If P&C Insurance Holding Ltd, is located in Sweden, and the If subsidiaries and branches provide insurance solutions and services in Finland, Sweden, Norway, Denmark and the Baltic countries. If's operations are divided into four business areas: Private, Commercial, Industrial and Baltic. The Danish insurance company Topdanmark is If P&C's associated company.

Results

P&C Insurance, 2014

EURm	2014	2013	Change, %
Premiums, net	4,464	4,560	-2
Net income from investments	353	368	-4
Other operating income	27	28	-3
Claims incurred	-2,902	-2,946	-1
Change in insurance liabilities	-6	-55	-88
Staff costs	-537	-564	-5
Other expenses expenses	-502	-493	2
Finance costs	-20	-18	8
Share of associates' profit/loss	54	50	8
Profit before taxes	**931**	**929**	**0**

Key figures	2014	2013	Change
Combined ratio, %	87.7	88.1	-0.4
Risk ratio, %	65.1	65.4	-0.3
Cost ratio, %	22.5	22.8	-0.3
Expense ratio, %	16.7	16.8	-0.1
Return on equity, %	18.1	24.4	-6.3
Average number of staff (FTE)	6,173	6,238	-65

The strong focus on underwriting and cost efficiency continued in the P&C insurance segment also in 2014 and the profit before taxes for the segment rose to EUR 931 million (929). Combined ratio for the full year 2014 was the best ever in If P&C's history and amounted to 87.7 per cent (88.1). EUR 2 million (79) was released from technical reserves relating to prior year claims.

Technical result decreased to EUR 588 million (601) for the full year 2014, due to the weakening of Norwegian and Swedish kronas and the lower interest rates. Technical result for Private business area decreased to EUR 349 million (360) and for business area Commercial to EUR 153 million (166). Technical result for Industrial and Baltics increased to EUR 51 million (43) and EUR 17 million (15), respectively. Insurance margin (technical result in relation to net premiums earned) remained stable at 13.2 per cent (13.3).

Return on equity (RoE) decreased to 18.1 per cent (24.4). Fair value reserve for If P&C rose to EUR 507 million (472) at the end of December 2014.

	Combined ratio, %			Risk ratio, %		
	2014	2013	Change	2014	2013	Change
Private	87.4	87.8	-0.4	64.8	64.9	-0.1
Commercial	88.6	88.6	0.0	65.8	65.1	0.7
Industrial	89.0	91.5	-2.5	68.3	70.7	-2.4
Baltic	86.8	88.4	-1.6	52.4	56.2	-3.8
Sweden	94.6	93.5	1.1	72.4	70.7	1.7
Norway	82.0	83.3	-1.3	59.6	61.4	-1.8
Finland	89.7	88.5	1.2	67.6	65.5	2.1
Denmark	83.6	91.3	-7.7	58.3	64.7	-6.4

The results of business areas Private and Commercial were positively impacted by the favourable frequency claims development and benign weather conditions. Business area Industrial performed well in 2014 as both combined ratio and risk ratio improved compared to previous year. In the Baltics, risk ratio and combined ratio improved also significantly helped by a very low claims level in the beginning of the year and negative large claims outcome in the comparison year. Also in Denmark both risk and combined ratios improved significantly helped by positive large claims outcome. The large claims outcome for If in total was close to the expected level ending up EUR 7 million negative.

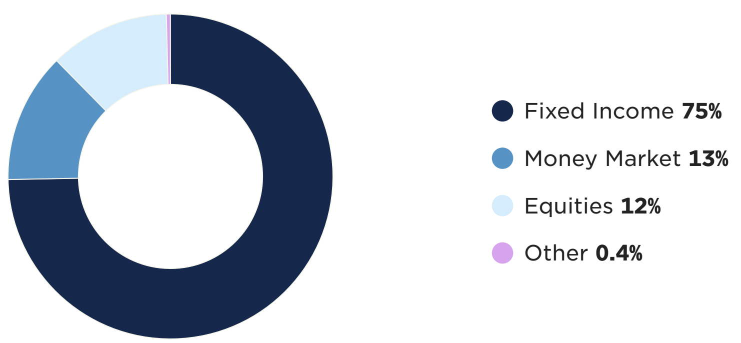
In Sweden, the risk ratio deteriorated by 1.7 percentage points as the decline in discount rates used to discount the annuity reserves together with negative large claims outcome affected the Swedish result. The Swedish discount rate used to discount the annuity reserves decreased to 0.58 per cent by the end of the year. At the end of 2013 the discount rate was 1.19 per cent. In Finland, the discount rate for annuities was lowered from 2.5 per cent to 2.0 per cent in the fourth quarter of 2014.

Gross written premiums decreased to EUR 4,634 million (4,768) as a result of the weakened Norwegian and Swedish kronas. Adjusted for currency premiums increased 1.7 per cent. Premiums grew in all business areas except Industrial. In Private gross written premiums adjusted for currency increased 3.2 per cent, in Commercial 0.2 per cent and in the Baltic operations by 4.9 per cent. Gross written premiums in Industrial decreased by 2.6 per cent.

Cost ratio improved to 22.5 per cent (22.8) and expense ratio to 16.7 per cent (16.8) as a result of the adoption of continuous cost efficiency measures.

Investment Allocation

If P&C, 31 December 2014, total EUR 11.5 billion



At the end of December 2014 the total investment assets of If P&C amounted to EUR 11.5 billion (11.7).

Net income from investments decreased to EUR 353 million (368). Investment return mark-to-market for 2014 was 4.1 per cent (5.0).

Duration for interest bearing assets was 1.0 year (1.3) and average maturity 2.4 years (2.3). Fixed income running yield as at 31 December 2014 was 2.4 per cent (2.9).

If P&C's solvency ratio as at 31 December 2014 (solvency capital in relation to net written premiums) amounted to 82 per cent (81). Solvency capital amounted to EUR 3,544 million (3,601), although a dividend of SEK 5.5 billion (EUR 597 million) was paid to Sampo plc in the fourth quarter. Reserve ratios were 161 per cent (160) of net written premiums and 237 per cent (227) of claims paid.

Associated Company Topdanmark

On 31 December 2014 If P&C held 31,476,920 Topdanmark shares, corresponding to over 30 per cent of all votes. All Topdanmark shares held by Sampo Group are concentrated in If P&C Insurance Holding Ltd (publ). The acquisition price is DKK 2.5 billion (EUR 327 million) and the book value in Sampo Group's balance sheet on 31 December 2014 was EUR 371 million.

Topdanmark has a profit distribution policy according to which it does not pay dividends but buys back its own shares in the market. If P&C has not bought Topdanmark's shares since May 2011, but as it has not participated in the buybacks, its holding as a percentage of all Topdanmark shares has grown. In May 2011 the holding exceeded 20 per cent and If P&C started to account for Topdanmark as an associated company.

Torbjörn Magnusson, Sampo Group's Head of P&C insurance, was nominated to Topdanmark's Board at the AGM on 10 April 2014.

In Sampo Group's segment reporting Topdanmark holding is included in the P&C insurance segment. Due to the late publication of financial reports by Topdanmark, consensus estimate for the company's profit is used as a basis of calculating If P&C's share of Topdanmark's profit. Any deviation from the actual reported profit will be corrected in Sampo Group's next quarterly report.

In Sampo Group's 2014 accounts the contribution of Topdanmark's net profit amounted to EUR 53 million (52). If P&C's solvency capital on 31 December 2014 includes the proportion of Topdanmark's solvency capital corresponding to If P&C's holding.

Associated Company Nordea Bank AB

Nordea, the largest bank in the Nordic region, has around 11 million customers and is among the ten largest universal banks in Europe in terms of total market capitalization. In Sampo Group's reporting Nordea is treated as an associated company and is included in the segment Holding.

On 31 December 2014 Sampo plc held 860,440,497 Nordea shares corresponding to a holding of 21.2 per cent. The average price paid per share amounted to EUR 6.46 and the book value in the Group accounts was EUR 8.21 per share. The closing price as at 30 December 2014 was EUR 9.68.

Nordea's Board of Directors proposes to the AGM 2015 a dividend of EUR 0.62 per share (0.43). The Board's ambition is to continue increasing the pay-out ratio for 2015, while maintaining a strong capital base. If the AGM approves the Board's dividend proposal, Sampo plc will receive a dividend of EUR 533 million from Nordea on 30 March 2015.

Results

Nordea Bank AB, 2014

EURm	2014	2013	Change, %
Net interest income	5,482	5,525	-1
Total operating income *)	9,847	9,891	0
Profit before loan losses	5,015	4,851	3
Net loan losses	-543	-735	-27
Loan los ratio (ann.), bps	15	21	-
Operating profit	4,324	4,116	5
Diluted EPS (cont.oper.), EUR	0.83	0.77	-
Return on equity, %	11.5	11.0	-

**) Excluding non-recurring income and cost items in Q2 and Q3 2014 – capital gain of EUR 378 million and charge for impairment of intangible assets of EUR 344 million in Q3 2014 and restructuring costs of EUR 190 million in Q2 2014.*

The following text is based on Nordea's full-year 2014 result release published on 28 January 2015.

Despite a challenging environment with low growth, low interest rates and increased geopolitical tensions, Nordea delivered a robust result with stable revenues, decreased costs and improved credit quality.

Total income was up 2 per cent in local currencies (largely unchanged in EUR) compared to last year, excluding nonrecurring items, and operating profit was up 12 per cent in local currencies (+9 per cent in EUR) compared to last year excluding non-recurring items.

Net interest income was up 2 per cent in local currencies (down 1 per cent in EUR) compared to last year. Lending volumes were up 4 per cent in local currencies excluding reversed repurchase agreements. Corporate and household lending margins were higher, while deposit margins overall were down from one year ago.

Net fee and commission income increased 10 per cent in local currencies (+8 per cent in EUR) and the net result from items at fair value decreased by 6 per cent in local currencies (-7 per cent in EUR) compared to last year.

Total expenses were down 1 per cent in local currencies (-4 per cent in EUR) compared to 2013 excluding impairment charge and restructuring costs. Staff costs were up 3 per cent in local currencies (largely unchanged in EUR) excluding restructuring costs. In local currencies and excluding non-recurring items and variable pay, costs were down by 2.2 per cent. Total expenses in the full year 2014 excluding the restructuring costs and the charge for impairment of intangible assets were EUR 4,832 million.

Net loan loss provisions decreased to EUR 534 million, corresponding to a loan loss ratio of 15 basis points (21 basis points last year).

Net profit including non-recurring items increased 9 per cent in local currencies (+7 per cent in EUR) to EUR 3,332 million and net profit as basis for dividend distribution increased 17 per cent in local currencies (+15 per cent in EUR) to EUR 3,593 million.

The impact from currency fluctuations was a reducing effect of 3 percentage points on income and expenses and approx. -3 percentage points on loan and deposit volumes compared to a year ago.

The Group's fully loaded Basel III Common equity tier 1 (CET1) capital ratio increased to 15.7 per cent at the end of the fourth quarter from 15.6 per cent at the end of the third quarter, following strong profit generation and the continuous focus on capital management. The CET1 capital ratio was negatively affected by 10 basis points due to currency effects. The tier 1 capital ratio increased to 17.6 per cent and the total capital ratio increased 0.4 percentage points to 20.7 per cent.

REA was EUR 145.5 billion, a decrease of EUR 7.1 billion compared to the previous quarter. A reduction in REA of EUR 4.4 billion has been realized in the quarter following the continued focus on capital management.

Nordea's cost efficiency programme is progressing as planned and the net cost reduction effects are expected to accelerate during 2015. An annualized gross reduction in total expenses of EUR 65 million has been conducted in the fourth quarter and EUR 415 million from the beginning of 2013. The focus on capital management will continue.

For more information on Nordea Bank AB and its results for 2014, see www.nordea.com.

Life Insurance

Mandatum Life Group comprises Mandatum Life Insurance Co. Ltd., a wholly-owned subsidiary of Sampo plc, operating in Finland, and its five subsidiaries. Parent company, Mandatum Life, is responsible for sales functions and all the functions required by the Insurance Companies Act. The subsidiaries are Mandatum Life Services Ltd, Mandatum Life Investment Services Ltd., Mandatum Life Fund Management S.A., Innova Services Ltd. and Mandatum Life Insurance Baltic SE.

Results

Life Insurance, 2014

EURm	2014	2013	Change, %
Premiums written	1,105	1,063	4
Net income from investments	540	569	-5
Other operating income	5	4	26
Claims incurred	-876	-731	20
Change in liabilities for inv. and ins. contracts	-499	-648	-23
Staff costs	-46	-46	1
Other operating expenses	-60	-54	10
Finance costs	-7	-7	5
Share of associate's profit	0	1	-67
Profit before taxes	**163**	**153**	**7**

Key Figures	2014	2013	Change
Experse ratio, %	104.1	106.6	-2.5
Return on equity, %	11.4	18.3	-6.9
Average number of staff (FTE)	509	541	-32

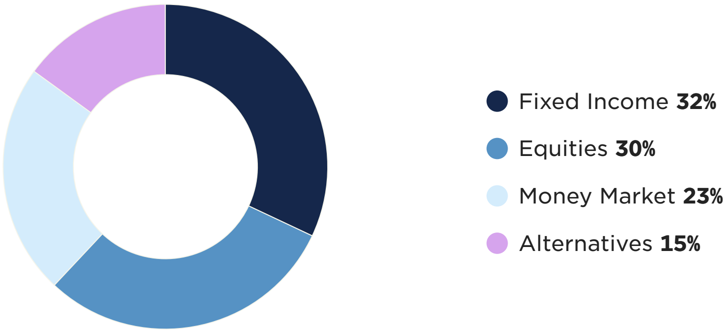
On 30 December 2014 Mandatum Life received Suomi Mutual's with profit group pension portfolio. The portfolio comprises approximately 2,300 policies and 34,000 members. The amount of transferred assets and liabilities was EUR 1,337 million. Technical provisions include longevity and expense supplements totaling EUR 108 million. Due to the special features of the received portfolio, technical provisions excluding the longevity and expense supplements and related assets have been segregated from the rest of Mandatum Life's balance sheet. Unless otherwise stated the information on technical provisions and the assets covering the provisions at the end of 2014 include the segregated group pension portfolio. The segregated group pension portfolio did not impact the profit and loss statement in 2014.

Life insurance operations reported for 2014 profit before taxes of EUR 163 million (153). The total comprehensive income for the period reflecting the changes in market values of assets was EUR 149 million (220). Return on equity (RoE) amounted to 11.4 per cent (18.3).

Mandatum Life Group's investment assets, excluding the assets of EUR 5.3 billion (4.6) covering unit-linked liabilities, amounted to EUR 6.6 billion (5.5) at market values as at 31 December 2014.

Allocation of Investment Assets (excl. the Segregated Portfolio)

Mandatum Life, 31 December 2014, total EUR 6.6 billion



Allocation of Assets of the Segregated Portfolio

31 December 2014, total EUR 1.2 billion

Mark-to-market return on investments in 2014 was 4.6 per cent (7.1). At the end of December 2014 duration of fixed income assets, excluding the segregated portfolio, was 1.6 years (1.8) and average maturity 1.9 years (2.2). Fixed income running yield was 3.1 per cent (3.7). For the segregated portfolio the duration was 2.4 years and average maturity 1.9 years.

Net investment income, excluding income on unit linked contracts, decreased to EUR 273 million (298). Net income from unit-linked contracts was EUR 267 million (270). In 2014, fair value reserve remained almost unchanged at EUR 508 million (492).

Mandatum Life Group's solvency margin clearly exceeded Solvency I requirements and the solvency capital amounted to EUR 1,463 million (1,403) as at 31 December 2014. The solvency ratio was 22.9 per cent (27.6). The decrease in solvency ratio based on Solvency I requirements was due to the portfolio transfer from Suomi Mutual.

Total technical reserves of Mandatum Life Group increased to EUR 10.4 billion (8.5). The unit-linked reserves grew to EUR 5.3 billion (4.6) at the end of 2014, which corresponds to 51 per cent (54) of total technical reserves. Because of the portfolio transfer from Suomi Life, the with profit reserves increased during 2014 and amounted to EUR 5.1 billion (3.9) at the end of 2014. Excluding the portfolio transfer the with profit reserves decreased EUR 199 million in 2014.

The discount rate used to discount all with profit liabilities excluding the segregated fund, have been lowered to 2.0 per cent for 2015 and 3.0 per cent for 2016. For this purpose a reserve of EUR 135 million has been established.

The segregated fund carries a guaranteed interest of 3.5 per cent, which has been lowered to 1.0 per cent by supplementing the technical reserves with EUR 241 million.

The expense result for life insurance segment continued to develop favorably and increased to EUR 19 million (14). Risk result remained almost unchanged at EUR 23 million (24).

Mandatum Life Group's premium income on own account increased 4 per cent to EUR 1,105 million

(1,063). Main sales channels, Danske Bank and Mandatum's own Wealth Management unit, performed well and premiums from unit linked policies reached an all-time high EUR 961 million (909). Premium income from the Baltic countries amounted to EUR 40 million (32). Mandatum Life's market share in Finland was 17.9 per cent both overall and in unit-linked. A year earlier the market shares were 19.3 and 19.2 per cent, respectively. Market share in the Baltic countries was 11 per cent (10).

Holding

Sampo plc owns and controls its subsidiaries engaged in P&C and life insurance. In addition Sampo plc held on 31 December 2014 approximately 21.2 per cent of the share capital of Nordea, the largest bank in the Nordic countries. Nordea is an associated company to Sampo plc.

Results

Holding, 2014

EURm	2014	2013	Change, %
Net investment income	29	26	10
Other operating income	15	15	0
Staff costs	-20	-23	-15
Other operating expenses	-12	-11	9
Finance costs	-23	-51	-56
Share of associate's profit	680	635	7
Profit before taxes	**669**	**589**	**14**
			Change
Average number of staff (FTE)	57	53	4

Holding segment's profit before taxes amounted to EUR 669 million (589), of which EUR 680 million (635) relates to Sampo's share of Nordea's 2014 profit. Segment's profit excluding Nordea was EUR -12 million (-45). The finance costs reduced significantly because the average running cost of debt, net of swaps, decreased by 0.50 per cent and the weakening of Swedish krona decreased the value of debt.

Sampo plc's holding in Nordea Bank was booked in the consolidated balance sheet at EUR 7.1 billion. The market value of the holding was EUR 8.3 billion, i.e. EUR 9.68 per share, at 31 December 2014. In addition the assets on Sampo plc's balance sheet included holdings in subsidiaries for EUR 2.4 billion (2.4).

Governance

Sampo Group complies in full with the Finnish Corporate Governance Code issued by the Securities Market Association, effective from 1 October 2010.

Acting in compliance with Recommendation 54 of the Corporate Governance Code, Sampo has annually published a separate Corporate Governance Statement on its website in fulfillment of the requirement referred to in the Finnish Securities Markets Act (746/2012), chapter 7, section 7. The Corporate Governance Statement will be published in connection to the Annual Report in March 2015. The statement will be available at www.sampo.com/statement. The Governance section of this Annual Report also contains a more detailed description of the Group's governance system.

Administration

On 7 May 2014 Sampo Group's Board of Directors nominated Knut Arne Alsaker as a member of Group Executive Committee starting from 1 July 2014. Alsaker is Chief Financial Officer and Executive Vice President of If P&C.

Changes in Group Structure

Sampo Group's main structure remained unchanged during 2014.

The life operations were reorganized into a life insurance group. Mandatum Life Insurance Co. Ltd. is the parent company of the group with five subsidiaries. The change has no impact on the company's strategy, management or way of operating. The life insurance company will consist of sales functions and all the functions required by the Insurance Companies Act. The new subsidiaries are Mandatum Life Services Ltd, Mandatum Life Investment Services Ltd. and Mandatum Life Fund Management S.A. The operations of Innova Services Ltd. and Mandatum Life Insurance Baltic SE will continue as before.

Annual General Meeting

The Annual General Meeting of Sampo plc, held on 24 April 2014, decided to distribute a dividend of EUR 1.65 per share for 2013. The Annual General Meeting adopted the financial accounts for 2013 and discharged the Board of Directors and the Group CEO and President from liability for the financial year.

The Annual General Meeting re-elected all the eight members to the Board. The following members were re-elected to the Board of Directors: Anne Brunila, Jannica Fagerholm, Adine Grate Axén, Veli-Matti Mattila, Eira Palin-Lehtinen, Per Sørlie, Matti Vuoria and Björn Wahlroos.

At its organizational meeting, the Board elected Björn Wahlroos as Chairman and Matti Vuoria as Vice Chairman. The following members were elected to the Nomination and Compensation Committee: Veli-Matti Mattila, Eira Palin-Lehtinen, Matti Vuoria, and Björn Wahlroos (Chairman). Anne Brunila (Chairman), Jannica Fagerholm, Adine Grate Axén, and Per Sørlie were elected to the Audit Committee.

The Annual General Meeting decided to pay the following fees to the members of the Board of Directors until the close of the 2015 Annual General Meeting: the Chairman of the Board will be paid EUR

160,000 per year, the Vice Chairman EUR 100,000 per year and the other members EUR 80,000 per year. A Board member shall in accordance with the resolution of the Annual General Meeting acquire Sampo plc's A shares at the price paid in public trading for 50 per cent of his/her annual fee excluding taxes and similar payments. Board fees have remained unchanged since 2008.

Ernst & Young Oy was elected as Auditor. The Auditor will be paid a fee determined by an invoice approved by Sampo. Heikki Ilkka, APA, will continue as the principally responsible auditor.

Corporate Responsibility

As a listed company, Sampo plc has the responsibility of acting in the best interests of its shareholders, in compliance with legislation and in accordance with sound business practices. Sampo Group's companies follow the common values of ethicality, loyalty, transparency and enterprise in their business operations and contacts with all stakeholders. Insurance is a business where responsibility and trust are inherent in daily customer contacts.

The focus of Sampo Group's corporate responsibility work is on the subsidiary level, If P&C and Mandatum Life. This is where the customers are met and where 99 per cent of the personnel work. As the operations of Sampo Group's insurance subsidiaries differ significantly from each other, the subsidiaries have taken care of corporate responsibility activities and corporate responsibility reporting. However, in anticipation of the changing reporting requirements, Sampo has embarked upon a project to develop Group level non-financial reporting.

If P&C endeavors to take its social responsibility beyond its business operations. Its principal objective is to constantly act in a manner that satisfies or exceeds the ethical, legal and commercial requirements placed upon the business.

All of If P&C's activities are governed by a strict environmental policy. The essence of this policy is that If P&C will always endeavor to find the most environmentally viable solution for If P&C, its clients, suppliers and partners. Further details on If P&C's environmental activities can be read from The If Environmental Report 2014 published in March 2015 available at www.sampo.com/environmentalreport.

Mandatum Life's aim is to improve financial security and ensure successful business operations of its clients. Corporate responsibility work supports Mandatum Life's business strategy, according to which Mandatum Life creates financial security for its customers through an innovative combination of wealth management and insurance. At the heart of financial responsibility lies the sustainable and responsible management of customers' insurance-related liabilities and customer investments.

Financial responsibility means ensuring the continuity, profitability, earnings power and solvency of operations in Sampo Group companies in all market situations. A further key component of financial responsibility is careful risk management. Further information on risk management in Sampo Group is available in the Risk Management section of this Annual Report.

Personnel

Finance is a fiercely competitive industry and, consequently, value creation rests on operational excellence and on continuous and rapid renewal. During 2014, several large personnel actions were taken in P&C insurance operations to increase efficiency and develop the business to better respond to the toughening competition. Also life insurance operations focused on improving operational efficiency and enhancing expertise to meet the needs of the market.

The average number of Sampo Group's employees (FTE) in 2014 amounted to 6,739 (6,832). P&C insurance is Sampo Group's largest business area and employed 91.6 per cent of the personnel in 2014. Life insurance had approximately 7.6 per cent of the work force and the parent company Sampo plc 0.8 per cent.

In geographical terms Finland had 33 per cent of the personnel, Sweden 27 per cent and Norway 21 per cent. The share of Baltic countries, Denmark and other countries was 19 per cent.

During 2014, If P&C reorganized the Nordic commercial underwriting organization and the Finnish claims services, marketing and IT departments. The changes were made due to implementation of Nordic-wide IT systems, a decrease in claims volumes and remaining overlaps from the Tryg integration process. Some structural and personnel changes took place in the Estonian sales unit as well. As a consequence, the number of staff in P&C insurance decreased slightly in Finland. The total number of staff in P&C insurance declined one per cent during the year 2014, and as of 31 December 2014, P&C insurance employed 6,158 persons.

The total number of staff in life insurance decreased slightly as the number of employees decreased in all of the three Baltic countries. Life insurance operations employed 509 persons at the end of 2014. As of 31 December, the total number of staff in Sampo Group totaled 6,723 persons.

More detailed information on personnel in Sampo Group is available in the Personnel section of this Annual Report.

Remuneration

Remuneration in Sampo Group is based on the Remuneration Principles that apply to all companies within Sampo Group. Sampo plc's Board of Directors approved the updated Sampo Group Remuneration Principles on 17 September 2014.

The core of the Remuneration Principles is that all remuneration systems in Sampo Group shall safeguard the financial stability of the Group and comply with regulatory and ethical standards. They shall also be designed to balance the interests of different stakeholder groups such as shareholders, employees, customers and supervisory authorities. Furthermore, all compensation mechanisms shall be designed in parallel with the Risk Management Principles.

The starting point of any compensation mechanism shall be to encourage and stimulate employees at all levels to do their best and surpass their targets. Remuneration packages shall be designed to reward employees on all levels, compensating them fairly for prudent and successful performance. At the same time, however, in order to safeguard the interest of other stakeholders, compen-sation mechanisms shall neither entice nor encourage employees to excessive or unwanted risk taking.

To ensure the achievement of the wanted steering effects and to make them risk sensitive, each compensation component, as more specifically defined in company-specific Remuneration Policies, shall be designed in parallel both with the Group's general and each company's own, more specific risk management framework. Thus, the leading idea of Sampo's Remuneration Principles is that all compensation shall be linked to different risks and responsibilities inherent with various business processes.

The different forms of remuneration used in Sampo Group are the following:

(a) Fixed Compensation
(b) Variable Compensation
(c) Pension
(d) Other Benefits

The payment of a certain portion of the variable compensation payable to senior executive management and to certain key persons shall be deferred for a defined period of time as required in the regulatory framework applicable to each Group company. After the deferral period, a retrospective risk adjustment review shall be carried out and the Board shall decide whether the deferred variable compensation shall be paid out in full, partly or cancelled in whole. For the year 2014, parts of both short-term and long-term incentives have been deferred. For the operative year 2014, altogether EUR 9.3 million has been deferred.

The different forms of remuneration used in Sampo Group are described in more detail at www.sampo.com/remuneration.

In 2014 EUR 26 million (27), including social costs, was paid on the basis of the long-term incentive scheme 2011:1. EUR 33 million (34), including social costs, was paid as short-term incentives during the same period. The outcome of the long-term incentive schemes is determined by Sampo's share price development over a period of approximately three years starting from the issue of the respective program. The programs are subject to thresholds on share price development and company profitability, as well as ceilings for maximum payout. Furthermore, the programs are subject to rules requiring part of the paid incentive reward to be used to acquire Sampo shares, which must in turn be held for a specified period of time. The result impact of the long-term incentive schemes in force in 2014 was EUR 34 million (42).

Sampo plc's Board of Directors decided on 17 September 2014 to adopt a new long-term incentive scheme 2014:1 for the management of Sampo Group (including the Managing Director of Sampo plc) and other separately named key employees of Sampo Group. The total number of participants in the scheme is approximately 120. The scheme complies with the updated Sampo Remuneration Principles, which the Board of Directors approved on the same day and the remuneration policies of the different Sampo Group companies in force at the launch of the scheme.

The terms of the long-term incentive schemes are available at www.sampo.com/incentiveterms.

Sampo Group will also publish a Remuneration Report in March 2015. The report is drawn up in accordance with section 7 (Remuneration) of the Corporate Governance Code. The report will be available at www.sampo.com/remuneration.

Risk Management

In Sampo Group the risks associated with business activities fall by definition into three main categories: strategic risks associated with external drivers affecting the business environment, reputational risk associated with the company's business practices or associations and risks inherent in business operations.

Sampo Group companies operate in business areas where a specific feature of value creation is pricing of risks and active management of risk portfolios in addition to sound customer services. Thus successful management of underwriting risks and investment portfolio market risks is the main source of earnings for Sampo Group companies.

The most important objective of risk management in Sampo Group is to ensure the adequacy of the available capital in relation to the risks arising from the business activities and operating environment, as well as to ensure that expected returns are in balance with risks taken.

A more detailed description of Sampo Group's risk management activities, governance, risks and capitalization is available in the Risk Management section.

Shares, Share Capital and Shareholders

Shares and Share Capital

As at 31 December 2014, Sampo plc had 560,000,000 shares, which were divided into 558,800,000 A shares and 1,200,000 B shares. Total number of votes attached to the shares is 564,800,000. Each A share entitles the holder to one vote and each B share entitles the holder to five votes at the General Meeting of Shareholders. According to the company's Articles of Association, A Shares must number at least 179,000,000 and no more than 711,200,000. Meanwhile, B shares must number at least zero and no more than 4,800,000. As at 31 December 2014 Sampo plc's share capital amounted to EUR 98 million (98) and the equity capital in total to EUR 10,924 million (10,643).

Sampo plc's Articles of association contain a redemption obligation (16§) according to which a shareholder whose holding of all shares or of all votes relating to the reaches or exceeds 33 1/3 per cent or 50 per cent, is obliged to redeem, at the presentation of claims by other shareholders, their shares and the documents giving entitlement to the shares, as stipulated in the Finnish Companies Act, in the manner prescribed in the Article. The Article contains further provisions on calculating the shareholder's holding and redemption price.

Development of the Number of Shares

Sampo plc, 2010–2014

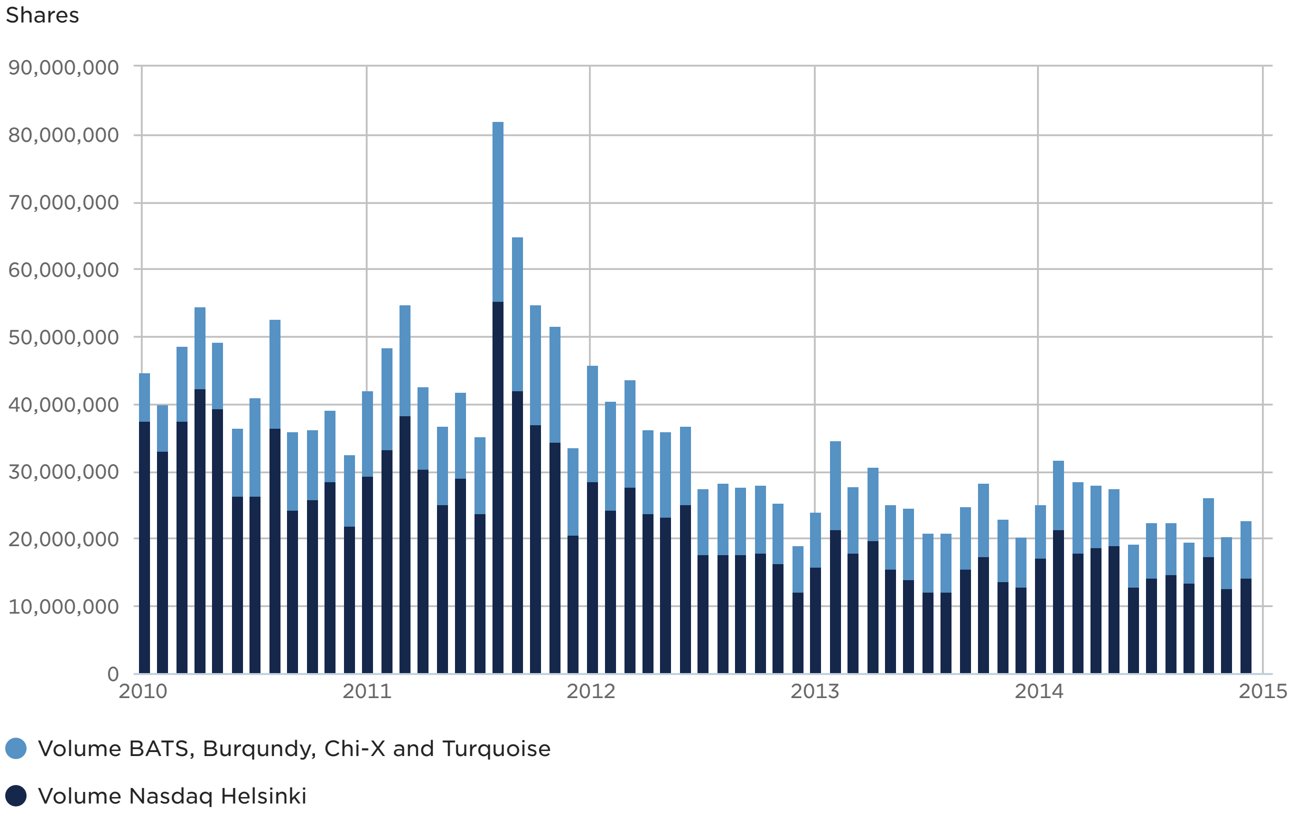
Year	A shares	B shares	Total	Change during year	Reason for change
1 Jan 2010	560,172,390	1,200,000	561,372,390	-90,000	Cancellation of shares bought back (A share)
1 Jan 2011	560,082,390	1,200,000	561,282,390	-1,282,390	Cancellation of shares bought back (A share)
1 Jan 2012	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2013	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2014	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2015	558,800,000	1,200,000	560,000,000		

Sampo A shares have been quoted on the main list of the Nasdaq Helsinki since 1988 and all of the B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into A shares at the request of the holder. At the end of the financial year, neither Sampo plc nor its Group companies held any Sampo A shares.

Share Price Performance

Sampo plc, 2010–2014

Monthly Trading Volume
Sampo plc, 2010–2014



Authorizations Granted to the Board

The Annual General Meeting of 2014 authorized the Board to acquire in one or several lots a maximum of 50,000,000 Sampo A shares. Shares can be repurchased in other proportion than the shareholders' proportional shareholdings (private repurchase). The share price will be no higher than the highest price paid for Sampo shares in public trading at the time of purchase. The authorization is valid until the close of the next Annual General Meeting, nevertheless not more than 18 months after AGM's decision.

Sampo plc made no repurchases during 2014 and has not purchased its own shares after the end of the reporting period.

Shareholders

The number of Sampo plc's shareholders increased slightly and amounted to 82,817 (82,092) as at 31 December 2014. Approximately 1.3 per cent of shares had not been transferred to the book-entry system.

The holdings of nominee-registered and foreign shareholders grew to 59.84 per cent (56.79) of the shares and 59.33 per cent of the votes (56.31).

Shareholders

Sampo plc, 31 December 2014

A and B shares	Number of shares	% of share capital	% of votes
Solidium Ltd.	66,657,360	11.90	11.80
Varma Mutual Pension Insurance Company	35,548,420	6.35	6.29
Wahlroos Björn	11,763,986	2.10	2.08
Ilmarinen Mutual Pension Insurance Company	5,736,614	1.02	1.02
Kaleva Mutual Insurance Company *)	5,000,000	0.89	1.74
State Pension Fund	3,960,000	0.71	0.70
Mutual Insurance Company Elo	2,730,000	0.49	0.48
Schweizerische Nationalbank	2,631,974	0.47	0.47
Mutual Fund Nordea Fennia	1,790,000	0.32	0.32
The Local Government Pension Institution	1,687,952	0.30	0.30
Svenska Litteratursällskapet I Finland	1,605,800	0.29	0.28
Folketrygdfondet	1,537,302	0.27	0.27
ODIN Norden c/o ODIN Forvaltning AS	1,070,403	0.19	0.19
Op-Delta Mutual Fund	910,000	0.16	0.16
Skandinaviska Enskilda Banken Ab (Publ) Helsinki Branch	900,000	0.16	0.16
Sigrid Jusélius Foundation	876,400	0.16	0.16
Mutual Fund Nordea Pro Finland	862,500	0.15	0.15
Oslo Pensjonsforsikring AS	752,000	0.13	0.13
Op-Focus Mutual Fund	663,995	0.12	0.12
Nordea Nordenfonden	639,564	0.11	0.11
Nominee registered total	327,807,185	58.54	58.04
Other	84,868,545	15.16	15.03
Total	**560,000,000**	**100.00**	**100.00**

*) *3,800,000 A shares and 1,200,000 B shares*

Shareholders by Sector

Sampo plc (A and B shares), 31 December 2014

Sector	Number of shares	%
Foreign ownership and nominee registered	335,102,340	59.84
Corporations	77,371,262	13.82
Households	60,300,447	10.77
Public institutions	51,729,250	9.24
Financial institutions and insurance corporations	16,098,236	2.87
Non-profit institutions	12,358,205	2.21
On joint account	7,040,260	1.26
Total	**560,000,000**	**100.00**

On 19 May 2014 Sampo received a notification of change in holdings pursuant to Chapter 9, Section 5 of the Securities Markets Act, according to which the total number of Sampo A shares and related voting rights owned by BlackRock, Inc. (tax ID 32-0174421) had on 19 May 2014 risen above five (5) per cent of Sampo plc's entire stock and voting rights. Blackrock's holding amounted to 5.08 per cent of the capital and 5.03 per cent of votes.

The following table presents the Board's and Group Executive Committee's holdings of Sampo A shares. At the end of 2014, the members of Sampo plc's Board of Directors and their close family members owned either directly or indirectly 11,924,379

(11,920,709) Sampo A shares. Their combined holdings constituted 2.1 per cent (2.1) of the share capital and related votes.

The members of the Group Executive Committee and their close family members owned either directly or indirectly 793,741 (733,626) Sampo A shares representing 0.1 per cent (0.1) of the share capital and related votes.

Shares Owned by the Board of Directors and by the Group Executive Committee

Sampo plc, 31 December 2014 and 31 December 2013

Board of Directors	31 Dec 2014	31 Dec 2013
Wahlroos	11,863,986	11,863,141
Vuoria	36,477	35,804
Brunila	8,406	9,059
Fagerholm	1,254	679
Grate Axén	3,747	3,061
Mattila	4,287	3,796
Palin-Lehtinen	3,975	3,479
Sørlie	2,247	1,690
Total	**11,924,379**	**11,920,709**
Board of Directors' ownership of shares, %	2.1%	2.1%
Board of Directors' ownership of votes, %	2.1%	2.1%

Group Executive Committee	31 Dec 2014	31 Dec 2013
Stadigh	285,693	268,711
Alsaker	10,380	-
Johansson	57,013	58,986
Lapveteläinen	246,137	239,132
Magnusson	22,037	22,154
Martinsen	30,800	25,688
Niemisvirta	58,404	52,248
Thorsrud	29,554	23,628
Vuorinen	21,662	16,085
Wennerklint	32,061	26,994
Total	**793,741**	**733,626**
Group Executive Committee's ownership of shares, %	0.1%	0.1%
Group Executive Committee's ownership of votes, %	0.1%	0.1%

Financial Standing

Internal Dividends

Sampo plc, Sampo Group's parent company, received close to EUR 1.2 billion in dividends from its subsidiaries and associated company Nordea Bank AB during 2014. The following dividend payments were received during 2014:

- 24 March 2014; Mandatum Life; EUR 100 million,
- 1 April 2014; Nordea Bank AB; EUR 370 million and
- 9 December 2014; If P&C; SEK 5.5 billion (approx. EUR 597 million).

On 28 January 2015 Nordea Bank AB's Board of Directors proposed to the Annual General meeting to be held on 19 March 2015, a dividend of EUR 0.62 per share. With its current holding Sampo plc's share amounts to EUR 533 million. The dividend is proposed to be paid on 30 March 2015.

A planned dividend of EUR 100 million has already been deducted in Mandatum Life's solvency calculation as at 31 December 2014. The dividend will be paid during the first quarter of 2015. If P&C normally pays its dividend towards the end of the calendar year.

Ratings

All the ratings for Sampo Group companies remained unchanged in 2014.

	Moody's		Standard & Poor's	
Rated Company	**Rating**	**Outlook**	**Rating**	**Outlook**
Sampo plc	Baa2	Stable	Not rated	-
If P&C Insurance Ltd (Sweden)	A2	Stable	A	Stable
If P&C Insurance Company Ltd (Finland)	A2	Stable	A	Stable

Group Solvency

Nordea Bank AB (publ) has been Sampo plc's associated company since 31 December 2009. Under the Act on the Supervision of Financial and Insurance Conglomerates (2004/699), Sampo Group is therefore treated as a financial and insurance conglomerate.

Group solvency has in 2014 been calculated according to Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates (2004/699). The Act is based on Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment.

Sampo Group Solvency

EURm	31 Dec 2014	31 Dec 2013
Group capital	10,924	10,643
Sectoral items	1,684	1,274
Intangibles and other deductibles	-3,426	-3,319
Group's own funds, total	9,183	8,598
Minimum requirements for own funds, total	4,901	4,663
Group solvency	4,282	3,935
Group solvency ratio (Own funds % of minimum requirements)	187.4	184.4

Group solvency ratio (own funds in relation to minimum requirements for own funds) strengthened further during 2014 and amounted to 187.4 per cent (184.4) as at 31 December 2014.

In addition to the aforementioned conglomerate solvency considerations, Sampo Group's solvency is assessed internally by comparing the capital required to the capital available. Capital requirement assessment is based on an economic capital framework, in which Group companies quantify the amount of capital required for measurable risks over a one year time horizon at 99.5 per cent's confidence level. In addition to economic capital, companies assess their capital need related to non-measurable risks like risks in business environment.

Capital available or Adjusted Solvency Capital include regulatory capital and in addition other loss absorbing items like the effect of discounting technical reserves and other reserves excluded from regulatory capital.

The economic capital tied up in Group's operations on 31 December 2014 was EUR 5,510 million (5,361) and adjusted solvency capital was EUR 9,100 million (9,417).

Debt Financing

Sampo plc's debt financing on 31 December 2014 amounted to EUR 2,192 million (2,027) and interest bearing assets to EUR 1,233 million (980). Interest bearing assets include bank accounts, money market instruments and EUR 465 million of hybrid instruments issued by the subsidiaries and associates. During 2014 the net debt decreased EUR 88 million to EUR 960 million (1,048). Gross debt to Sampo plc's equity was 31 per cent (29).

As at 31 December 2014 financial liabilities in Sampo plc's balance sheet consisted of issued senior bonds and notes of EUR 1,888 million (1,720) and EUR 305 million (308) of outstanding CPs issued. The average interest on Sampo plc's debt as of 31 December 2014 was 1.74 per cent (2.26).

In September 2014 Sampo plc issued a 7-year senior bond of EUR 500 million with a coupon of 1.50 per cent under the Euro Medium Term Note Programme. The proceeds were partly used to refinance a EUR 300 million senior bond that matured in early October 2014.

Outstanding Debt Instruments

Sampo plc, 31 December 2014

Issued Debt Instruments	Coupon	Swap	Effective Rate	Maturity Date
Senior Bond 2,000 SEKm (EMTN)	Stibor3M + 0.75%	-	1.0210%	28.5.2015
Senior Bond 300 EURm (EMTN)	4.2500%	Euribor3M + 1.4727%	1.5537%	22.2.2016
Senior Bond 500 EURm (EMTN)	4.2500%	Euribor3M + 2.7910%	2.8720%	27.2.2017
Senior Bond 2,000 SEKm (EMTN)	Stibor3M + 1.45%	-	1.7210%	29.5.2018
Senior Bond 500 EURm (EMTN)	1.50%	-	1.5920%	16.9.2021
CP's issued 305 EURm	Euribor + Margin		0.5900%	Average 3M
Public debt 2,023 EURm			**1.7042%**	
Private placements 169 EURm			2.1053%	
Total 2,192 EURm			**1.7351%**	

To balance the risks on the Group level Sampo plc's debt is mainly tied to short-term interest rates and issued in euro or Swedish krona. Interest rate swaps are used to obtain the desired characteristics for the debt portfolio. These derivatives are valued at fair value in the profit and loss account although economically they are related to the underlying bonds. As a result Sampo plc maintains the flexibility to adjust derivative position if needed but this comes at the cost of increased volatility in the Holding segment's net finance costs.

The underlying objective of Sampo plc is to maintain a well-diversified debt structure, relatively low leverage and strong liquidity in order for the company to be able to arrange financing for strategic projects if needed. Strong liquidity and the ability to acquire financing are essential factors in maintaining Sampo Group's strategic flexibility.

More information on Sampo Group's outstanding debt issues is available at www.sampo.com/debtfinancing.

Outlook

Outlook for 2015

Sampo Group's business areas are expected to report good operating results for 2015.

However, the mark-to-market results are, particularly in life insurance, highly dependent on capital market developments. The continuing low interest rate level also creates a challenging environment for reinvestment in fixed income instruments.

The P&C insurance operations are expected to reach their long-term combined ratio target of below 95 per cent in 2015 by a margin.

Nordea's contribution to the Group's profit is expected to be significant.

The Major Risks and Uncertainties to the Group in the Near-term

In its day-to-day business activities Sampo Group is exposed to various risks and uncertainties which it identifies and assesses regularly.

Major risks affecting the Group's profitability and its variation are market, credit, insurance and operational risks that can be quantified in most of the cases by financial measurement techniques based on historical data. Currently their quantified contributions to the Group's Economic Capital - used as an internal basis for capital needs – represent normal levels of 34 per cent, 44 per cent, 11 per cent and 10 per cent, respectively.

Uncertainties in the form of major unforeseen events may have an immediate impact on the Group's profitability. Identification of unforeseen events is easier than estimation of their probabilities, timing and potential outcomes. Currently there are a number of widely identified macro-economic, political and other sources of uncertainty which can in various ways affect financial services industry negatively.

Other sources of uncertainty are unforeseen structural changes in the business environment and already identified trends and potential wide-impact events. They both may have also long-term impact on how business shall be conducted.

Dividend Proposal

According to Sampo plc's dividend policy, total annual dividends paid shall be at least 50 per cent of the Group's net profit for the year (excluding extraordinary items). In addition, share buy-backs can be used to complement the cash dividend.

The parent company's distributable capital and reserves totaled EUR 6,908,853,083.44, of which profit for the financial year was EUR 1,049,724,795.16.

The Board proposes to the Annual General Meeting a dividend of EUR 1.95 per share to company's 560,000,000 shares. The dividends to be paid are EUR 1,092,000,000.00 in total. Rest of funds are left in the equity capital.

The dividend will be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd as at the record date of 20 April 2015. The Board proposes that the dividend be paid on 28 April 2015.

No significant changes have taken place in the company's financial position since the end of the financial year. The company's liquidity position is good and in the view of the Board, the proposed distribution does not jeopardize the company's ability to fulfill its obligations.

SAMPO PLC

Board of Directors

Key Figures

Group key figures		2014	2013	2012	2011	2010
Profit before taxes	EURm	**1,759**	1,668	1,622	1,228	1,320
Return on equity (at fair values)	%	**10.9**	13.8	19.9	7.7	21.8
Return on assets (at fair values)	%	**5.6**	7.0	9.3	3.7	10.0
Equity/assets ratio	%	**31.5**	32.7	31.3	29.7	29.8
Group solvency [1])	EURm	**4,282**	3,934	3,379	1,892	3,038
Group solvency ratio [1])	%	**187.4**	184.4	170.9	138.6	167.1
Average number of staff		**6,739**	6,832	6,823	6,874	6,914

P&C insurance						
Premiums written before reinsurers' share	EURm	**4,634**	4,768	4,698	4,414	4,189
Premiums earned	EURm	**4,457**	4,505	4,363	4,094	3,894
Profit before taxes	EURm	**931**	929	864	636	707
Return on equity (at fair values)	%	**18.1**	24.4	36.9	12.4	39.8
Risk ratio [2])	%	**65.1**	65.4	65.9	68.4	69.1
Cost ratio [2])	%	**22.5**	22.8	23.0	23.5	23.7
Loss ratio excl. unwinding of discount [2])	%	**70.9**	71.4	72.0	74.7	75.6
Expense ratio [2])	%	**16.7**	16.8	16.9	17.3	17.2
Combined ratio excl. unwinding of discount	%	**87.7**	88.1	88.9	92.0	92.8
Solvency capital *)	EURm	**3,544**	3,601	3,359	3,080	3,373
of technical provisions *)	%	**38.6**	37.9	34.1	34.2	38.2
Solvency ratio *)	%	**81.9**	80.8	74.6	72.4	79.5
Average number of staff		**6,173**	6,238	6,225	6,299	6,392

**) Based on the financial statements of If Group.*

Life insurance						
Premiums written before reinsurers' share	EURm	**1,110**	1,068	983	854	1,117
Profit before taxes	EURm	**163**	153	136	137	142
Return on equity (at fair values)	%	**11.4**	18.3	28.5	-11.7	36.2
Expense ratio	%	**104.1**	106.6	113.9	109.1	112.1
Solvency capital (IFRS)	EURm	**1,461**	1,401	1,389	1,046	1,335
of technical provisions (IFRS)	%	**22.9**	27.6	27.6	20.9	25.7
Average number of staff		**509**	541	545	521	470

Holding						
Profit before taxes	EURm	**669**	589	623	456	474
Average number of staff		**57**	53	53	54	52

Per share key figures		2014	2013	2012	2011	2010
Earnings per share	EUR	**2.75**	2.59	2.51	1.85	1.97
Earnings per share, incl. Items in other comprehensive income	EUR	**2.11**	2.54	3.37	1.22	3.22
Capital and reserves per share	EUR	**19.51**	19.01	17.89	15.93	15.83
Net asset value per share	EUR	**22.63**	22.15	17.38	14.05	17.79
Dividend per share [3])	EUR	**1.95**	1.65	1.35	1.20	1.15
Dividend per earnings	%	**70.9**	63.7	53.8	64.9	58.4
Effective dividend yield	%	**5.0**	4.6	5.5	6.3	5.7
Price/earnings ratio		**14.1**	13.8	9.7	10.4	10.2
Adjusted number of shares at 31 Dec.	1,000	**560,000**	560,000	560,000	560,000	561,282
Average adjusted number of shares	1,000	**560,000**	560,000	560,000	560,863	561,321
Weighted average number of shares, incl. dilutive potential shares	1,000	**560,000**	560,000	560,000	560,863	561,321
Market capitalisation	EURm	**21,739**	20,003	13,630	10,735	11,254

A shares						
Adjusted number of shares at 31 Dec.	1,000	**558,800**	558,800	558,800	558,800	560,082
Average adjusted number of shares	1,000	**558,800**	558,800	558,800	559,663	560,121
Weighted average number of shares, incl. dilutive potential shares	1,000	**558,800**	558,800	558,800	559,663	560,121
Weighted average share price	EUR	**36.88**	31.05	21.43	20.63	18.46
Adjusted share price, high	EUR	**39.98**	35.92	25.04	23.90	20.71
Adjusted share price, low	EUR	**33.71**	25.00	17.91	16.85	16.13
Adjusted closing price	EUR	**38.82**	35.72	24.34	19.17	20.05
Share trading volume during the financial year	1,000	**194,492**	188,402	252,821	399,759	381,863
Relative share trading volume	%	**34.8**	33.7	45.2	71.4	68.2

B shares						
Adjusted number of shares at 31 Dec.	1,000	**1,200**	1,200	1,200	1,200	1,200
Average adjusted number of shares	1,000	**1,200**	1,200	1,200	1,200	1,200

[1]) On 31 Dec. 2009 Nordea was consolidated as an associate to Sampo and Sampo became a financial and insurance conglomerate, in accordance with the Act on Supervision on Financial and Insurance Conglomerates (2004/699). The group solvency is calculated according to Chapter 3. The adjusted solvency is determined on the basis of the Group financial statements as permitted by the Financial Supervisory Authority.

[2]) Key figures for P&C Insurance are based on activity based costs and cannot, therefore, be calculated directly from the consolidated income statement.

[3]) The Board of Director's proposal to the Annual General Meeting for the accounting period 2014.

In calculating the key figures the tax corresponding to the result for the accounting period has been taken into account. The valuation differences, adjusted with the deferred tax liability, on the investment property have been taken into account in return on assets, return on equity, equity/assets ratio and net asset value per share. Additionally, the items in the other comprehensive income have been taken into account in return on assets and return on equity. In the net asset value per share, the Group valuation difference on associates Nordea and Topdanmark have also been taken into account.

Calculation of the Key Figures

The key figures have been calculated in accordance with the decree issued by the Ministry of Finance and the specifying regulations and instructions of the Financial Supervisory Authority. The Group solvency has been calculated according to the consolidation method defined in Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates.

Group Key Figures

Profit before taxes

Property & casualty insurance profit before taxes + life insurance profit before taxes + holding business profit before taxes ± Group elimination items with result impact

Property & Casualty and Life Insurance

+ insurance premiums written
+ net income from investments
+ other operating income
- claims incurred
- change in liabilities for investment and insurance contracts
- staff costs
- other operating expenses
- finance costs

+/- share of associates' profit/loss

Holding

+ net income from investments
+ other operating income
- staff costs
- other operating expenses
- finance costs

+/- share of associates' profit/loss

Return on equity (at fair values), %

$$\frac{+\ \text{total comprehensive income} \ \pm\ \text{change in valuation differences on investments less deferred tax}}{+\ \text{total equity} \ \pm\ \text{valuation differences on investments less deferred tax (average of values on 1 Jan. and 31 Dec.)}} \times 100\%$$

Return on assets (at fair values), %

+	operating profit	
±	other comprehensive income before taxes	
+	interest and other financial expense	
+	calculated interest on technical provisions	
+	change in valuation differences on investments	x 100%
+	total balance sheet	
-	technical provisions relating to unit-linked insurance	
±	valuation differences on investments (average of values on 1 Jan. and 31 Dec.)	

Equity/assets ratio (at fair values), %

+	total equity	
±	valuation differences on investments less deferred tax	x 100%
+	balance sheet total	
±	valuation differences on investments	

Group solvency

+	total equity
+	sectoral items
-	intangible assets and sectoral deductibles
	own funds, total
-	minimum requirements for own funds, total
	group solvency

Group solvency ratio, %

own funds	x 100%
minimum requirements for own funds	

Average number of staff

Average of month-end figures, adjusted for part-time staff

P&C Insurance Key Figures

Profit before taxes

Formula shown above in connection with the Group key figures.

Return on equity (at fair values), %

Formula shown above in connection with the Group key figures.

Risk ratio, %

$$\frac{+\ \text{claims incurred} \quad -\ \text{claims settlement expenses}}{\text{premiums earned}} \times 100\%$$

Cost ratio, %

$$\frac{+\ \text{operating expenses} \quad +\ \text{claims settlement expenses}}{\text{premiums earned}} \times 100\%$$

Loss ratio, %

$$\frac{\text{claims incurred}}{\text{premiums earned}} \times 100\%$$

Loss ratio excl. unwinding of discount, %

$$\frac{\text{claims incurred before unwinding of discount}}{\text{premiums earned}} \times 100\%$$

Expense ratio, %

$$\frac{\text{operating expenses}}{\text{premiums earned}} \times 100\%$$

Combined ratio, %

Loss ratio + expense ratio

Combined ratio excl. unwinding of discount, %

Loss ratio before unwinding of discount + expense ratio

Solvency capital (IFRS)

+ equity after proposed profit distribution
± valuation differences on investment
- intangible assets
+ subordinated loans
- deferred tax liability probably realised in near future
± other required items (Ministry of Finance decree)

Solvency capital, % of technical provision (IFRS)

$$\frac{+\ \text{solvency capital}}{+\ \text{liabilities for insurance and investment contracts} \quad -\ \text{reinsurers' share of insurance liabilities}} \times 100\%$$

Solvency ratio (IFRS), %

$$\frac{\text{solvency capital}}{\text{premiums earned from 12 months}} \times 100\%$$

Life Insurance Key Figures

Profit before taxes

Formula shown above in connection with the Group key figures.

Return on equity (at fair values), %

Formula shown above in connection with the Group key figures.

Expense ratio

+	operating expenses before change in deferred acquisition costs	
+	claims settlement expenses	x 100%
	expense charges	

Solvency capital (IFRS)

+	equity after proposed profit distribution
±	valuation differences on investment
-	intangible assets
+	subordinated loans
-	deferred tax liability probably realised in near future (incl. deferred tax from fair value reserve and profit)
±	other required items (Ministry of Finance decree)

Solvency ratio, % of technical provision, IFRS

+	solvency capital	x 100%
+	liabilities for insurance and investment contracts	
-	reinsurers' share of insurance liabilities	
-	75% x technical provisions relating to unit-linked insurance	

Per Share Key Figures

Earnings per share

profit for the financial period attributable to the parent company's equity holders

adjusted average number of shares

Earnings per share, incl. change in fair value reserve

total comprehensive income for the financial period attributable to the parent company's equity holders

adjusted average number of shares

Equity per share

equity attributable to the parent company's equity holders

adjusted number of shares at balance sheet date

Net asset value per share

$$\frac{\begin{array}{ll} + & \text{equity attributable to the parent company's equity holders} \\ \pm & \text{valuation differences on listed associate in the Group} \\ \pm & \text{valuation differences on investments less deferred tax} \end{array}}{\text{adjusted number of shares at balance sheet date}}$$

Dividend per share, %

$$\frac{\text{dividend for the accounting period}}{\text{adjusted number of shares at balance sheet date}} \times 100\%$$

Dividend per earnings, %

$$\frac{\text{dividend per share}}{\text{earnings per share}} \times 100\%$$

Effective dividend yield, %

$$\frac{\text{dividend per share}}{\text{adjusted closing share price at 31 Dec.}} \times 100\%$$

Price/earnings ratio

$$\frac{\text{adjusted closing share price at 31 Dec.}}{\text{earnings per share}}$$

Market capitalisation

number of shares at 31 Dec. x closing share price at 31 Dec.

Relative share trading volume, %

$$\frac{\text{number of shares traded through the Helsinki Exchanges}}{\text{adjusted average number of shares}} \times 100\%$$

Risk Management

Sampo Group's Operations and Risks

Sampo Group is engaged in three business areas. Non-life insurance and life insurance are conducted by subsidiaries If P&C Insurance Holding Ltd and Mandatum Life Insurance Company Ltd that are wholly owned by parent company Sampo plc. In addition to the insurance subsidiaries, Group's parent company Sampo plc held, as at 31 December 2014, an equity stake of 21.25 percent in Nordea Bank AB (publ) through which Sampo Group is engaged in banking business and exposed to respective risks. Nordea is Sampo plc's associated company and thus has a material effect on the Group's profits and risks. However, Nordea operates independently and the company's risk management is therefore not covered in Sampo Group's Annual Report.

As a Nordic insurance group If P&C underwrites policies that cover various risks of individuals and corporations on a geographically diverse area. If P&C mainly underwrites risks in the Nordic and Baltic countries but it underwrites also policies for Nordic clients' activities outside the Nordic countries. In addition to geographical diversification, the business is well-diversified over lines of business. Mandatum Life operates in Finland and in the Baltic countries and offers savings and pension policies with life risk features as well as policies covering mortality, morbidity and disability risks.

There are virtually no overlaps between the subsidiaries' insurance businesses' risks and therefore the subsidiaries' underwriting activities can be managed and developed as separate units supported only by limited group wide coordination. Investment activities, on the other hand, are centralized to manage risks at group level as well. The persons responsible for managing the subsidiaries' investments report directly to Sampo Group's Chief Investment Officer. Also the IT systems used in investment activities are the same throughout the Group facilitating consistent analysis and reporting of investment risks as well as assessment of risks at group level. Furthermore, the same basic principles are primarily followed in the investment activities of both subsidiaries, although the risk level of If P&C's investment portfolio is held significantly lower than the risk level of Mandatum Life's investment portfolio due to different features of their insurance liabilities.

Sampo plc is a holding company and it has no business operations of its own, with the exception of the management of its own capital structure and liquidity position. The parent company's liquidity position varies significantly throughout the calendar year as the dividend distributions of the subsidiaries and the parent company often take place at different points in time. In addition, the issues and repayments of the parent company's debt securities create fluctuations in cash flows.

Risks

In Sampo Group the risks associated with business activities fall by definition into three main categories: strategic risks associated with external drivers affecting the business environment, reputational risk associated with the company's business practices or associations and risks inherent in business operations. The first two risk classes are only briefly described in this Risk management report and focus is on the third risk class.

External Drivers and Strategic Risks

Strategic risk is the risk of losses due to changes in the competitive environment or lack of internal operational flexibility. Unexpected changes in general business environment can cause larger than expected fluctuations in financial results and in the long run they can endanger the existence of Sampo Group's business models. External drivers behind such changes are various, including for instance general economic development, development of the institutional environment and technological innovations. As a result of these external drivers, business models of the industry can change, new competitors may appear and customer demand and behavior can change.

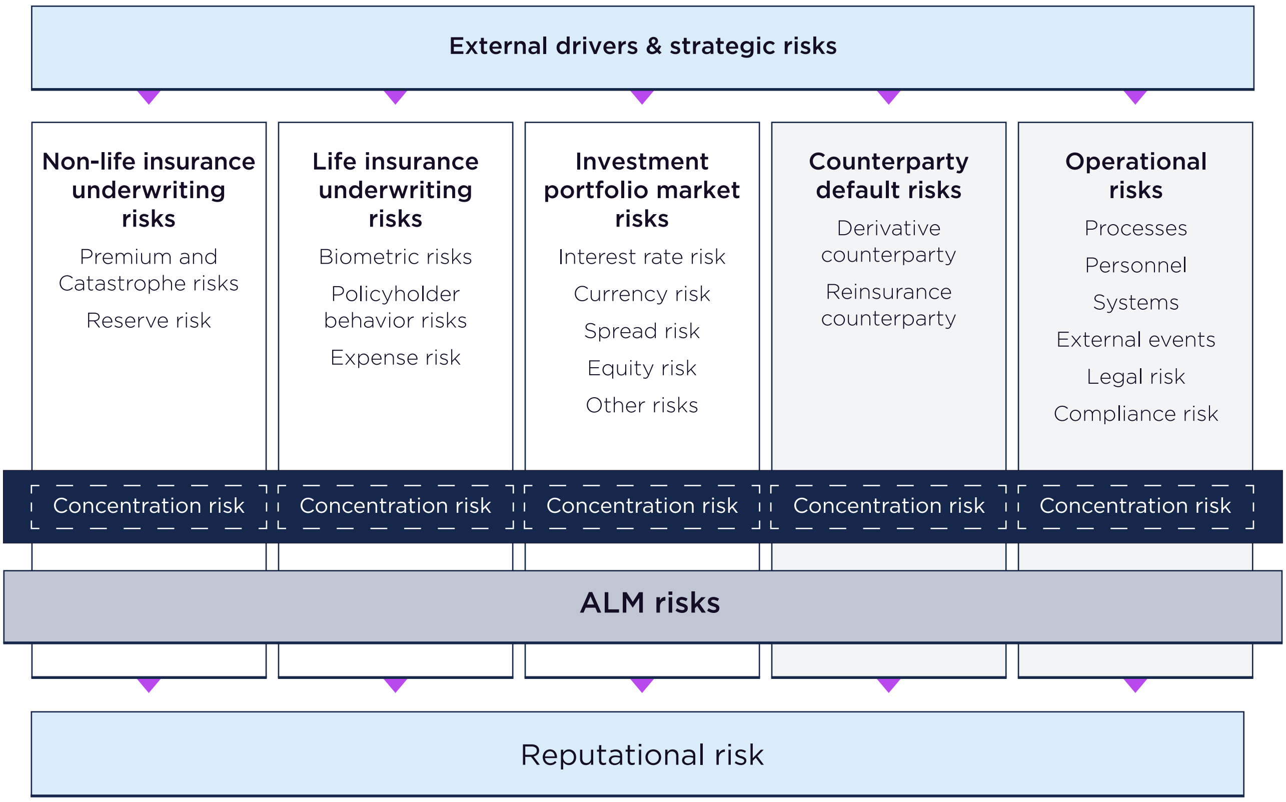
Due to the predominantly external nature of the drivers of and development in the competitive environment strategic risks are the responsibility of the executive level senior management. Proactive strategic decision-making is the central tool in managing strategic risks related to competitive advantage. Also, maintenance of internal operational flexibility to be able to adjust the business model and cost structure when needed is an efficient tool in managing strategic risks. Although strategic risks are not covered by the economic capital model in Sampo Group they may, however, have an effect on the amount of actual capital base, if deemed prudent in existing business environment.

Reputational Risk

Reputational risk refers to the risk that adverse publicity regarding the company's business practices or associations, whether accurate or not, causes a loss of confidence in the integrity of the institution. Reputational risk is often a consequence of a materialized operational or compliance risk and realizes often as a deterioration of reputation amongst customers and other stakeholders. However, reputational risk is related to all other activities as well as shown in the figure Classification of Risks in Sampo Group. Because the roots of reputational risk are various, the tools to prevent it must be diverse and embedded in the corporate culture.

Hence, corporate culture, which is based on core values ethicality, loyalty, openness and entrepreneurship, is seen as an essential tool in preventing reputational risk in Sampo Group. These core values are reflected in Sampo Group's Corporate Governance system and in how Sampo deals with core stakeholders (i.e. customers, personnel, investors, other co-operation partners, tax authorities and supervisory authorities) and other parties, who may have interest in Sampo's business.

Classification of Risks in Sampo Group



Risks Inherent in Business Operations

In its underwriting and investment operations, Sampo Group is consciously taking certain risks in order to generate earnings. These earnings risks are selected carefully and managed actively. Underwriting risks are priced reflecting their inherent risk levels and the expected return of investments is compared to the related risks. Furthermore, earnings risk exposures are adjusted continuously and their impact on the capital need is assessed regularly.

Successful management of underwriting risks and investment portfolio market risks is the main source of earnings for Sampo Group companies. Day-to-day management of these risks, i.e. maintaining them within given limits and authorisations is the responsibility of the business areas and the investment unit.

Some risks, such as counterparty default risks and operational risks are indirect consequences of Sampo's business activities. They are one-sided risks, with no earnings potential related to them. Accordingly, the risk management objective is to mitigate these risks efficiently. Management of consequential risks is the responsibility of the business areas and the investment unit and the capital need for these risks is measured by independent risk management functions. It has to be noted that the categorization of risks between earnings and consequential risks varies depending on the industry. For Sampo Group's clients, for instance, the events that are subject to insurance policies are consequential risks and for Sampo Group these same risks are earnings risks.

Some risks such as interest rate, currency and liquidity risks are by their nature linked to various activities simultaneously. In order to manage these risks efficiently Sampo Group companies have to have a detailed understanding of expected cash flows and their variance within company's all activities. In addition, a thorough understanding of how the market consistent values of assets and liabilities may fluctuate at the total balance sheet level under different scenarios is needed. These balance sheet level risks are commonly defined as Asset and Liability Management (ALM) risks. In addition to interest rate, currency and liquidity risk, inflation risk and risks relating to GDP growth rates are central ALM risks in Sampo Group. The ALM risks are one of the focus areas of the senior management because of their complexity and relevance to risks and earnings in the long run.

In general concentration risks arise when the company's risk exposures are not diversified enough, and as a result for instance an individual claim or financial market event could threaten the solvency or the financial position of the company.

Concentrations can evolve within separate activities – large single name or industry specific insurance or investment exposures – or across the activities when a single name or an industry is contributing widely on profitability and risks of the company through both insurance and investment activities.

Concentration risk may materialize indirectly also when profitability and capital position react similarly to general economic development or to structural changes in institutional environment in different areas of business. This kind of indirect concentration risk can be seen as part of strategic risk.

Business Model and Risk Management

Sampo Group companies operate in business areas where a specific feature of value creation is pricing of risks and active management of risk portfolios in addition to sound client services.

To create value for stakeholders, Sampo Group companies must, in addition to financial flexibility (adequate capital and liquidity), have intellectual capital (comprehensive proprietary actuarial data and analytical tools in place to convert this data to information), human capital (skillful and motivated employees) and social and relationship capital (good relationships with society and clients to understand their changing needs).

At company level, management is using these capitals when implementing the following core activities related to risk pricing, risk taking and active management of risk portfolios.

Appropriate selection and pricing of underwriting risks

- Underwriting risks are selected carefully and priced reflecting their inherent risk levels.
- Insurance products are developed proactively.

Effective management of insurance exposures

- Diversification is sought actively.
- Reinsurance is used effectively to reduce largest exposures.

Careful selection and execution of investment transactions

- Risk return ratios of separate investments are analyzed carefully.
- Transactions are executed effectively.

Effective mitigation of consequential risks

- Counterparty default risks are mitigated by selecting counterparties carefully, using collaterals and assuring adequate diversification.
- High quality and cost efficient business processes are maintained, continuity of operations is planned and recovery is ensured.

Effective management of investment portfolios and balance sheet

- Balance between expected returns and risks in investment portfolios and the balance sheet is optimized, taking into account the features of insurance liabilities, internally assessed capital needs, regulatory solvency and asset coverage rules and rating requirements.
- Liquidity risks are managed by having adequate portion of investments in liquid instruments. The portion is mainly dependent on the features of liabilities.

At group level the risk management focus is on group wide capitalization and liquidity. It is essential to identify potential risk concentrations and to have a thorough understanding of how reported profits of companies would behave under different scenarios in general. These concentrations and correlations may have an effect on group level capitalization and liquidity buffers as well as on group level management actions.

When the above-mentioned core activities are successfully implemented, a balance between earnings, risks and capitalization can be achieved on a company and group level and shareholder value can be created.

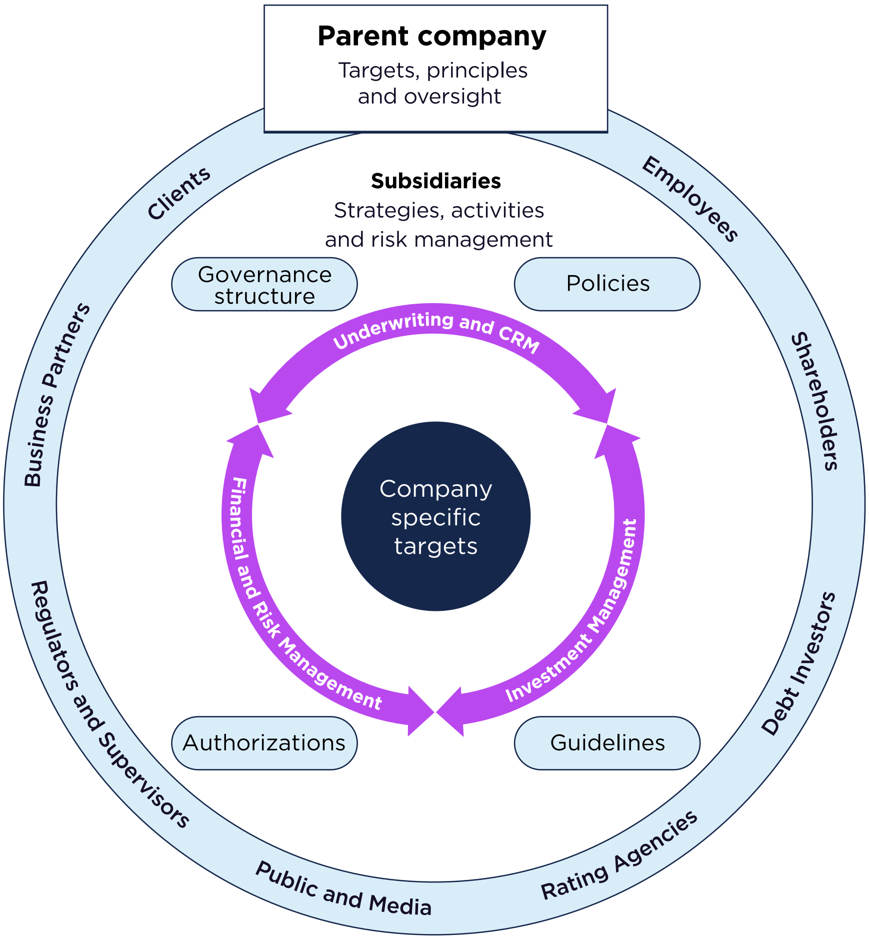
Sampo Group Steering Principles and Risk Management Process

Sampo Group's legal structure is straightforward and simple. The simplicity and transparency of the legal structure together with a limited amount of intercompany exposures within Sampo Group (i.e. direct or indirect claims between different companies excluding normal business transactions with Nordea) and diligently managed capitalization of subsidiaries effectively prevent any risks related to complex structures as well as protect the Group companies from contagion risks. Further information on Sampo Group's structure is available at www.sampo.com/structure.

The subsidiaries do not normally invest in Sampo plc's debt instruments, but Sampo plc as a parent company invests in capital instruments issued by subsidiaries and associated companies. However, it has not been deemed necessary to prohibit investments in intra-group assets and, thus, subsidiaries are also allowed to invest in the parent company's debt instruments and sell assets to each other at market prices, especially when this is justified by business opportunities. Thus, during possible market stresses these options are available to a certain extent as well. Moreover, in Mandatum Life there may be investments in Sampo plc's debt instruments related to unit-linked policies.

When Sampo Group is organizing its business activities, clear responsibilities and simple and flat operational structures are the profound principles. The responsibilities and operational structures are described in the following paragraphs as illustrated in the following figure.

Sampo Group's Steering Structure



Parent Company's Guidance

The Group's parent company Sampo plc steers the subsidiaries by setting targets for their capitalization and return on equity (RoE) and by defining main preconditions for the subsidiaries' operations in the form of the group wide principles.

Target Setting: The Board of Directors of the parent company decides on the subsidiaries' return on equity targets which are currently 17.5 per cent for both If P&C and Mandatum Life. In addition, If P&C has a long-term target of maintaining the combined ratio below 95 per cent.

Capitalization: The basis for capitalization is the internally estimated amount of economic capital which reflects the capital employed in the company's measurable risks. In addition, the perceived riskiness of the company's business environment is taken into account in assessing capitalization. Capitalization is also affected by rating targets of which If P&C's single A rating by Standard & Poor's (S&P) is the most important one.

These aspects, together with the regulatory capital requirement, are the main aspects when parent company is assessing the adequate level of capitalization for each subsidiary and the amount of dividends distributed by the subsidiaries to the parent company. In Sampo Group the excess capital from an operational point of view is held by the parent company Sampo plc which capitalizes the subsidiaries if needed.

The Board of Directors of the parent company decides on the main guidelines governing the subsidiaries' business activities and risk management. Of these guidelines the most significant are Code of Conduct, Risk Management Principles, Remuneration Principles and Compliance Principles. In addition to these guidelines, for example Disclosure Policy is followed in order to prevent reputational and compliance risks.

Moreover, the external regulatory environment and expectations of different stakeholders on Sampo Group's operations impact Sampo plc's Board of Directors' decisions in general and thereby also the guidance given by the parent company. Further information on Sampo Group's stakeholders is available at Code of Conduct at www.sampo.com/steeringsystem.

Subsidiaries' Activities and Risk Management

Subsidiaries can organize their activities independently taking into account the specific characteristics of their operations and the guidance from parent company relating to targets, capitalization and the group wide principles. The stakeholders' expectations and external regulations affect the subsidiaries' activities directly as well.

Sampo Group's subsidiaries decide independently on the governance structure of their operations. The executive management of the subsidiaries have extensive experience in the insurance industry as well as in financial and risk management. The members of different committees and governing bodies represent expertise related to business and other functions. The subsidiaries' operations are monitored by the different governing bodies and ultimately by the Boards of Directors whose members are mainly in senior management positions in Sampo plc.

Since only the main guidelines are prepared by the parent company, the subsidiaries' managements have the power and responsibility to incorporate the specific characteristics of their own operations to the company specific policies, limits, authorizations and guidelines.

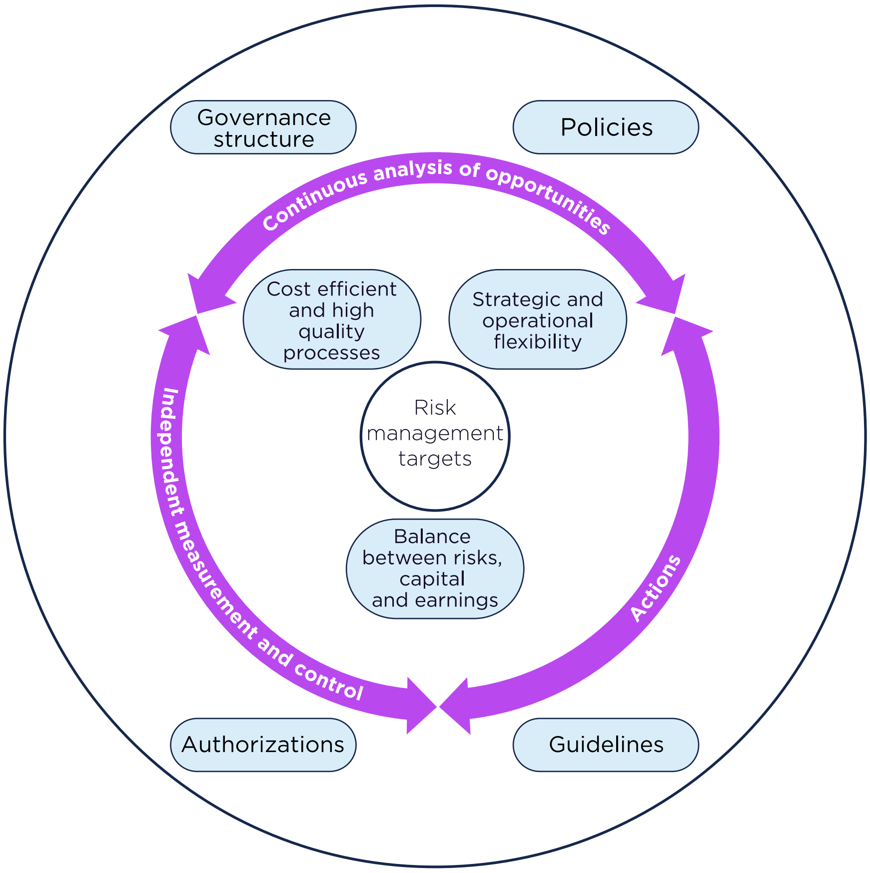
At operative level, the subsidiaries are focusing on effective execution of insurance operations and financial and risk management activities. Investments are managed according to the Investment Policies which are approved by the Board of Directors of the respective subsidiaries. Parent company led, day-to-day management of investments facilitates simultaneously effective execution of subsidiaries' investment policies and group wide oversight of investment portfolios.

The risk management process consists of continuous activities that are partly a responsibility of the personnel involved in business activities and partly a responsibility of independent risk management specialists. Although the responsibilities of business lines and independent risk management are clearly segregated, these functions are in a continuous dialogue.

Parties independent of business activities are responsible for the risk management governance framework, risk policies, risk limits and authorizations which form the structure that sets the limits for business and investment units' risk taking and principles for risk monitoring. These structures are one prerequisite for the risk management process and they reflect capital adequacy targets and risk appetite in general.

The figure Company Level Risk Management System illustrates the (i) prerequisites, (ii) tasks and (iii) targets of company level risk management.

Company Level Risk Management System



The central **prerequisites** for facilitating successful risk management include the following:

- Risk management governance structure and authorizations (see Risk Governance section) and clear division of responsibilities between business lines and independent functions
- Companies' own risk policies and more detailed instructions related to risk management
- Prudent valuation, risk measurement and reporting procedures

The **tasks** included in the risk management process can be classified as follows:

Independent measurement and control

Financial and risk management functions are explicitly responsible for preparing the above prerequisites of risk management. Operationally they are responsible for independent measurement and control, including monitoring of operations in general as well as profitability, risk and capitalization calculations. The following items are examples of these responsibilities:

- Detailed reporting on risks to subsidiaries' and Sampo plc's Risk Committees and the Boards of Directors
- Internal reporting on Economic Capital and Adjusted Solvency Capital at least on a quarterly basis
- Internal reporting on regulatory and rating agency capital charges and capital positions on a quarterly basis
- Disclosure of internal and regulatory capitalization figures quarterly

Continuous analysis of opportunities and risks

Both the business lines and the financial and risk management functions are active in supporting the business with continuous analysis and assessment of opportunities. This can be seen as a separate phase in the risk management process as the insurance and investment business units on a daily basis assess different business opportunities and especially their risk return ratios. In financial and risk management functions, on the other hand, considerable amount of time is spent on risk assessment and capital planning. This assessment of opportunities generates for example the following outputs:

- Identification of business opportunities (e.g. product and service development and investment opportunities) and analysis of respective earnings potential and capital consumption
- Intra-group and external dividend plans
- Hybrid and senior debt issuance initiatives

Actions

Actions, i.e. transactions representing the actual insurance and investment operations are performed in accordance with the given authorizations, risk policies and other instructions. These actions are the responsibility of business and centralized functions such as the investment unit. Activities related to capitalization and liquidity positions are included in this part of the process. In Sampo Group, proactive actions to manage profitability, risks and capital are seen as the most important phase of the risk and capital management process. Hence, risk policies, limits and decision making authorizations are set up in a way that they, together with profitability targets, facilitate business and investment units to take carefully considered risks. These actions can be seen for example as the following outputs:

- Pricing of insurance policies and execution of investment asset transactions
- Dividend payments, share buy-backs, hybrid issuances and senior debt issuances
- Derivative and reinsurance transactions
- Business acquisitions and divestments

High quality execution of the tasks above contributes to the achievement of the three central **targets** of the risk management process:

Balance between risks, capital and earnings

- The risks affecting profitability as well as other material risks are identified, assessed and analyzed.
- Capitalization is adequate in terms of risks inherent in business activities and strategic risks, taking into account the expected profitability of the businesses. Risk bearing capacity is allocated to different business areas in accordance with the strategy.
- Underwriting risks are priced reflecting their inherent risk levels, expected returns of investment activities are in balance with their risks, and consequential risks are mitigated sufficiently.

Cost efficient and high quality processes

- Client service processes and internal operative processes are cost efficient and of high quality.
- Decision making is based on accurate, adequate and timely information.
- Continuity of operations is ensured and in case of discontinuity events recovery is fast and comprehensive.

Strategic and operational flexibility

- External risk drivers and potential strategic risks are identified and the company is in a good position, in terms of capital structure and management skills, to react to changes in business environment.
- Corporate structure, knowledge and processes in companies facilitate effective implementation of changes.

When the above targets are met, risk management is contributing positively on return on equity and mitigating the yearly fluctuations in profitability. The risk management process is therefore considered to be one of the contributors in creating value for the shareholders of Sampo plc.

Parent Company's Oversight and Activities

Sampo plc reviews the Group as a business portfolio and is active especially in matters related to the Group's capitalization and risks as well as related to the parent company's capital structure and liquidity.

Parent company Sampo plc reviews the performance of Sampo Group both on company level and on group level based on the reporting provided by the subsidiaries and the associated company Nordea Bank AB. The information on Nordea Bank AB is, however, based on publicly available material and is therefore less detailed. Reporting on the subsidiaries' performance to the Board of Directors and Audit Committee of Sampo plc is based mainly on the reporting produced by the subsidiaries. The reporting concentrates particularly on the balance between risks, capitalization and profitability. The parent company Sampo plc is responsible for reporting on its own activities.

At group level the central focus areas are potential concentrations arising from the Group companies' operations as well as the Group's capitalization and liquidity position. The parent company is also projecting and analyzing the Group companies' profitability, risks and capitalization with uniform scenarios to have company specific forecasts that are additive at group level.

Based on both company and group level information, the Board of Directors of Sampo plc decides on the Group's capitalization as well as sets the guidelines on the parent company's debt structure and liquidity reserve. The underlying objective for Sampo plc is to maintain a prudent debt structure and strong liquidity in order to be able to arrange financing for strategic projects if needed. Strong liquidity and the ability to acquire financing are essential factors in maintaining Sampo Group's strategic flexibility.

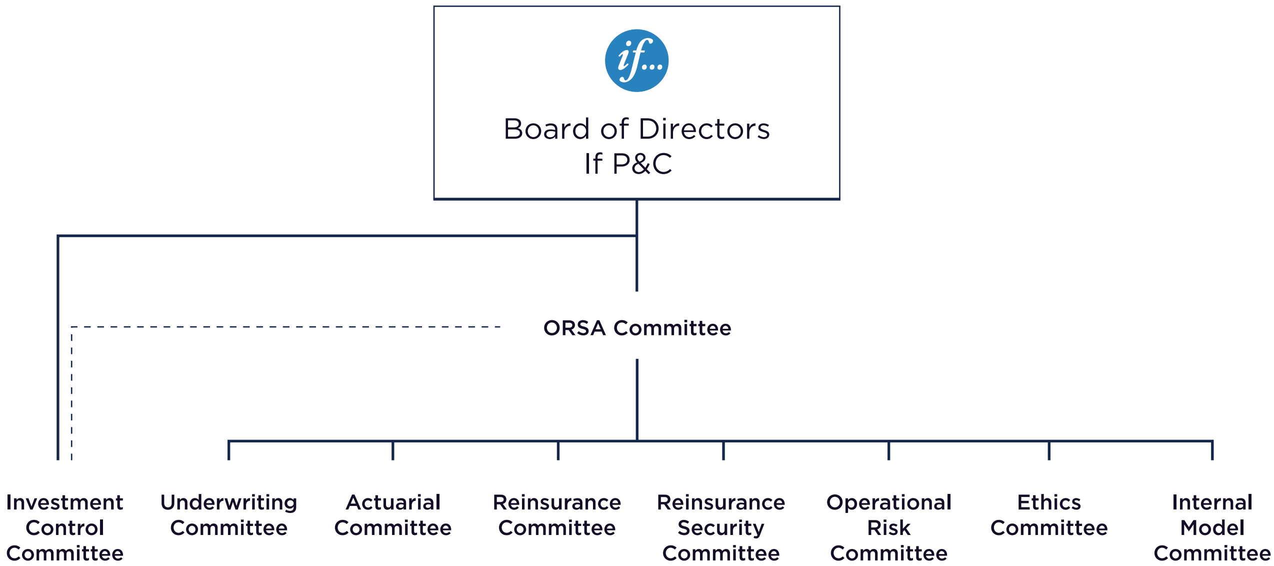
Risk Governance

This section describes Sampo Group's and its subsidiaries' governance framework from a risk management perspective. A more detailed description of Sampo Group's corporate governance and internal control system is included in the Corporate Governance section.

Risk Governance in If P&C

The main risk steering mechanism used by the Boards of Directors is the policy framework. As part of their responsibilities the Boards of Directors approve the Risk Management Policy and the other risk steering documents, receive risk reports and ensure that the management and follow-up of risks are satisfactory. The reporting lines of different governing bodies in If P&C are described in the figure Risk Governance in If P&C.

Risk Governance in If P&C



The Own Risk and Solvency Assessment Committee (ORSAC) assists the Chief Executive Officers (CEOs) of If P&C in fulfilling their responsibilities pertaining to the risk management process. The ORSAC reviews, discusses and gives input to reporting from If's other committees within the Risk Management System, as well as from functions, experts and the line organization. Furthermore, the ORSAC also monitors that If P&C's short-term and long-term aggregated risk profile is aligned with its risk strategy and capital adequacy requirements. The Risk Control and Reporting unit within the Risk Management department is, on behalf of the Chief Risk Officer (CRO), responsible for coordinating and analyzing the information reported to the ORSAC.

The responsibility to identify, evaluate, control and manage risks lies within the line organization. There are separate committees in place for key risk areas and they have the responsibility to monitor that risks are managed and controlled as decided by the Boards of Directors. The risk committees in If P&C do not have a decision mandate. The duties of these Committees are described later in the respective chapters discussing each relevant risk.

Policies are in place for each risk area specifying restrictions and limits chosen to reflect and secure that the risk level at all times complies with the overall risk appetite and capital adequacy constraints of If P&C. The committees shall also monitor the effectiveness of policies and give input to changes and updates if needed.

In addition to the risk specific committees, there are two other committees included in the Risk Governance structure. Their responsibilities are described as follows:

- The Ethics Committee (EC) discusses and coordinates ethics issues in If P&C. The committee gives recommendations on ethical issues and proposes changes to the Ethics Policy. The Chairman is responsible for the reporting on ethics risk and other issues dealt with by the committee.

- The Internal Model Committee is an advisory and preparatory body to the Boards of Directors and the CEOs. In accordance with the committee instruction its tasks are to identify sources for potential model changes and to give its opinion to the Chairman on the assessment and classification of potential changes and on further validation activities or internal model development. In addition to the tasks above, the committee discusses and analyzes information related to the internal model from other committees as well as monitors the status of internal model use and development activities.

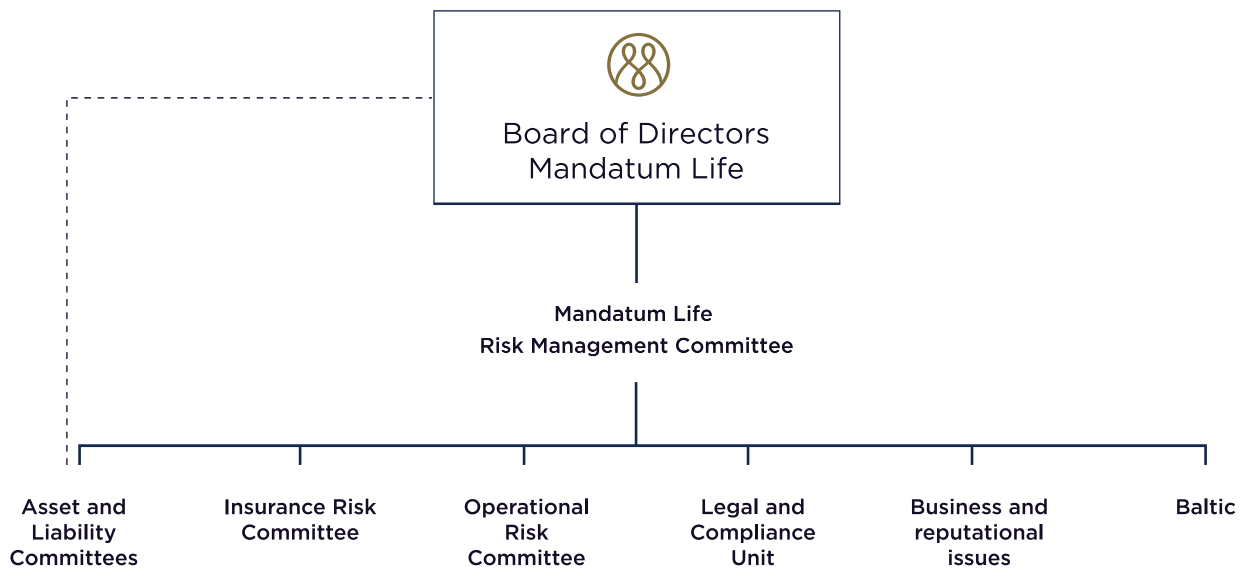
Risk Governance in Mandatum Life

In Mandatum Life the Board of Directors is responsible for risk management and adequacy of internal control. The Board annually approves the Risk Management Plan, Investment Policy and other risk management and internal control instructions.

The Managing Director of Mandatum Life has the overall responsibility for the risk management according to Board of Directors' instructions. Managing director is the Chairman of the Risk Management Committee (RMC) that coordinates and monitors all risks in Mandatum Life. Risks are divided into main groups which are insurance, market, operational, legal and compliance risks as well as business and reputation risks. Each risk area has its own specialized committee or unit and a responsible person in the RMC.

The reporting lines of the main governing bodies in Mandatum Life are described in the figure Risk Governance in Mandatum Life. The duties of Asset & Liability, Insurance Risk and Operational Risk Committees are described later in the context of each relevant risk.

Risk Governance in Mandatum Life



In addition to the risk specific committees, the duties related to compliance and risk management of the Baltic subsidiary have been organized as follows:

- The Legal and Compliance Unit is taking care of compliance matters and Head of the Unit is a member of the Risk Management Committee.

- The Baltic subsidiary has its own risk management procedures. All major incidents are also reported to Mandatum Life's Risk Management Committee. The Chairman of the Baltic Subsidiary is a member of the Risk Management Committee.

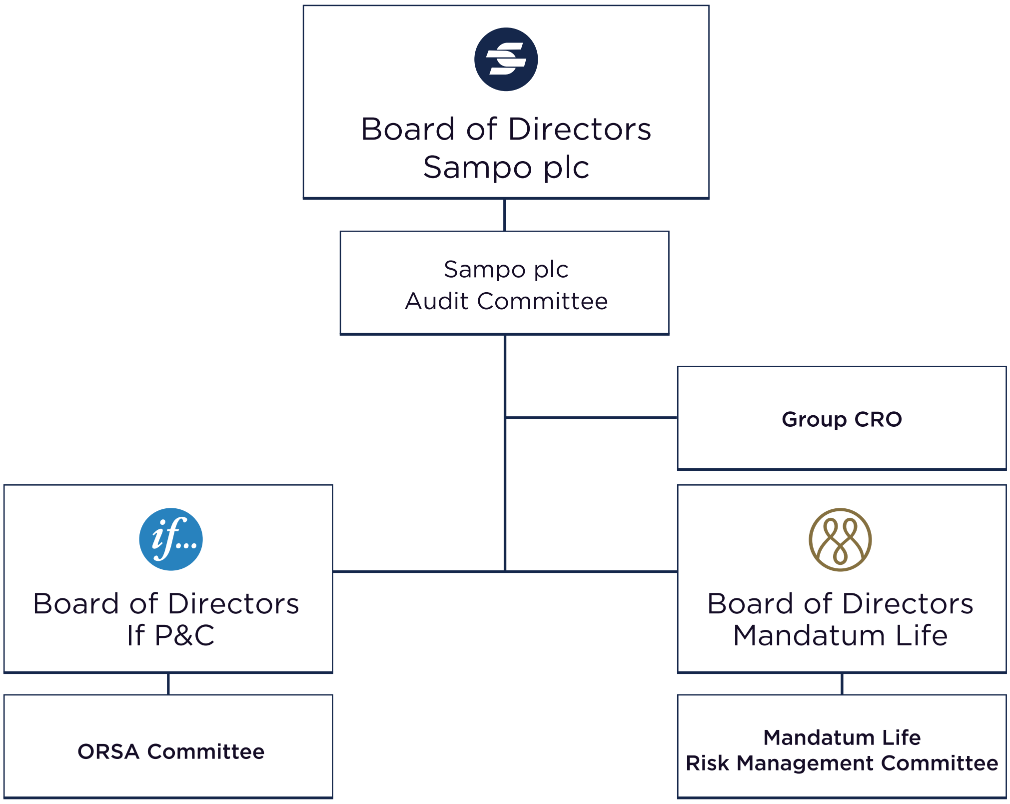
Internal Audit with its audit recommendations has a role to ensure that adequate internal controls are in place and provides Internal Audit's annual review to the Board of Directors.

Risk Governance at Group Level

The Board of Directors of Sampo plc is responsible for ensuring that the Group's risks are properly managed and controlled. The Board of Directors of the parent company defines financial and capitalization targets for the subsidiaries and approves group level principles steering the subsidiaries' activities as described in section Sampo Group Steering Principles and Risk Management Process. The risk exposures and capitalization reports of the subsidiaries are consolidated at group level on a quarterly basis and reported to the Board and to the Audit Committee of Sampo plc.

The reporting lines of different governing bodies at Sampo Group level are described in the figure Risk Governance in Sampo Group.

Risk Governance in Sampo Group



The Audit Committee (AC) is responsible, on behalf of the Board of Directors, for the preparation of Sampo Group's risk management principles and other related guidelines. The AC shall ensure that the operations are in compliance with these, control Sampo Group's risks and risk concentrations as well as control the quality and scope of risk management in the Group companies. The committee shall also monitor the implementation of risk policies, capitalization and the development of risks and profit. At least three members of the AC must be elected from those members of the Board, who do not hold management positions in Sampo Group and are independent of the company. The AC meets on a quarterly basis.

The Group Chief Risk Officer (CRO) is responsible for the appropriateness of risk management on Sampo Group level. The CRO's responsibility is to monitor Sampo Group's aggregated risk exposure as a whole and coordinate and monitor company specific and group level risk management.

The Boards of Directors of If P&C and Mandatum Life are the ultimate decision making bodies of the respective companies and have the overall responsibility for the risk management process in If P&C and Mandatum Life respectively. The Boards of Directors appoint the If P&C ORSA Committee and the Mandatum Life Risk Management Committee and are responsible for identifying needs to change the policies, principles and instructions related to risk management.

Underwriting Risks

The book value (technical provisions) and economic value of insurance liabilities are dependent on (i) the size and timing of future claims payments including expenses and (ii) the interest rates used to discount these claims payments to current date. In this section the focus is mainly on the first component and hence on the underwriting risk. Discount rate risk and its effect on technical provisions are also described in this section. The interest rate risk affecting the economic value of liabilities is covered later in ALM risk section.

Underwriting risk can be defined in general as a change in value caused by ultimate costs for full contractual obligations varying from those assumed when these obligations were estimated. Hence, underwriting risk realizes as a loss or adverse change in the value of insurance liabilities due to pricing and provisioning assumptions on claims payments being different than the actual ones.

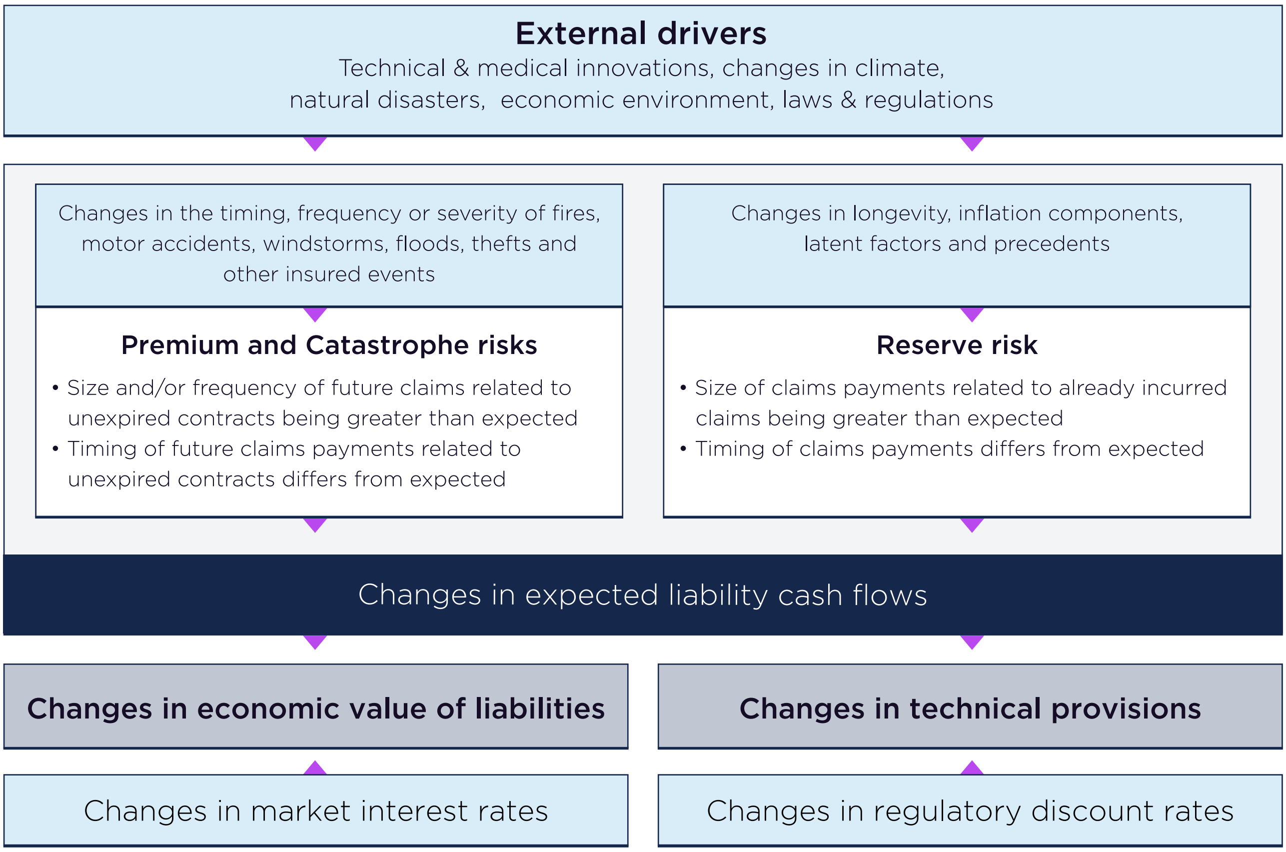
With respect to the underwriting businesses carried out in the subsidiary companies, it has been established that If P&C and Mandatum Life are operating mostly in different lines of business and hence their underwriting risks are different by nature. The most material common risk factor is life expectancy in Finland that is affecting both companies' technical provisions.

Hence, there are no material underwriting risk concentrations under normal course of business and, consequently, business lines as such are contributing diversification benefits rather than concentration of risks. This is why Underwriting risks can be described only at Company level.

Non-life Insurance Underwriting Risks

Underwriting risk is the risk of loss, or of adverse changes in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. Non-life insurance underwriting risks are often divided into premium and catastrophe risks and reserve risk in order to separate the risks related to future claims of current insurance contracts and already incurred claims.

Non-life Insurance Underwriting Risks



Premium Risk and Catastrophe Risk

Premium risk relates to future claims resulting from expected insured events which have not occurred by the balance sheet date. The frequency, severity and timing of insured events and hence future claims may differ from those expected. As a result the claims cost for future claims exceeds the expected level and there is a loss or adverse changes in the value of insurance liabilities.

Catastrophe risk can be seen as an extreme case of Premium risk. It is the risk of low frequency, high severity extreme or exceptional events, such as natural catastrophes whose pricing and setting of provisioning assumptions include significant uncertainty. These events may lead to significant deviations in actual claims from the total expected claims resulting into a loss or adverse changes in the value of insurance liabilities.

Premium Risk and Catastrophe Risk Management and Control

The Underwriting Committee (UWC) shall give its opinion on and propose actions in respect of various issues related to underwriting risk. The committee shall also consider and propose changes to the Underwriting Policy (UW Policy) that is the principal document for underwriting, and sets general principles, restrictions and directions for the underwriting activities. The Board of Directors of If P&C approves the UW Policy at least once a year. The Chairman of UWC is responsible for the reporting of policy deviations and other issues dealt with by the committee.

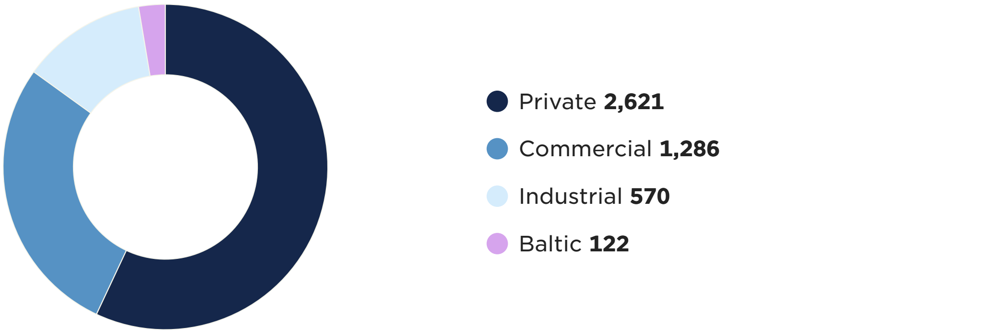
The UW Policy is supplemented with guidelines outlining in greater detail how to conduct underwriting within each business area. These guidelines cover areas such as tariff and rating models for pricing, guidelines in respect of standard conditions and manuscript wordings, as well as authorities and limits. In accordance with the Instructions for the Underwriting Committee, the Committee is responsible for monitoring compliance with the established underwriting principles.

The business areas manage the underwriting risk on a day-to-day basis. A crucial factor affecting the profitability and risk of non-life insurance operations is the ability to accurately estimate future claims and expenses and thereby correctly price insurance contracts. The premiums within the Private business area and the premiums for smaller risks within the Commercial business area are set through tariffs. The underwriting of risks in the Industrial business area and of more complex risks within Commercial is based to a greater extent on principles and individual underwriting than on strict tariffs. In general, pricing is based on statistical analyses of historical claims data and assessments of the future development of claims frequency and claims inflation.

The insurance portfolio is well diversified, given the fact that If P&C has a large customer base and the business is underwritten in different geographical areas and across several lines of business. The degree of diversification is shown in the figure Breakdown of Gross Written Premiums by Business Area, Country and Line of Business, If P&C, 2014.

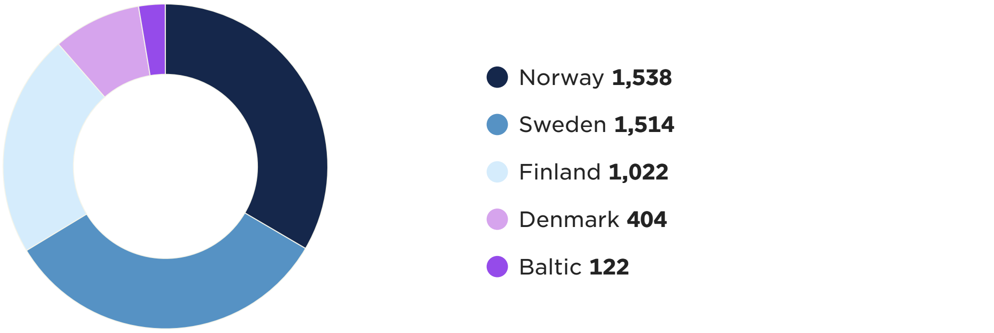
Breakdown of Gross Written Premiums by Business Area

If P&C, 2014, total EURm 4,634



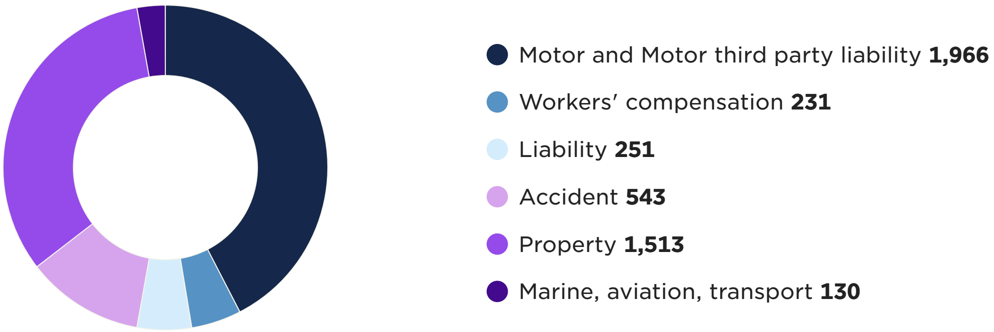
Breakdown of Gross Written Premiums by Country

If P&C, 2014, total EURm 4,634



Breakdown of Gross Written Premiums by Line of Business

If P&C, 2014, total EURm 4,634



The item Other (including group eliminations) is not shown in the breakdowns above but it is included in total gross written premiums. There are minor differences between the figures reported by Sampo Group and If P&C due to differences in foreign exchange rates used in consolidation.

Despite the diversified portfolio, risk concentrations and thereby severe claims may arise through, for example, exposures to natural catastrophes such as storms and floods. The geographical areas most exposed to such events are Denmark, Norway and Sweden. In addition, single large claims could have an impact on the insurance operations' result. The economic impact of natural disasters and single large claims is managed using reinsurance and through diversification.

If P&C's Reinsurance Policy stipulates guidelines for the purchase of reinsurance. The need and optimal choice of reinsurance is analyzed based on statistical models for single large claims, while If P&C cooperates with external advisors for the evaluation of the exposure to natural catastrophes and the probability of occurrence of catastrophe losses. The analysis relies on If P&C's Internal Model, including catastrophe models in which catastrophes are simulated based on historical meteorological data, supplemented by statistical models as well as internal and external expert opinions. Different reinsurance structures are evaluated by looking at the expected costs versus the benefits of reinsurance, their impact on result volatility and decreased capital requirement.

A group wide reinsurance program has been in place in If P&C since 2003. In 2014, retention levels were between SEK 100 million (approximately EUR 10.6 million) and SEK 250 million (approximately EUR 26.6 million) per risk and SEK 250 million (approximately EUR 26.6 million) per event.

Sensitivity of underwriting result and hence underwriting risk is presented by changes in certain key figures in the table Sensitivity Test of Underwriting Result, If P&C, 31 December 2014 and 31 December 2013.

Sensitivity Test of Underwriting Result

If P&C, 31 December 2014 and 31 December 2013

			Effect on pretax profit, EURm	
Key figure	**Current level (2014)**	**Change in current level**	**2014**	**2013**
Combined ratio, business area Private	87.4%	+/- 1 percentage point	+/- 26	+/- 26
Combined ratio, business area Commercial	88.6%	+/- 1 percentage point	+/- 13	+/- 13
Combined ratio, business area Industrial	89.0%	+/- 1 percentage point	+/- 5	+/- 5
Combined ratio, business area Baltics	86.8%	+/- 1 percentage point	+/- 1	+/- 1
Net premiums earned	4,457	+/- 1 per cent	+/- 45	+/- 45
Net claims incurred	3,162	+/- 1 per cent	+/- 29	+/- 32
Ceded written premiums	170	+/- 10 per cent	+/- 17	+/- 21

Reserve Risk

Reserve risk relates to incurred claims, resulting from insured events which have occurred at or prior to the balance sheet date. The final amount, frequency and timing of claims payments may differ from those originally expected. As a result technical provisions are not sufficient to cover the cost for already incurred claims and there is a loss or adverse changes in the value of insurance liabilities.

In financial accounting the technical provisions includes, in addition to the above described provisions for claims outstanding, the provisions for unearned premiums. The technical provisions for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force.

Reserve risk includes revision risk, which is defined as the risk of loss, or of adverse change in the value of insurance and reinsurance liabilities, resulting from fluctuations in the level, trend, or volatility of revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

Technical provisions and economic value of insurance liabilities always include a degree of uncertainty as they are based on estimates of the size, timing and the frequency of future claim payments. The uncertainty is normally greater for new portfolios for which complete run-off statistics are not yet available, and for portfolios including claims that take a long time to settle. Workers' Compensation (WC), Motor Third Party Liability (MTPL), Personal Accident and Liability insurance, are products with the latter characteristics.

Reserve Risk Management and Control

The Board of Directors of If P&C decides on the guidelines governing the calculation of technical provisions. If P&C's Chief Actuary is responsible for developing and presenting guidelines on how the technical provisions are to be calculated and for assessing whether the level of the total provisions is sufficient. At group level the Chief Actuary issues a quarterly report on the adequacy of technical provisions, which is submitted to the Boards of Directors, CEO, CFO and the ORSAC of If P&C.

The Actuarial Committee (AC) is a preparatory and advisory body for If P&C's Chief Actuary. The committee shall secure a comprehensive view over reserve risk, discuss and give recommendations on policies and guidelines for calculation of technical provisions, as well as consider and propose changes to the Risk Data Policy.

The actuaries continuously monitor the level of provisions to ensure that they comply with established guidelines. The actuaries also develop methods and systems to support these processes.

The actuarial estimates are based on existing exposures and historical claims data that are available at the balance sheet date. Factors that are monitored include loss development trends, the level of unpaid claims, changes in legislation, case law and economic conditions. When setting provisions, the Chain Ladder and Bornhuetter-Fergusson methods are generally used, combined with projections of the number of claims and the average claim costs.

The anticipated inflation trend is taken into account when calculating all provisions and is of the utmost importance for claims settled over a long period of time, such as Motor Third Party Liability (MTPL) and Workers' Compensation (WC). The anticipated inflation is based on external assessments of the inflation trend in various areas, such as the consumer price index and payroll index, combined with If P&C's own estimation of costs for various types of claims. For lines of business such as MTPL and WC, legislation differs significantly between countries. Some of the Finnish, Swedish and Danish technical provisions for these lines include annuities that are sensitive to changes in mortality assumptions and discount rates. The proportion of technical provisions that are related to MTPL and WC was 68 per cent.

Technical provisions and the economic durations broken down by line of business and major geographical area is shown in the table Technical Provisions by Line of Business and Major Geographical Area, If P&C, 31 December 2014.

Technical Provisions by Line of Business and Major Geographical Area

If P&C, 31 December 2014

	Sweden		Norway		Finland		Denmark		Total	
Total	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**
Motor other and MTPL	2,514	7.3	656	1.9	940	10.9	143	1.5	4,253	7.1
Workers' compensation	0	-	328	5.2	1,135	11.5	251	6.8	1,715	9.8
Liability	282	2.8	152	2.8	128	2.8	63	2.0	625	2.7
Accident	264	4.6	338	2.4	163	3.9	82	1.2	847	3.3
Property	426	1.1	498	0.9	204	1.0	103	0.7	1,231	1.0
Marine, aviation, transport	26	1.2	46	0.7	8	0.7	15	0.8	95	0.8
Total	**3,513**	**5.8**	**2,018**	**2.3**	**2,579**	**9.5**	**657**	**3.4**	**8,767**	**5.9**

The sensitivity of If P&C's technical provisions to an increase in inflation, an increase in life expectancy and a decrease in the discount rate is presented in the table Sensitivities of Technical Provisions, If P&C, 2014.

Sensitivities of Technical Provisions

If P&C, 2014

Technical provision item	Risk factor	Change in risk parameter	Country	Effect EURm
Nominal provisions	Inflation increase	Increase by 1%-point	Sweden	194.5
			Denmark	9.5
			Norway	51.6
			Finland	31.3
Annuities and estimated share of claims provisions to future annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	31.5
			Denmark	1.7
			Finland	53.7
Discounted provisions (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1%-point	Sweden	63.8
			Denmark	11.4
			Finland	248.3

From 2014 onwards the estimated share of claims provision to future annuities are included in the life expectancy increase sensitivity.

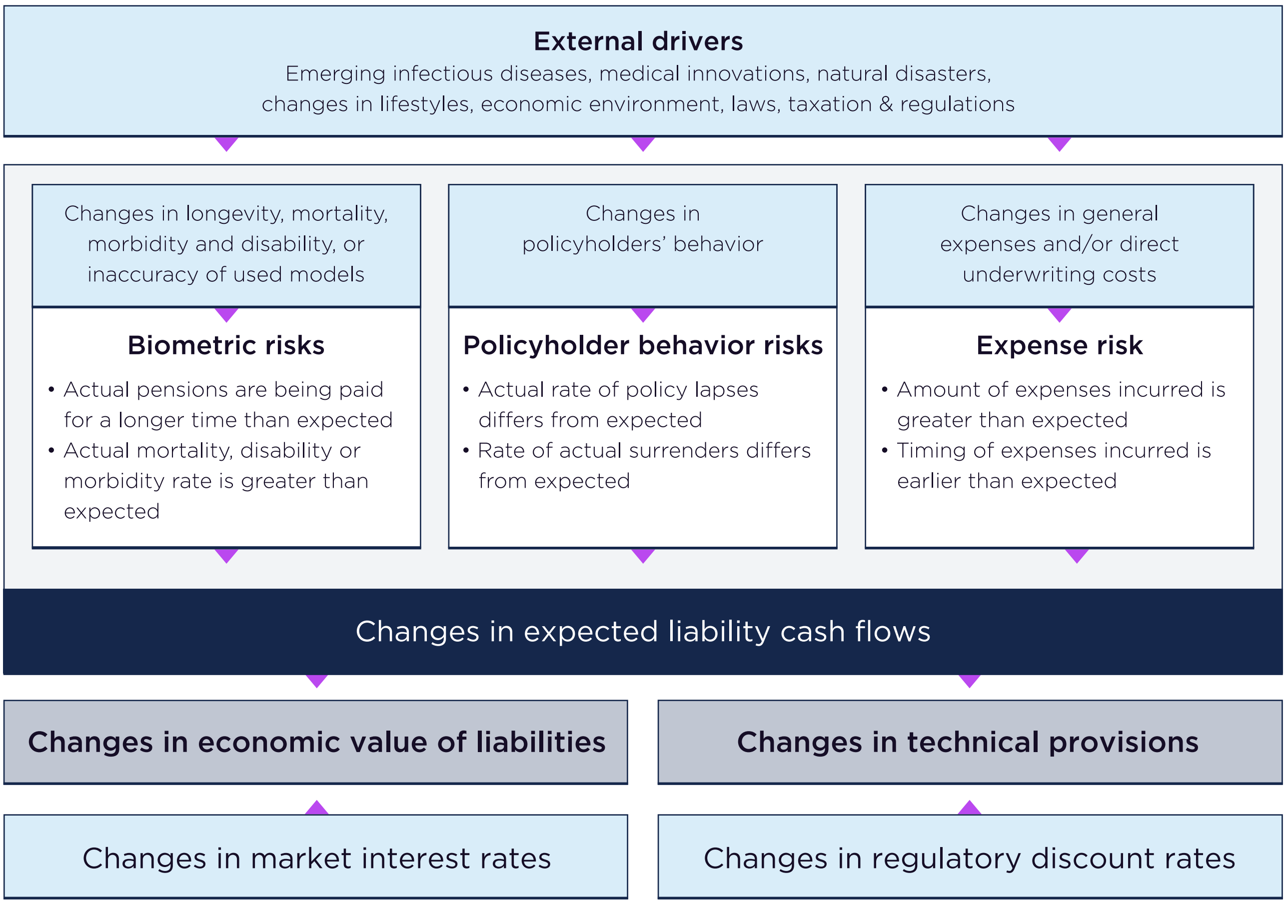
If P&C's technical provisions are further analyzed by claims years. The outputs of this analysis are illustrated both before and after reinsurance in the claims cost trend tables. These are disclosed in the Note 27 to the Financial Statements.

Life Insurance Underwriting Risks

Life insurance risks encompass underwriting risk and discount rate risk in technical provisions. Underwriting risk includes biometric, policyholder behavior and expense risks.

On the 30th of December, 2014 Mandatum Life received from Suomi Mutual its with-profit group pension portfolio. Portfolio comprises approximately 2,300 policies and 34,000 members. Amount of transferred assets and liabilities were EUR 1,337 million. Technical provisions include longevity reserve (EUR 87 million) and expense reserve (EUR 22 million). Due to the special features of the received portfolio, the remaining technical provisions (EUR 1,228 million) and related assets have been segregated (segregated group pension portfolio or segregated assets) from the rest of Mandatum Life's balance sheet. Unless otherwise stated the technical provision information and insurance risk descriptions at the end of 2014 include the segregated group pension portfolio. The segregated group pension portfolio did not have an effect on the 2014 risk result.

Life Insurance Underwriting Risks



Biometric Risks

Biometric risks refer to the risk that the company has to pay more mortality, disability or morbidity benefits than expected, or the company has to keep paying pension payments to the pension policy holders for a longer time (longevity risk) than expected when pricing the policies.

In life insurance catastrophe events include – as in non-life insurance – rare single events or series of events, usually over short period of time and, albeit even less frequently, longer lasting events. When a low frequency, high severity event or series of single events leads to a significant deviation in actual benefits and payments from the total expected payments, catastrophe, i.e. an extreme case of biometric risk, risk has realized.

Long duration of policies and restriction of Mandatum Life's right to increase tariffs increases biometric risks. If the premiums turn out to be inadequate and cannot be increased, technical provisions have to be supplemented with an amount corresponding to the increase in expected losses.

The table Claim Ratios After Reinsurance, Mandatum Life, 2014 and 2013 shows the insurance risk result in Mandatum Life's Finnish life insurance policies. The ratio of the actual claims costs to the assumed was 79 per cent in 2014 (79 per cent in 2013). Sensitivity of the insurance risk result can also be assessed on the basis of the information in the table. For instance the increase of mortality by 100 per cent would increase the amount of benefit payments from EUR 16.5 million to EUR 33 million.

Claim Ratios After Reinsurance

Mandatum Life, 2014 and 2013

	2014			2013		
EURm	**Risk income**	**Claim expense**	**Claim ratio**	**Risk income**	**Claim expense**	**Claim ratio**
Life insurance	**45.3**	**27.5**	**61%**	**47.4**	**27.1**	**57%**
Mortality	27.2	16.5	61%	29.8	16.1	54%
Morbidity and disability	18.1	11.0	61%	17.6	11.0	62%
Pension	**63.1**	**58.5**	**93%**	**57.5**	**55.5**	**97%**
Individual pension	9.6	10.2	107%	9.1	9.8	108%
Group pension	53.5	48.3	90%	48.4	45.7	94%
Mortality (longevity)	49.4	45.6	92%	43.9	43.3	99%
Disability	4.1	2.7	66%	4.5	2.4	52%
Mandatum Life	**108.4**	**86.0**	**79%**	**104.8**	**82.6**	**79%**

Longevity risk is the most critical biometric risk in Mandatum Life. Most of the longevity risk arises from the with profit group pension portfolio. With profit group pension policies have mostly been closed for new members for years and due to this the average age of members is relatively high, i.e. for the segregated group pension portfolio around 67 years and for the other group pension portfolios around 69 years. In the unit-linked group pension and individual pension portfolio the longevity risk is less significant because most of these policies are fixed term annuities including death cover compensating the longevity risk.

The annual longevity risk result and longevity trend is analyzed regularly. For the segregated group pension portfolio the assumed life expectancy related to the technical provisions was revised in 2014 and for the other group pension portfolios in 2002 and 2007. In total these changes increased the 2014 technical provision by EUR 108 million (EUR 23 million in 2013) including EUR 87 million longevity reserve for segregated group pension portfolio. The cumulative longevity risk result has been positive since these revisions. The longevity risk result of group pension for the year 2014 was EUR 3.8 million (EUR 0.6 million in 2013). The segregated group pension portfolio did not yet have an effect on the 2014 risk result.

Mortality risk result in life insurance is positive. A possible pandemic is seen as the most significant risk that could adversely affect the mortality risk result.

The insurance risk result of other biometric risks has been profitable in total, although the different risk results differ considerably. In a longer term, disability and morbidity risks are mitigated by the company's right to raise insurance premiums for existing policies in case the claims experience deteriorates.

The insurance portfolio of Mandatum Life is relatively well diversified and does not include major concentration risks. To further mitigate the effects of possible risk concentrations, Mandatum Life has the catastrophe reinsurance in place.

Policyholder Behavior and Expense Risks

Policyholder behaviour risks arise from the uncertainty related to behaviour of the policyholders. The policyholders have the right to cease paying premiums (lapse risk) and may have a possibility to interrupt their policies (surrender risk).

Behaviour of Policyholders is a major risk as well and ability to keep lapse and surrender rates in a low level is a crucial success factor especially for the expense result of unit-linked business.

From ALM point of view surrender and lapse risks are less significant because in Mandatum Life, around 90 per cent of with profit technical provisions consist of pension policies in which surrender is possible only in exceptional cases. For ALM risk, surrender risk is therefore only relevant in individual life and capital redemption policies of which the related technical provisions amounts to only 4 per cent (EUR 222 million) of the total with profit technical provisions. Furthermore, the supplements to technical provisions are not paid out at surrender which also reduces the surrender risk related to the with profit policies. Surrender and lapse risks are taken into account when the company is analyzing its ALM risk.

The company is also exposed to expense risk, which arises from the fact that the timing and/or the amount of expenses incurred differs from those expected at the timing of pricing. As a result expense charges originally assumed may not be enough to cover the realized expenses.

Policy terms and tariffs cannot usually be changed materially during the lifetime of the insurance, which increases the expense risk. The main challenge is to keep the expenses related to insurance administrative processes and complex IT infrastructure at a competitive level. In year 2014, expense result was EUR 19 million (EUR 14 million in 2013). Mandatum Life does not defer insurance acquisition costs.

Discount Rate Risk in Technical Provisions

Discount rate risk in technical provisions is the main risk affecting the adequacy of technical provisions. The guaranteed interest rate in policies is fixed for the whole policy period. Thus, if market interest rates and expected investment returns fall, technical provisions may have to be supplemented.

The guaranteed interest for the segregated group pension policies is mainly 3.5 per cent. The technical provision corresponding this portfolio has been supplemented with a discount rate reserve of EUR 241 million, resulting in a discount rate of 1.0 per cent for the technical provision. Reserve for future bonuses has important role in risk management of segregated group pension portfolio. The reserve amounts to EUR 181 million and approximately EUR 150 million of it can be used to cover possible investment losses or to finance possible changes in discount rate of segregated technical provisions.

In most of the other with profit policies, the guaranteed interest rate is 3.5 per cent. In individual policies sold in Finland before 1999, the guaranteed interest rate is 4.5 per cent, which is also the statutory maximum discount rate of these policies. With respect to these policies, the maximum discount rate used when discounting technical provisions has been decreased to 3.5 per cent. As a result, technical provisions have been supplemented with EUR 69 million in 2014 (EUR 75 million in 2013). In addition, EUR 50 million has been reserved to lower the interest rate of with profit liabilities to 2.0 per cent in 2015 and EUR 17 million for the year 2016 to lower the interest rate of with profit liabilities to 3.0 per cent, i.e. Mandatum Life has set up an extra reserve of EUR 135 million as part of technical provisions.

The provisions related to each product type and guaranteed interest rates are shown in the table Analysis of the Change in Provisions before Reinsurance, Mandatum Life, 2014. The table also shows the change in each category during 2014.

Analysis of the Change in Provisions before Reinsurance

Mandatum Life, 2014

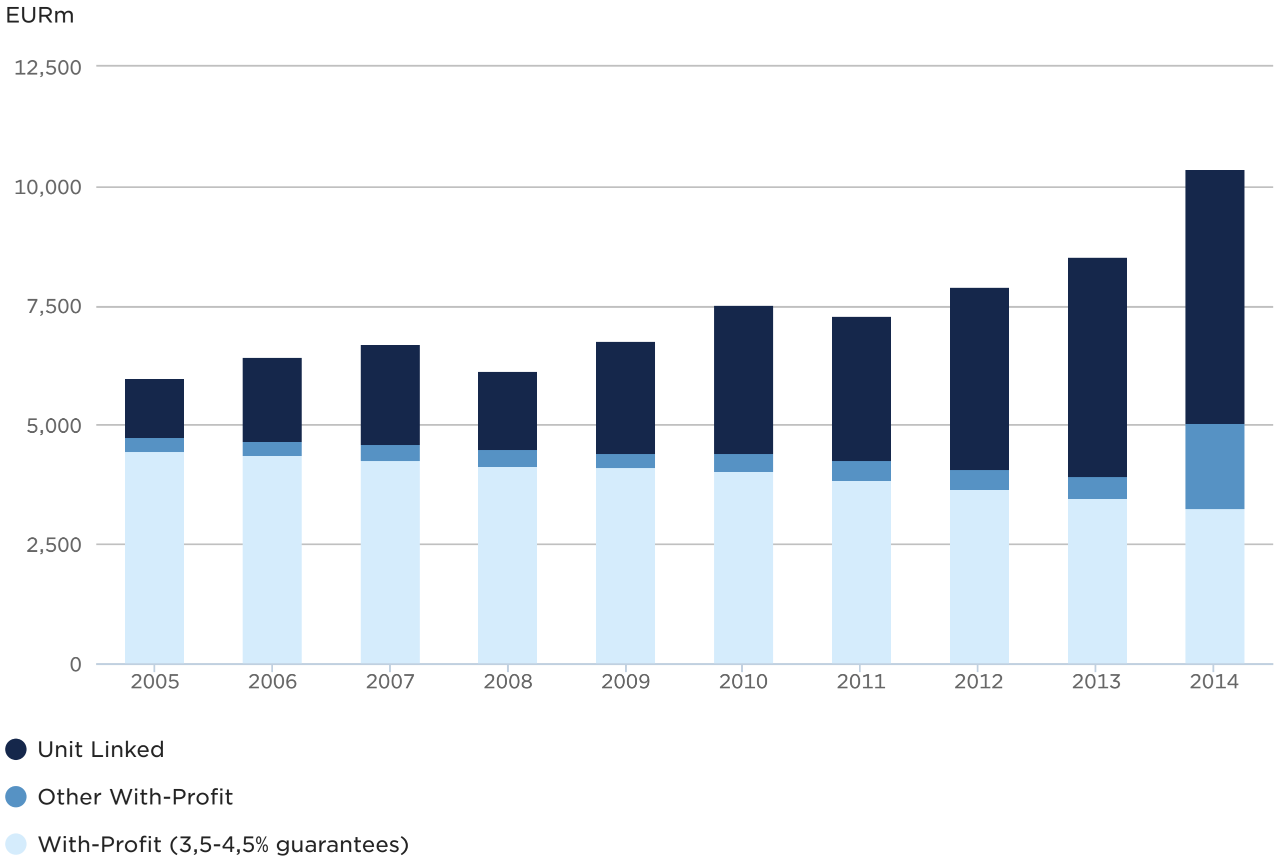
EURm	Liability 2013	Premiums	Claims paid	Expense charges	Guaranteed interest	Bonuses	Other	Liability 2014	Share %
Mandatum Life parent company									
Unit-linked total	**4,475**	**923**	**-459**	**-57**	**0**	**0**	**277**	**5,159**	**50**
Individual pension insurance	1,014	76	-10	-14	0	0	83	1,149	11
Individual life	1,530	346	-159	-16	0	0	125	1,826	18
Capital redemption operations	1,489	437	-287	-21	0	0	58	1,677	16
Group pension	442	65	-4	-7	0	0	10	507	5
With profit and others total	**3,910**	**146**	**-395**	**-35**	**131**	**0**	**1,205**	**5,047**	**49**
Group pension	**2,311**	**57**	**-188**	**-7**	**77**	**0**	**-3**	**2,248**	**22**
Guaranteed rate 3.5%	2,190	36	-175	-5	74	0	-11	2,109	20
Guaranteed rate 2.5% or 0.0%	121	21	-13	-2	3	0	8	139	1
Group pension insurance, segregated portfolio	**0**	**0**	**0**	**0**	**0**	**0**	**1,228**	**1,228**	**12**
Guaranteed rate 3.5%	0	0	0	0	0	0	805	805	8
Reserve for decreased discount rate (3,5% -> 1,0%)	0	0	0	0	0	0	241	241	2
Future bonus reserves	0	0	0	0	0	0	181	181	2
Individual pension insurance	**1,141**	**17**	**-162**	**-6**	**45**	**0**	**3**	**1,038**	**10**
Guaranteed rate 4.5%	945	11	-134	-5	40	0	-21	836	8
Guaranteed rate 3.5%	153	4	-18	-1	5	0	7	150	1
Guaranteed rate 2.5% or 0.0%	43	2	-11	0	1	0	17	52	1
Individual life insurance	**233**	**32**	**-29**	**-10**	**8**	**0**	**-16**	**218**	**2**
Guaranteed rate 4.5%	68	5	-6	-1	3	0	-3	67	1
Guaranteed rate 3.5%	109	12	-13	-3	4	0	-8	100	1
Guaranteed rate 2.5% or 0.0%	56	15	-11	-6	1	0	-5	51	0
Capital redemption operations	**4**	**1**	**0**	**0**	**0**	**0**	**0**	**4**	**0**
Guaranteed rate 3.5%	0	0	0	0	0	0	0	0	0
Guaranteed rate 2.5% or 0.0%	4	1	0	0	0	0	0	4	0
Future bonus reserves	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reserve for decreased discount rate	**146**	**0**	**0**	**0**	**0**	**0**	**-11**	**135**	**1**
Longevity reserve	**23**	**0**	**0**	**0**	**0**	**0**	**85**	**108**	**1**
Assumed reinsurance	**6**	**4**	**-1**	**0**	**0**	**0**	**-6**	**2**	**0**
Other liabilities	**45**	**35**	**-14**	**-12**	**0**	**0**	**11**	**66**	**1**
Mandatum Life parent company total	**8,385**	**1,070**	**-854**	**-92**	**131**	**0**	**1,567**	**10,207**	**98**
Subsidiary Mandatum Life Insurance Baltic SE	**159**	**41**	**-28**	**-3**	**1**	**0**	**1**	**170**	**2**
Unit-linked	142	37	-26	-2	0	0	2	153	1
Others	18	3	-2	-1	1	0	-1	17	0
Mandatum Life group total	**8,544**	**1,110**	**-882**	**-95**	**131**	**0**	**1,568**	**10,377**	**100**

Unit linked business has been Mandatum Life's main focus area since year 2001. Since that the trend of unit linked technical provisions have been upward and annual average change in technical provisions has been an increase of 25 per cent per annum. Due to the nature of unit linked business, volatility between years is relatively high.

In contrast, the trend of with profit technical provisions has been downward since 2005 if the impact of the the segregated group pension portfolio on the technical provisions in 2014 is excluded. Especially the parts of technical provisions with the highest 4.5 per cent and 3.5 per cent guarantees have decreased. Technical provisions with highest guarantees fell by EUR 203 million. Taking into account all transferred group pension liabilities (EUR 1,337 million) from Suomi mutual, with profit technical provisions increased to EUR 5,065 million (EUR 3,927 million in 2013). The development of the structure and amount of Mandatum Life's technical provisions is shown in the figure Development of With Profit and Unit-linked Technical Provisions, Mandatum Life, 2005–2014.

Development of With Profit and Unit-linked Technical Provisions

Mandatum Life, 2005-2014



The table Expected Maturity of Insurance and Investment Contracts before Reinsurance, Mandatum Life, 31 December 2014 shows the expected maturity and duration of insurance and investment contracts of Mandatum Life. The sensitivity of technical provisions to changes in discount rates can be assessed on the basis of the durations shown in the table.

Expected Maturity of Insurance and Investment Contracts before Reinsurance

Mandatum Life, 31 December 2014

EURm	Duration	2015-2016	2017-2018	2019-2023	2024-2028	2029-2033	2034-2038	2039-
Mandatum Life parent company								
Unit-linked total	**8.8**	**902**	**804**	**1405**	**921**	**742**	**325**	**388**
Individual pension insurance	11.8	88	134	280	236	191	139	166
Individual life	8.1	365	295	502	323	272	105	88
Capital redemption operations *)	6.8	417	325	496	268	212	33	55
Group pension	12.0	33	50	127	95	69	49	80
With profit and others total	**10.0**	**1,032**	**832**	**1,585**	**1,115**	**787**	**541**	**805**
Group pension	**11.2**	**371**	**347**	**728**	**551**	**411**	**300**	**472**
Guaranteed rate 3.5%	11.2	349	333	701	530	394	287	448
Guaranteed rate 2.5% or 0.0%	11.3	22	15	27	20	16	13	24
Group pension insurance, segregated portfolio	**11.1**	**175**	**164**	**358**	**287**	**218**	**155**	**210**
Individual pension insurance	**7.1**	**274**	**245**	**385**	**201**	**103**	**48**	**66**
Guaranteed rate 4.5%	7.2	221	195	320	171	84	37	56
Guaranteed rate 3.5%	6.9	39	38	49	25	16	8	7
Guaranteed rate 2.5% or 0.0%	5.9	14	13	16	5	3	2	2
Individual life insurance	**9.3**	**58**	**49**	**68**	**46**	**33**	**24**	**36**
Guaranteed rate 4.5%	8.6	22	15	22	14	11	8	9
Guaranteed rate 3.5%	10.8	21	19	33	23	17	13	24
Guaranteed rate 2.5% or 0.0%	6.8	15	15	13	8	5	3	3
Capital redemption operations *)	**8.7**	**0**	**0**	**2**	**1**	**0**	**0**	**0**
Guaranteed rate 3.5%	0.0	0	0	0	0	0	0	0
Guaranteed rate 2.5% or 0.0%	8.7	0	0	2	1	0	0	0
Future bonus reserves	**1.0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reserve for decreased discount rate	**3.9**	**81**	**12**	**20**	**11**	**6**	**2**	**3**
Longevity reserve	**11.8**	**11**	**10**	**23**	**19**	**16**	**12**	**17**
Assumed reinsurance	**0.5**	**2**	**0**	**0**	**0**	**0**	**0**	**0**
Other liabilities	**0.9**	**60**	**3**	**2**	**0**	**0**	**0**	**0**
Mandatum Life parent company total	**9.4**	**1,934**	**1,635**	**2,991**	**2,036**	**1,530**	**866**	**1,193**
Subsidiary SE Sampo Life Insurance Baltic		**16**	**22**	**35**	**20**	**35**	**17**	**49**
Unit-linked		12	18	28	18	34	16	49
Others		3	4	6	2	1	0	0
Mandatum Life group total		**1,950**	**1,658**	**3,025**	**2,056**	**1,565**	**883**	**1,243**

**) Investment contracts*

Life Insurance Risk Management

In general Biometric risks are managed by careful risk selection, by setting prices to reflect the risks and costs, by setting upper limits for the protection granted and by use of reinsurance. Mandatum Life's Underwriting Policy sets principles for risk selection and limits for sums insured and Reinsurance Policy governs the use of Reinsurance. The Board approves the Underwriting policy, pricing guidelines and the central principles for the calculation of technical provisions.

The Insurance Risk Committee is responsible for maintaining the Underwriting Policy and monitoring the functioning of the risk selection and claims processes. The Committee also reports all deviations from the Underwriting Policy to the RMC. The Insurance Risk Committee is chaired by the Chief

Actuary who is responsible for ensuring that the principles for pricing policies and for the calculation of technical provisions are adequate and in line with the risk selection and claims processes.

Reinsurance is used to limit the amount of individual mortality and disability risks. The Board of Directors annually approves the Reinsurance Policy and determines the maximum amount of risk to be retained on the company's own account, which for Mandatum Life is EUR 1.5 million per insured. To mitigate the effects of possible catastrophes, Mandatum Life participates in the catastrophe reinsurance bought jointly by Finnish life insurance companies.

The risk result is followed actively and analyzed thoroughly annually. Mandatum Life measures the efficiency of risk selection and adequacy of tariffs by collecting information about the actual claims expenditure for each product line and each type of risk and comparing it to the claims expenditure assumed in insurance premiums of every risk cover.

Technical provisions are analyzed and the possible supplement needs are assessed regularly. Assumptions related to technical provisions are reviewed annually. Adequacy of technical provisions is tested quarterly. Tariffs for new policies are set and the Underwriting Policy and assumptions used in calculating technical provisions are updated based on adequacy tests and risk result analysis. Tariffs and prices, as well as the reinsurance principles and reserving principles are reviewed and approved annually by the Board of Directors of Mandatum Life.

Investment Portfolio Market Risks

In general, market risks refer to fluctuations in the financial results and capital base caused by changes in market values of financial assets and liabilities as well as economic value of insurance liabilities. The changes in market values and economic values are caused by movements in underlying market variables such as interest rates, inflation, foreign exchange rates, credit spreads and equity prices.

The risks caused by changes in interest rates, foreign exchange rates and inflation together with general trend of credit spreads and equity prices are defined as general market risks and managed by allocation limits and other risk limits. When the risk is related to debt and equity instruments issued by a specific issuer, it can be defined as issuer specific market risk that is managed by issuer specific limits. Furthermore, market risks include also risk of worsening market liquidity in terms of widening bid-ask spreads and the risk of unexpected changes in repayment schedules of assets. In both cases the market values of financial instruments in investment portfolios may change.

In Sampo Group, performance and market risks related to investment portfolios are mostly straightforward to analyse and manage. The realization of risks is transparently reflected in the financial statements, because Sampo Group is applying mark-to-market procedures to most of its investments and only seldom there are instruments that require mark-to-model procedures.

In addition to investment portfolio market risks, also the companies' balance sheets are exposed to market and liquidity risks. These balance sheet level risks are defined as ALM risks and they are covered later in the section ALM risks. The ALM risks at balance sheet level are taken carefully into account when investment portfolio allocations are designed and related limits and restrictions are defined.

Principles of Investment Portfolio Management

Investments (excluding Mandatum Life's investments covering unit-linked policies) are managed according to the subsidiaries' Investment Policies that are based on the features of insurance liabilities and solvency.

The investment portfolios are reported on fair value basis. These fair values are determined either on the basis of direct market quotes or by using various valuation models. More information on the valuation methods of the investment assets is presented in Note 17 in the Sampo Group Financial Statements.

Sampo Group's Chief Investment Officer is responsible for managing investments within the limitations of the Investment Policies prepared by the Group companies and approved by the Group companies' Boards of Directors. The insurance subsidiaries and the parent company have a common group wide infrastructure for investment management as well as for performance and risk reporting which facilitates simultaneous company level and group level reporting.

Sampo Group has a thorough understanding of the Nordic markets and issuers and consequently Sampo Group's direct investments are mainly made in Nordic securities. Mandatum Life's direct investments are mainly denominated in euro and in companies geographically located in Finland and selectively in other countries, whereas, If P&C has the major part of its direct investments denominated in the Scandinavian currencies and in the respective countries. Through effective differentiation in asset selection concentration risk is proactively managed.

When investing in non-Nordic securities, funds or other assets, third party managed investments are mainly used. These investments are primarily used as a tool in tactical asset allocation when seeking return and secondarily in order to increase diversification.

The external asset managers and funds managed by them are selected for both companies by the same members of Sampo Group's Investment Unit. The funds are mostly allocated to areas outside the Nordic countries. Consequently, the risk of unidentified or unwanted concentrations is relatively low.

Market risk control is separated from portfolio management activities in two ways. Firstly, the persons independent from Investment Unit prepare Investment Policies for the Board approval. Secondly, Middle Office units that are independent from Investment Unit as well, measure risks and performance and control limits set in Investment Policies on a daily basis.

Market risks and limits are also controlled by the Investment Control Committee (ICC) in If P&C and Asset and Liability Committees (ALCOs) in Mandatum Life on a monthly basis at a minimum. These committees are responsible for the control of investment activities within the respective legal entity.

The ICC is responsible for monitoring the implementation of and compliance with the Investment and Asset Coverage Policies. The committee shall consider and propose changes to the policies. The Chairman is responsible for the reporting of policy deviations and other issues dealt with by the committee.

Mandatum Life has two ALCOs, of which the other controls the segregated assets and liabilities and the other controls the rest of Mandatum Life's with profit assets and liabilities. The ALCOs control that the investment activities are conducted within the limits defined in the Investment Policy approved by the Board and monitors the adequacy of liquidity, profitability and solvency capital in relation to the risks in the balance sheet. The ALCOs prepare proposals of Investment Policy to the Board of Directors and report to the Board.

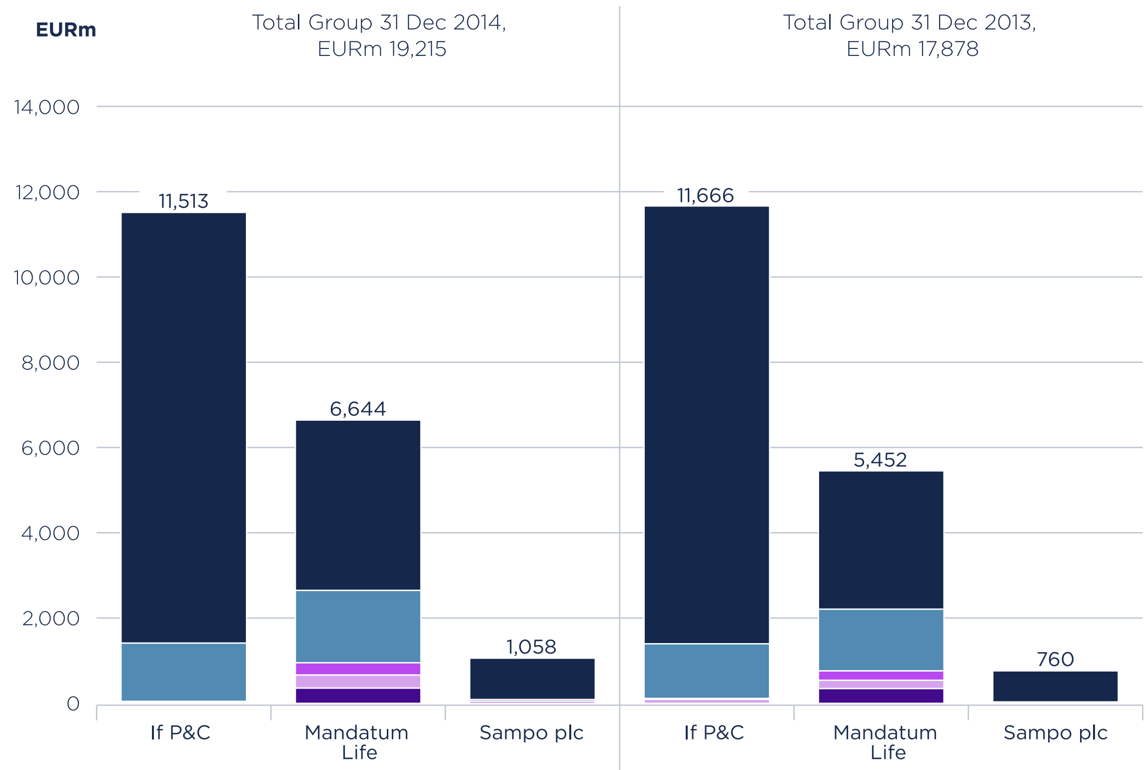
The aggregated market risks and concentrations at Sampo Group level are controlled by the Group's Audit Committee quarterly at a minimum. If deemed necessary, the concentration risks are further managed by deploying group level exposure restrictions, for instance by industries or by individual issuers.

Asset Allocations and Investment Returns

The total amount of Sampo Group's investment assets as at 31 December 2014 was EUR 19,215 million (EUR 17,878 million in 2013). Mandatum Life's investment assets do not include assets, which are covering unit-linked contracts. The compositions of the investment portfolios by asset classes in If P&C, Mandatum Life and Sampo plc at year end 2014 and at year end 2013 are shown in the figure Development of Investment Portfolios, If P&C, Mandatum Life and Sampo plc, 31 December 2014 and 31 December 2013.

Development of Investment Portfolios

If P&C, Mandatum Life and Sampo plc, 31 December 2014 and 31 December 2013



	If P&C 2014	Mandatum Life 2014	Sampo plc 2014	If P&C 2013	Mandatum Life 2013	Sampo plc 2013
Fixed income	88%	60%	92%	88%	59%	96%
Listed equity	12%	26%	4%	11%	27%	2%
Private equity*	0%	4%	4%	0%	4%	1%
Real estate	0%	5%	0%	1%	4%	0%
Alternative investments	0%	5%	0%	0%	6%	0%

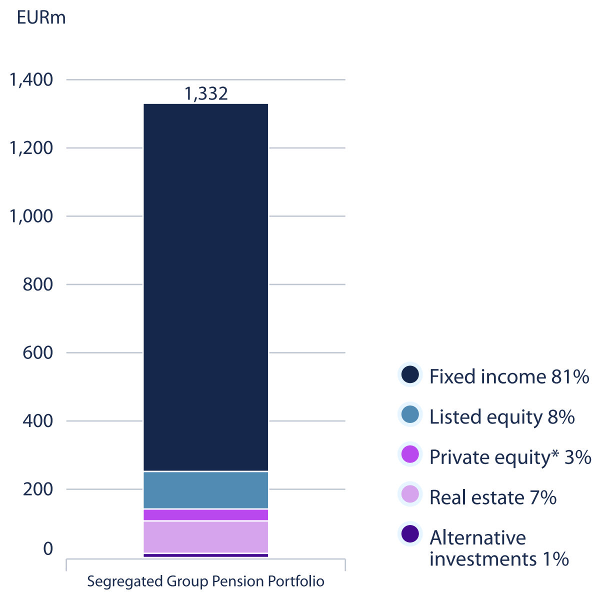
Sampo plc has a liquidity portfolio consisting mainly of money market instruments and a long-term portfolio including subordinated debt instruments issued by the insurance subsidiaries and the associated companies. The investments of Mandatum Life's Baltic subsidiary are included in Mandatum Life's investment assets as equity in all tables and graphs in this Risk Management section.

**) Private Equity also includes direct holdings in non-listed equities.*

The composition of the Mandatum Life's segregated group pension portfolio by asset classes at year end 2014 is shown in the figure Composition of Investment Portfolio, Mandatum Life's Segregated Group Pension Portfolio, 31 December 2014.

Composition of Investment Portfolio

Mandatum Life's Segregated Group Pension Portfolio, 31 December 2014



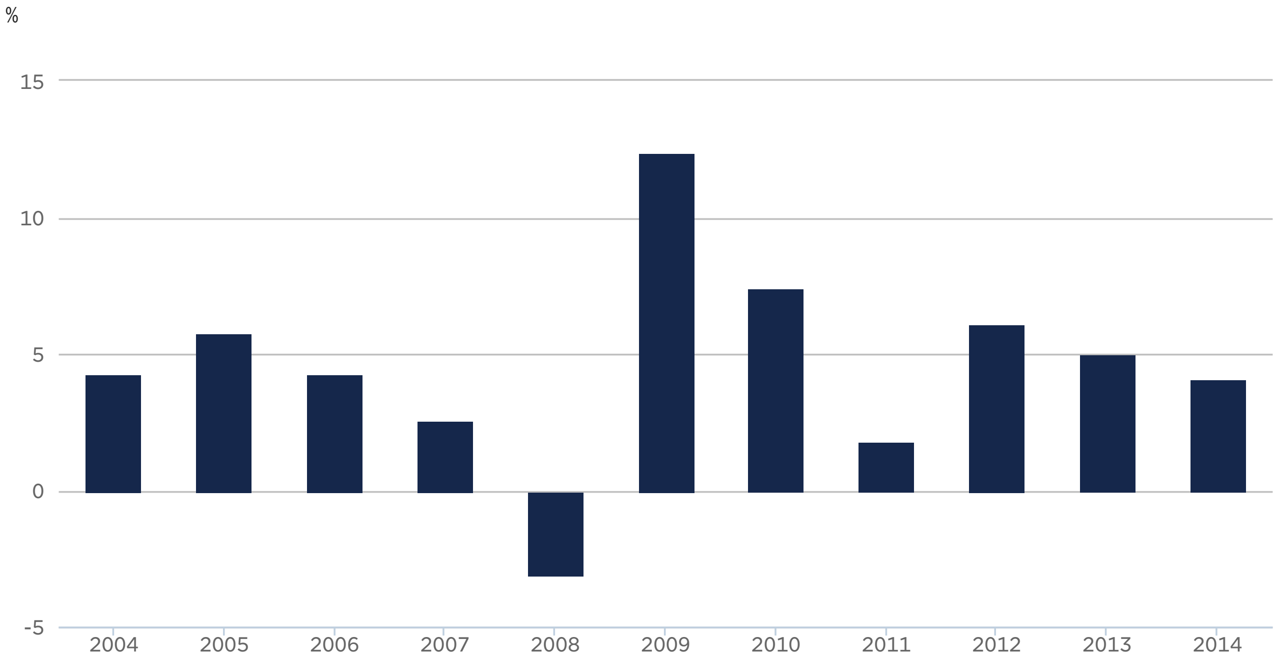
The segregated assets have not affected the profit figures of 2014.

**) Private Equity also includes direct holdings in non-listed equities.*

The insurance liabilities as well as the risk appetite of Mandatum Life and If P&C differ and as a result, the structures and risks of investment portfolios of the two companies are often different. This is reflected also in the companies' investment returns. Mandatum Life has had on average higher returns and higher volatility. The figure Annual Investment Returns at Fair Values, If P&C and Mandatum Life, 2004–2014 presents the historical development of investment returns.

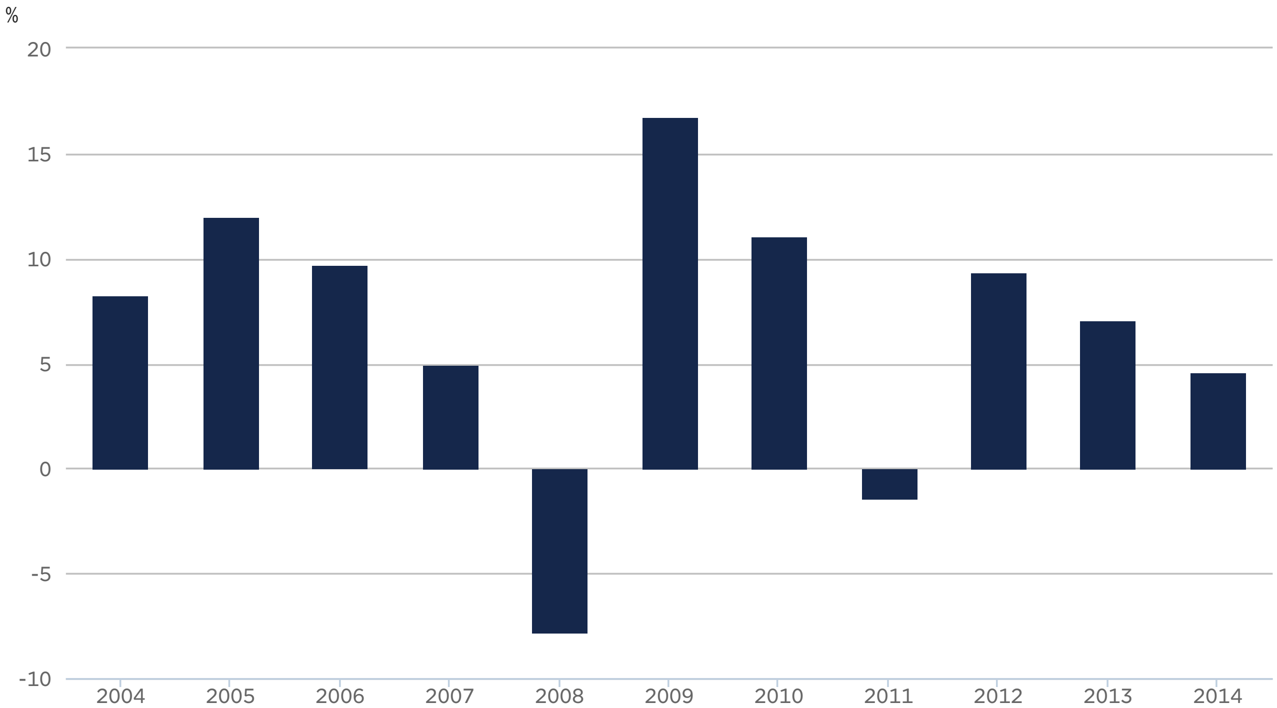
Annual Investment Returns at Fair Values

If P&C, 2004-2014



Annual Investment Returns at Fair Values

Mandatum Life, 2004-2014



The weighted average investment return of the Group's investment portfolios (including Sampo plc) in 2014 was 4.3 per cent (5.6 per cent in 2013).

More detailed investment allocations and average maturities of fixed income investments of If P&C, Mandatum Life, Sampo plc and Sampo Group as of year-end 2014 are presented in the table Investment Allocation, If P&C, Mandatum Life, Sampo plc and Sampo Group, 31 December 2014.

Investment Allocation

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

	If P&C			Mandatum Life			Sampo plc			Sampo Group		
Asset class	**Market value, EURm**	**Weight**	**Average maturity, years**	**Market value, EURm**	**Weight**	**Average maturity, years**	**Market value, EURm**	**Weight**	**Average maturity, years**	**Market value, EURm**	**Weight**	**Average maturity, years**
FIXED INCOME TOTAL	**10,104**	**88%**	**2.4**	**4,015**	**60%**	**1.9**	**920**	**87%**	**0.8**	**15,040**	**78%**	**2.1**
Money market securities and cash	1,472	13%	0.3	1,676	25%	0.4	773	73%	0.1	3,921	20%	0.3
Government bonds	2,080	18%	3.1	452	7%	2.4	0	0%	0.0	2,532	13%	3.0
Credit bonds, funds and loans	6,553	57%	2.6	1,876	28%	3.1	147	14%	4.3	8,576	45%	2.7
Covered bonds	2,750	24%	2.3	93	1%	2.6	0	0%	0.0	2,844	15%	2.3
Investment grade bonds and loans	1,863	16%	2.2	457	7%	2.1	112	11%	4.7	2,431	13%	2.3
High-yield bonds and loans	1,701	15%	3.6	1,118	17%	3.5	5	0%	4.7	2,823	15%	3.6
Subordinated / Tier 2	200	2%	2.6	39	1%	3.3	0	0%	0.0	240	1%	2.7
Subordinated / Tier 1	39	0%	0.6	170	3%	3.3	30	3%	2.7	240	1%	2.8
Hedging swaps	-1	0%	-	-1	0%	-	0	0%	-	-2	0%	-
Policy loans	0	0%	0.0	11	0%	1.8	0	0%	0.0	11	0%	1.8
LISTED EQUITY TOTAL	**1,367**	**12%**	**-**	**1,698**	**26%**	**-**	**41**	**4%**	**-**	**3,105**	**16%**	**0**
Finland	0	0%	-	590	9%	-	41	4%	-	631	3%	-
Scandinavia	987	9%	-	16	0%	-	0	0%	-	1,003	5%	-
Global	380	3%	-	1,091	16%	-	0	0%	-	1,471	8%	-
ALTERNATIVE INVESTMENTS TOTAL	**45**	**0%**	**-**	**951**	**14%**	**-**	**47**	**4%**	**-**	**1,042**	**5%**	**-**
Real estate	23	0%	-	307	5%	-	2	0%	-	332	2%	-
Private equity*	22	0%	-	288	4%	-	45	4%	-	355	2%	-
Biometric	0	0%	-	18	0%	-	0	0%	-	18	0%	-
Commodities	0	0%	-	0	0%	-	0	0%	-	0	0%	-
Other alternative	0	0%	-	338	5%	-	0	0%	-	338	2%	-
TRADING DERIVATIVES	**-2**	**0%**	**-**	**-19**	**0%**	**-**	**51**	**5%**	**0.0**	**29**	**0%**	**-**
ASSET CLASSES TOTAL	**11,513**	**100%**	**-**	**6,644**	**100%**	**-**	**1,058**	**100%**	**-**	**19,215**	**100%**	**-**
FX Exposure, gross position	**231**	**-**	**-**	**669**	**-**	**-**	**707**	**-**	**-**	**1,608**	**-**	**-**

*)Private Equity also includes direct holdings in non-listed equities

Parent company Sampo plc's asset portfolio is a liquidity reserve including mainly short-term money market instruments and hence its market risks are limited. Interest rate risk arising from gross debt and the liquidity reserve is Sampo plc's most significant market risk together with refinancing risk related to gross debt. Most of the parent company's debt is tied to short-term reference rates as a consequence of interest rate swaps used. This mitigates group level interest rate risk because, while lower interest rates would reduce subsidiaries' investment returns in the long-term, the interest expense in the parent company would also be lower.

Fixed income investments and listed equity instruments form major part of the subsidiaries' investment portfolios. Money market securities, cash and investment grade government bonds form a liquidity buffer within fixed income investments. The average maturity of fixed income investments was 2.4 years in If P&C and 1.9 years in Mandatum Life.

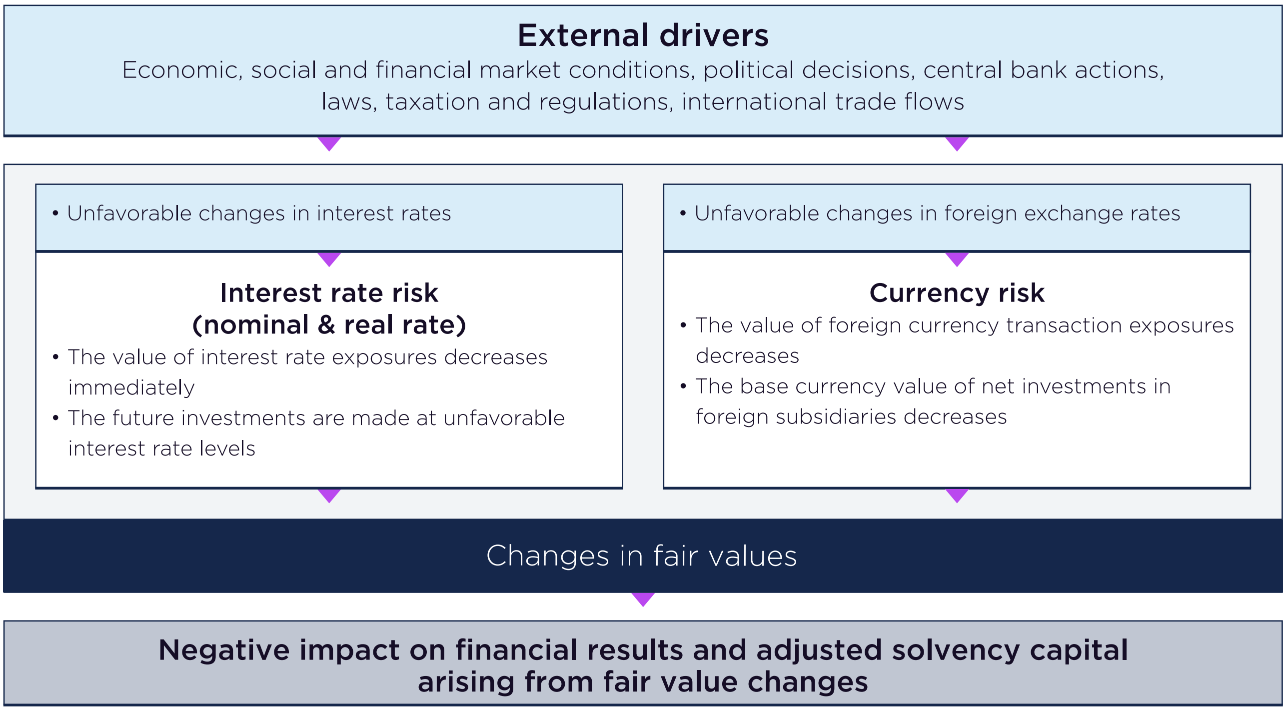
Both If P&C and Mandatum Life are exposed to interest rate and currency risks (general market risks) as well as to equity and spread risks.

Additionally, If P&C and Mandatum Life have real estate, private equity, biometric and other alternative investments. The Investment Policies set limits for maximum allocations into these asset classes and products. On 31 December 2014, the combined share of the above mentioned investments was 5.4 per cent of the total investment portfolio of Sampo Group. In If P&C the proportion was 0.4 per cent and in Mandatum Life it was 14.3 per cent. These asset classes are managed in most cases by external asset managers with the exception of the Group's real estate portfolio that is managed by Sampo Group's real estate management unit. The real estate portfolio includes both direct investments in properties and indirect investments in real estate funds as well as in shares and debt instruments in real estate companies.

Interest Rate and Currency Risks

Market participants are continuously reacting to reported macro-economic data and information regarding financial market and commercial cash flows as well as to various events and market rumours. 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 1.0 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. 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 2014. 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 2014

	Base Currency	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	LTL	Other	Total, net
If P&C	**SEKm**											
Insurance operations		-405	-146	-0	-13	-12	-2,382	-9	-748	-1	-7	-3,724
Investments		1	442	1	0	56	2,603	0	150	0	4	3,257
Derivatives		356	-268	-0	6	-64	-275	-20	523	0	2	259
Total transaction risk, net position, If P&C		**-48**	**28**	**1**	**-7**	**-20**	**-54**	**-29**	**-75**	**-1**	**-1**	**-208**
Sensitivity: SEK -10%		-5	3	0	-1	-2	-5	-3	-7	-0	-0	-21
Mandatum Life	**EURm**											
Technical provisions		0	0	0	0	-2	0	0	0	-0	0	-2
Investments		0	1,326	23	270	51	10	115	324	3	248	2,370
Derivatives		0	-952	-31	-239	-32	1	-125	-306	0	-95	-1,779
Total transaction risk, net position, Mandatum Life		**0**	**374**	**-8**	**30**	**17**	**11**	**-10**	**18**	**3**	**153**	**589**
Sensitivity: EUR -10%		0	37	-1	3	2	1	-1	2	0	15	59

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

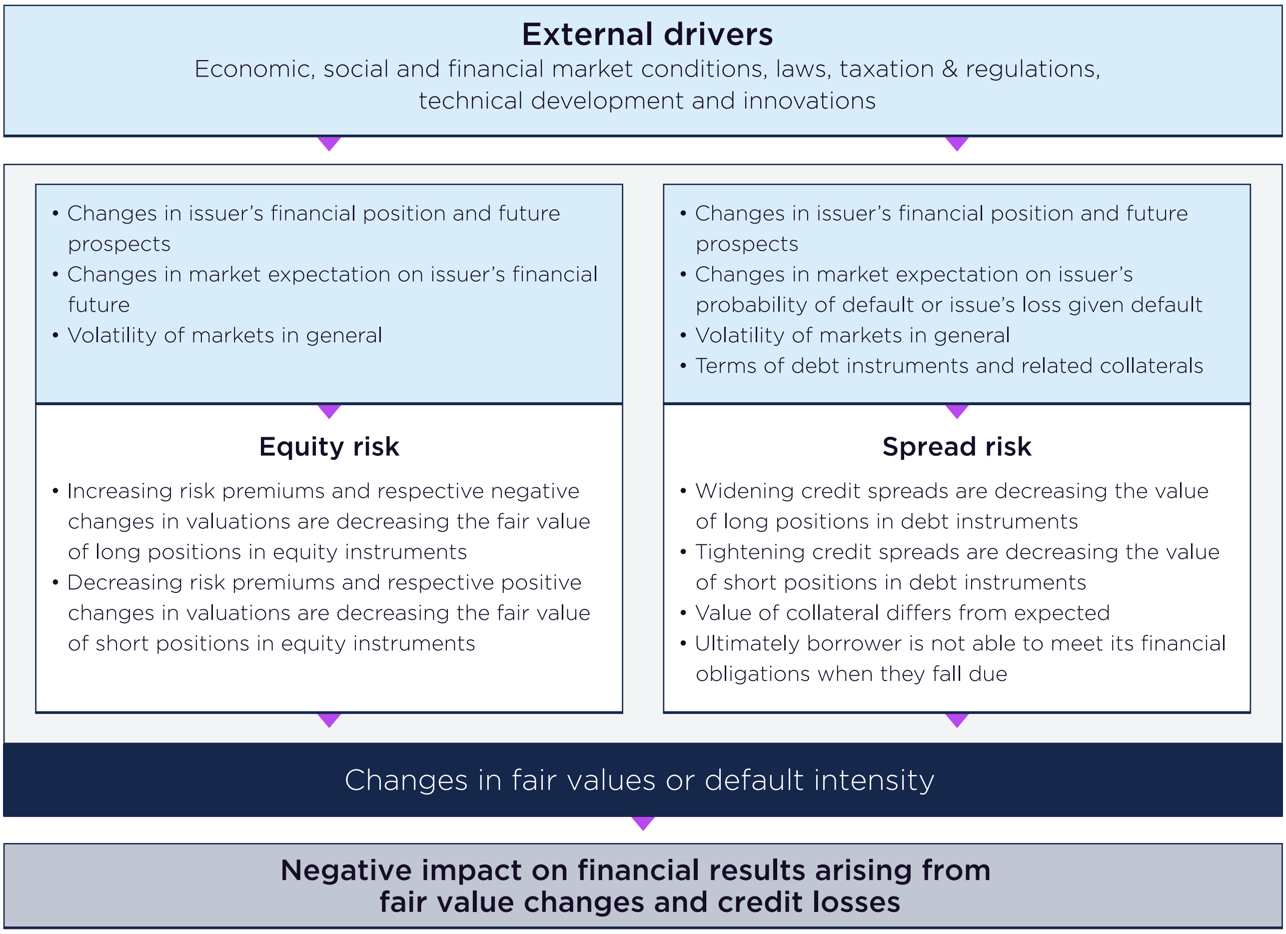
Sampo plc's transaction risk position is related to SEK denominated dividends paid by If P&C and to debt instruments in other currencies than euro.

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.

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.

Exposures in Fixed Income and Equity Instruments

Exposures in fixed income and equity instruments are shown in the tables Credit Exposures by Sectors, Asset Classes and Rating, If P&C, Mandatum Life and Sampo Group, 31 December 2014. The tables include also counterparty risk exposures relating to reinsurance and derivative transactions. Counterparty default risks are described in more detail in section Counterparty Default 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.

Exposures by Sectors, Asset Classes and Rating

If P&C, 31 December 2014

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counter-party risk	Total	Change 31 Dec 2013
Basic Industry	0	0	0	101	83	0	62	246	34	0	0	280	13
Capital Goods	0	0	0	49	0	0	30	79	418	0	0	497	62
Consumer Products	0	0	35	37	46	0	94	212	367	0	0	579	-83
Energy	0	6	0	4	99	0	270	380	0	0	0	380	-122
Financial Institutions	0	1,233	1,145	362	114	0	10	2,865	29	0	22	2,917	193
Governments	693	222	0	2	0	0	0	918	0	0	0	918	-46
Government Guaranteed	105	76	0	0	0	0	0	181	0	0	0	181	-34
Health Care	0	0	0	5	0	0	49	54	45	0	0	99	35
Insurance	0	0	10	41	0	0	0	51	0	0	111	162	-134
Media	0	0	0	0	0	0	18	18	0	0	0	18	-1
Public Sector, Other	857	127	0	0	0	0	0	984	0	0	0	984	303
Real Estate	0	9	0	0	0	0	482	490	0	23	0	513	57
Services	0	0	0	5	42	0	17	64	0	0	0	64	45
Technology and Electronics	0	0	0	0	0	0	35	35	5	0	0	40	6
Telecommunications	0	0	94	14	0	0	27	135	79	0	0	214	-62
Transportation	0	97	7	23	13	0	168	307	9	0	0	317	-12
Utilities	0	0	143	107	0	0	79	329	0	0	0	329	-27
Others	0	0	0	0	0	0	0	0	0	2	0	2	-35
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	2,608	142	0	0	0	0	0	2,750	0	0	0	2,750	-487
Funds	0	0	0	0	0	0	7	7	380	20	0	407	16
Total	**4,263**	**1,911**	**1,434**	**751**	**397**	**0**	**1,348**	**10,105**	**1,367**	**45**	**133**	**11,650**	**-316**
Change 31 Dec 2013	**-37**	**94**	**7**	**-204**	**-5**	**0**	**-24**	**-168**	**83**	**-69**	**-162**	**-316**	

Exposures by Sectors, Asset Classes and Rating

Mandatum Life, 31 December 2014

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counter-party risk	Total	Change 31 Dec 2013
Basic Industry	0	0	0	1	157	0	62	220	199	0	0	420	-49
Capital Goods	0	0	1	1	30	0	42	75	141	0	0	215	-2
Consumer Products	0	0	6	4	108	0	56	175	117	0	0	292	27
Energy	0	1	0	16	0	0	50	67	2	0	0	68	-12
Financial Institutions	2	967	902	22	228	0	0	2,121	28	23	0	2,172	1,033
Governments	334	32	0	21	0	0	0	387	0	0	0	387	-340
Government Guaranteed	0	4	0	0	0	0	0	4	0	0	0	4	4
Health Care	0	0	1	0	47	0	25	73	17	0	0	91	36
Insurance	0	0	1	25	0	0	11	37	5	23	0	65	8
Media	0	0	0	0	13	0	28	40	0	0	0	40	1
Public Sector, Other	0	2	0	0	0	0	0	2	0	0	0	2	2
Real Estate	0	0	0	1	0	0	55	55	0	255	0	311	110
Services	0	0	0	1	88	0	16	105	39	0	0	144	21
Technology and Electronics	1	0	0	1	2	0	1	4	88	1	0	93	-6
Telecommunications	0	0	8	12	52	0	15	88	1	0	0	89	-56
Transportation	0	0	0	0	11	0	7	18	1	0	0	19	-25
Utilities	0	0	54	56	1	0	0	111	0	0	0	111	-87
Others	0	0	0	0	6	0	10	16	0	15	0	31	6
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	23	58	13	0	0	0	0	93	0	0	0	93	-32
Funds	7	0	95	50	24	0	147	323	1,061	632	0	2,017	582
Total	**367**	**1,065**	**1,082**	**212**	**767**	**0**	**523**	**4,016**	**1,698**	**951**	**0**	**6,664**	**1,222**
Change 31 Dec 2013	**156**	**83**	**517**	**-131**	**118**	**0**	**43**	**787**	**276**	**164**	**-5**	**1,222**	

Exposures by Sectors, Asset Classes and Rating

Sampo Group, 31 December 2014

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Listed equities	Other	Counter-party risk	Total	Change 31 Dec 2013
Basic Industry	0	0	0	102	240	0	124	466	233	0	0	700	-56
Capital Goods	0	0	1	50	30	0	77	158	562	0	0	720	57
Consumer Products	0	0	41	41	154	0	150	387	484	0	0	871	-56
Energy	0	7	0	21	99	0	320	446	2	0	0	448	-134
Financial Institutions	2	2,658	2,363	497	342	0	10	5,871	95	23	29	6,018	1,510
Governments	1,027	254	0	23	0	0	0	1,304	0	0	0	1,304	-386
Government Guaranteed	105	80	0	0	0	0	0	185	0	0	0	185	-30
Health Care	0	0	1	5	47	0	74	128	62	0	0	238	72
Insurance	0	0	11	65	0	0	41	118	5	40	111	226	-126
Media	0	0	0	0	13	0	46	59	0	0	0	59	-0
Public Sector, Other	857	130	0	0	0	0	0	987	0	0	0	987	305
Real Estate	0	9	0	1	0	0	536	546	0	280	0	826	167
Services	0	0	0	5	130	0	33	169	39	0	0	208	66
Technology and Electronics	1	0	0	1	2	0	36	40	92	2	0	134	1
Telecommunications	0	0	102	26	52	0	42	223	80	0	0	303	-118
Transportation	0	97	7	23	24	0	175	325	10	0	0	335	-37
Utilities	0	0	197	163	1	0	79	440	0	0	0	440	-114
Others	0	0	0	0	6	0	10	16	0	17	0	33	-29
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	2,631	200	13	0	0	0	0	2,844	0	0	0	2,844	-519
Funds	7	0	95	50	24	0	154	331	1,441	678	0	2,450	613
Total	**4,630**	**3,434**	**2,832**	**1,075**	**1,164**	**0**	**1,907**	**15,042**	**3,105**	**1,042**	**140**	**19,329**	**1,185**
Change 31 Dec 2013	**119**	**286**	**553**	**-223**	**113**	**0**	**-5**	**843**	**383**	**129**	**-169**	**1,185**	

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 2014. These exposures increased by EUR 0.9 billion during 2014.

Fixed Income Investments in Financial Sector

Sampo Group, 31 December 2014

	Covered bonds	Money market securities	Long-term senior debt	Long-term sub-ordinated debt	Total, EURm	%
Sweden	1,666	1,286	690	241	**3,883**	44.6%
Finland	223	2,403	118	11	**2,754**	31.6%
Norway	684		413	77	**1,174**	13.5%
Denmark	183	45	183	74	**486**	5.6%
United States		78	25	1	**104**	1.2%
Switzerland			48	12	**60**	0.7%
France	36	0	2	20	**59**	0.7%
Netherlands	2	0	44		**46**	0.5%
Austria	32				**32**	0.4%
Iceland			32		**32**	0.4%
Germany		0	25	0	**26**	0.3%
Estonia		23			**23**	0.3%
United Kingdom	4		4	4	**13**	0.1%
Luxembourg	12				**12**	0.1%
Jersey				5	**5**	0.1%
Russia		4			**4**	0.0%
Italy	1	1			**2**	0.0%
Spain	1				**1**	0.0%
Australia	1				**1**	0.0%
Total	**2,844**	**3,842**	**1,584**	**445**	**8,715**	**100.0%**

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

Fixed Income Investments in Public Sector

Sampo Group, 31 December 2014

	Governments	Government guaranteed	Public sector, other	Total market value, EURm
Sweden	244		726	**970**
Netherlands	422			**422**
Germany	347	71		**419**
Norway			242	**242**
France	224	4		**228**
Finland	28	76	19	**123**
Other	39	33	0	**72**
Total	**1,304**	**185**	**987**	**2,476**

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 2014.

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

Sampo Group, 31 December 2014

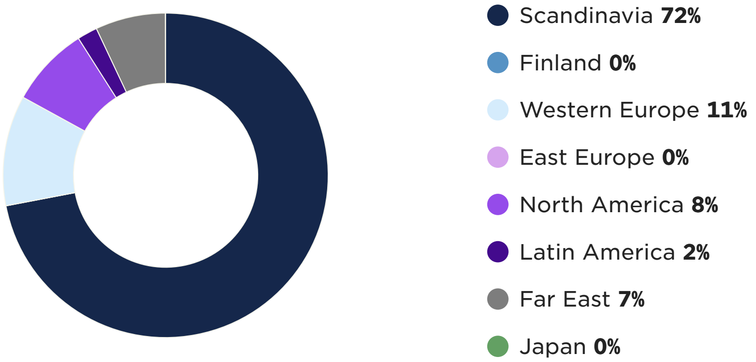
Largest direct high yield and non-rated fixed income investments	Rating	Total fair value, EURm	% of total direct fixed income investments
ICA Gruppen AB	NR	166	1.2%
Eksportfinans ASA	BB-	158	1.1%
Stora Enso	BB	157	1.1%
High Street Shop AS	NR	128	0.9%
PBA Karlskrona	NR	80	0.6%
Neste Oil Oyj	NR	78	0.5%
Sponda Oyj	NR	68	0.5%
Storebrand ASA	BB+	63	0.4%
Sor Boligkreditt AS	NR	44	0.3%
Nassa Midco AS	B	42	0.3%
Total top 10 exposures		**983**	**6.8%**
Other direct fixed income investments		13,446	93.2%
Total direct fixed income investments		14,430	100.0%

The listed equity investments of Sampo Group totaled EUR 3,105 million at the end of year 2014 (EUR 2,749 million in 2013). At the end of year 2014, the listed equity exposure of If P&C was EUR 1,367 million (EUR 1,283 million in 2013). The proportion of listed equities in If P&C's investment portfolio was 11.9 per cent. In Mandatum Life, the listed equity exposure was EUR 1,698 million at the end of year 2014 (EUR 1,422 million in 2013) and the proportion of listed equities was 25.6 per cent of the investment portfolio.

Breakdown of the listed equity exposures of Sampo Group by geographical regions is shown in the figure Breakdown of Listed Equity Investments by Geographical Regions, Sampo Group, If P&C and Mandatum Life, 31 December 2014.

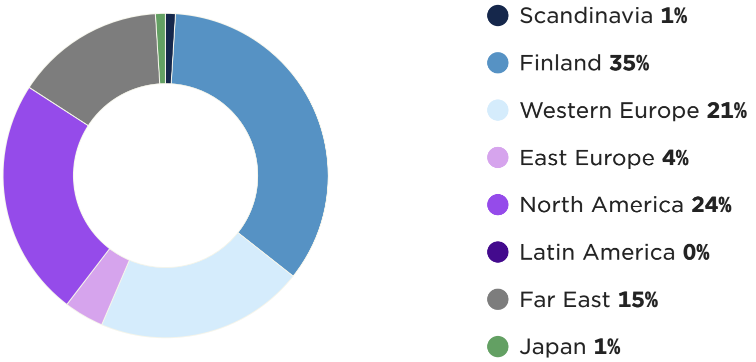
Breakdown of Listed Equity Investments by Geographical Regions

If P&C, 31 December 2014, total EURm 1,367



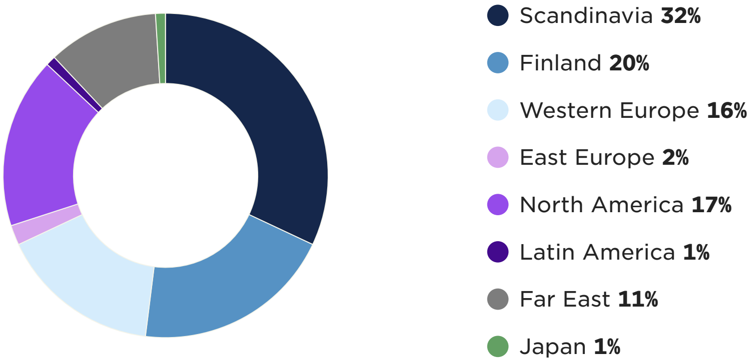
Breakdown of Listed Equity Investments by Geographical Regions

Mandatum Life, 31 December 2014, total EURm 1,678



Breakdown of Listed Equity Investments by Geographical Regions

Sampo Group, 31 December 2014, total EURm 3,105



The geographical emphasis of Sampo Group's equity investments is in Nordic companies. The proportion of Nordic companies' equities corresponds to 53 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 listed equity investments in Sampo Group is presented in tables Exposures by sectors, asset classes and rating, If P&C, Mandatum Life and Sampo Group, 31 December 2014. The largest allocations are to capital goods, consumer products and basic industry sectors. Listed equity investments made through mutual funds and ETF investments accounted for 46 per cent of the entire equity portfolio.

Furthermore, the largest direct listed equity exposures are presented in the table Ten Largest Direct Listed Equity Investments, Sampo Group, 31 December 2014.

Ten Largest Direct Listed Equity Investments

Sampo Group, 31 December 2014

Top 10 equity investments	**Total fair value, EURm**	**% of total direct equity investments**
Nobia	156	9.4%
UPM-Kymmene	130	7.8%
Veidekke	100	6.0%
Hennes & Mauritz	94	5.7%
Amer Sports	82	4.9%
TeliaSonera	80	4.8%
Volvo	77	4.6%
ABB Ltd	74	4.4%
Husqvarna Ab	50	3.0%
Sectra Ab	45	2.7%
Total top 10 exposures	**889**	**53.3%**
Other direct equity investments	777	46.7%
Total direct equity investments	1,666	100.0%

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

The largest exposures by individual issuers and counterparties are presented in the table Largest Individual Exposures by Issuer and by Asset Class, Sampo Group, 31 December 2014.

Largest Individual Exposures by Issuer and by Asset Class

Sampo Group, 31 December 2014

EURm Counterparty	Total fair value	% 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
Nordea Bank	1,600	8%	926	674	0	387	172	115	0	0
Svenska Handelsbanken	1,490	8%	908	582	0	509	69	4	0	0
Danske Bank	1,002	5%	631	371	0	130	167	74	0	0
Skandinaviska Enskilda Banken	945	5%	590	355	0	124	129	102	0	0
Sweden	665	3%	0	665	0	0	665	0	0	0
Swedbank	484	3%	59	425	0	275	150	0	0	0
DnB	440	2%	0	440	0	232	165	43	0	0
OP Pohjola	436	2%	383	52	0	0	42	10	0	0
Netherlands	424	2%	0	424	0	0	424	0	0	0
Germany	347	2%	0	347	0	0	347	0	0	0
Total Top 10 Exposures	**7,833**	**41%**	**3,499**	**4,334**	**0**	**1,656**	**2,329**	**348**	**0**	**0**
Other	11,385	59%								
Total investment assets	**19,218**	**100%**								

Counterparty Default Risks

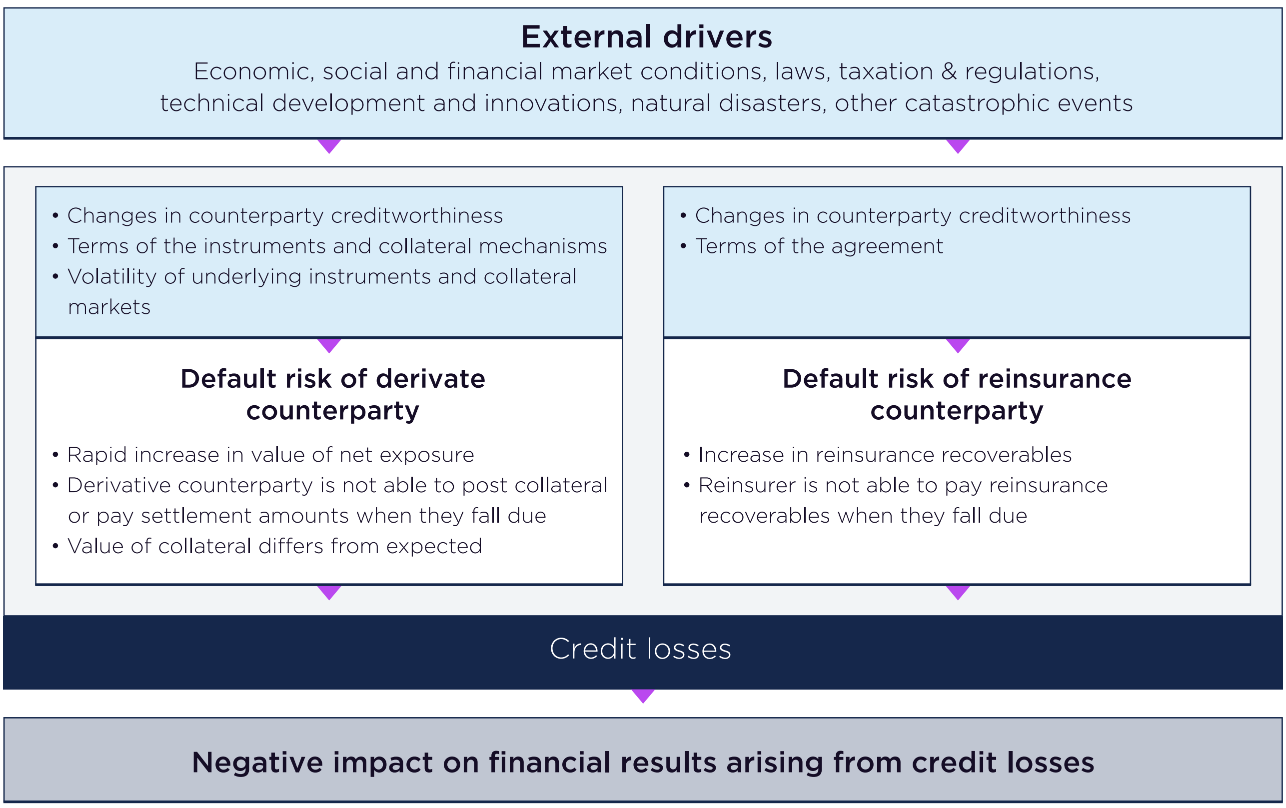
Counterparty Default Risk (Counterparty Risk) is one type of consequential risks Sampo Group is exposed to through its activities.

Credit risk by definition comprises default, spread and settlement risks. Default risk refers to losses arising from occurred defaults of debtors (issuer risk) or other counterparties (counterparty risk). In the case of issuer risk the final loss depends on the investor's holding of the security or deposit at the time of default, mitigated by the recovery rate. In the case of counterparty risk, the final loss depends on the positive mark-to-market value of derivatives or reinsurance recoverables at the time of default and on the recovery rate that is affected by collaterals.

Spread risk refers to losses resulting from changes in credit spreads of debt instruments and credit derivatives. Credit spreads are affected when the market's perception of probabilities of defaults is changing. In essence credit spread is the market price of default risk that is priced into market value of debt instrument. Hence the debt instrument's value should lower before the event of default occurs. Because of these features spread risk, including also default risk of debt instruments, is categorized in Sampo Group under investment portfolio market risks.

Settlement risk realizes when one party fails to deliver the terms of a contract with another party at the time of settlement. Settlement risk can be the loss associated with default at settlement and any timing differences in settlement between the two parties. Settlement risks are mitigated effectively by centralized settlement and clearing systems used by Sampo Group companies.

Counterparty Default Risk



Default risk related to reinsurance counterparties mainly concerns If P&C, as the use of reinsurance in Mandatum Life is relatively limited.

When financial derivatives are considered the situation is opposite. Mandatum Life and parent company Sampo plc are frequent users of long-term interest rate derivatives and are therefore inherently more exposed to default risk of derivative counterparties than If P&C, which is mainly using short-term foreign exchange derivatives.

In addition, counterparty default risk arises from receivables from policyholders and other receivables related to commercial transactions. Risk exposure towards policyholders is very limited, because non-payment of premiums generally results in cancellation of the insurance policies. Also the risk exposures arising from other receivables related to commercial transactions are minor in Sampo Group.

Distribution of reinsurance receivables and reinsurers' portion of outstanding claims in If P&C on 31 December 2014 per rating category is presented in the table Reinsurance Recoverables, If P&C, 31 December 2014 and 31 December 2013. In the table, EUR 130 million (EUR 140 million in 2013) are excluded, which mainly relates to captives and statutory pool solutions.

Reinsurance Recoverables

If P&C, 31 December 2014 and 31 December 2013

	31 Dec 2014		31 Dec 2013	
Rating	**Total EURm**	**%**	**Total EURm**	**%**
AAA	0	0%	0	0%
AA+ - A-	107	97%	286	97%
BBB+ - BBB-	2	2%	4	1%
BB+ - C	0	0%	0	0%
D	0	0%	0	0%
Non-rated	2	2%	4	1%
Total	**111**	**100%**	**295**	**100%**

The ten largest individual reinsurance recoverables amounted to EUR 166 million, representing 69 per cent of the total reinsurance recoverables. If P&C's largest individual reinsurer is Munich Re (AA-). They account for 22 per cent of the total reinsurance recoverables.

The amount of ceded treaty and facultative premiums was EUR 66.8 million. Of this amount, 99.9 per cent was related to reinsurance counterparties with a credit rating of A- or higher.

In Mandatum Life, the importance of reinsurance agreements is limited and thus credit risk of reinsurance counterparties in Mandatum Life is immaterial.

Counterparty Default Risk Management

In Sampo Group, default risk of derivative counterparties is a by-product of managing market risks. The risk is mitigated by careful selection of counterparties, by diversification of counterparties to prevent risk concentrations and by using collateral techniques, e.g. ISDA Master Agreements backed by Credit Support Annexes. This is the case especially in Sampo plc and Mandatum Life which are frequent users of long-term derivatives.

The Reinsurance Committee (RC) is a collaboration forum for reinsurance related issues and shall give its opinion on and propose actions in respect of such issues. The committee shall consider and propose changes to the Reinsurance Policy and the Internal Reinsurance Policy. The Chairman is responsible for the reporting of policy deviations and other issues dealt with by the committee.

The Reinsurance Security Committee (RSC) shall give input and suggestions to decisions in respect of various issues regarding reinsurance default risk and risk exposure, as well as proposed deviations from the Reinsurance Security Policy. The Chairman is responsible for the reporting of policy deviations and other issues dealt with by the committee.

At the inception of the reinsurance, the default risk of the reinsurer is considered. The default risks of reinsurance assets are monitored continuously.

In order to limit and control default risk associated with ceded reinsurance, If P&C has a Reinsurance Security Policy that sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. Credit ratings from rating agencies are used to support the assessment of the creditworthiness of reinsurance companies similarly to the assessment of credit risk of investment assets.

ALM Risks

When changes in different market risk variables (interest rates, inflation, foreign exchange rates) cause a change in the fair values of investment assets and derivatives that is of different size than the respective change in the economic value of insurance liabilities, the company is exposed to ALM risk. It has to be noted that the cash flows of insurance liabilities are modelled estimates and therefore uncertain in relation to both their timing and amount. This uncertainty is a central component of ALM risk.

On balance sheet level, ALM risks contribute considerably to economic values, risks and capital need. Sampo Group companies analyse ALM risks and monitor ALM exposures actively and the risks are taken into account when managing investments and developing insurance products. In addition to the risks relating to fluctuations in market values and economic values, ALM risks include liquidity risk. Additionally, single name concentration risks over assets, liabilities and other agreements are to be monitored at the balance sheet level. A balance sheet level concentration may arise for example when a company is insured by Sampo Group companies, Sampo Group has holdings in debt and equity instruments issued by the company and the company is a tenant in a property owned by Sampo Group.

Principles of Asset and Liability Management

In Sampo Group, insurance liabilities are the starting point for investment management. Insurance liabilities are modeled and analyzed to form an understanding of their expected future cash flows and their sensitivities to changes in factors such as inflation, interest rates and foreign exchange rates.

Solvency position and risk appetite are defining general capacity and willingness for risk taking. The stronger the solvency position and the higher the risk appetite, the more the investment portfolio can potentially differentiate from a portfolio replicating cash flows of insurance liabilities.

Rating targets and regulatory requirements are major external factors affecting market and liquidity risk taking in general at the balance sheet level, and specifically at the investment portfolio level.

Investments are managed according to the Investment Policies which are approved by the Boards of Directors of respective companies. Asset class allocations, risk limits by risk types, the risk governance of investment activities and the decision making authorizations are set in the companies' Investment Policies in a way that maintains the balance between earnings potential, risks and capitalization also at the balance sheet level.

If P&C and Mandatum Life are following the above mentioned principles, but they apply it by taking also into account the specific characteristics of their own businesses.

ALM in If P&C

The ALM risk in If P&C is managed in accordance with Sampo Group's principles. ALM is taken into account through the risk appetite framework and is governed by If P&C's Investment Policies.

In accounting the major part of the technical provisions is nominal. However, a still significant part (the provisions for claims outstanding pertaining to annuities), is discounted with interest rates in accordance with regulatory rules. Thereby If P&C is, from an accounting perspective, mainly exposed to changes in inflation and the regulatory discount rates. From an economic perspective, in which the cash flows of insurance liabilities (technical provisions) are discounted with prevailing interest rates, If P&C is exposed to changes both in inflation and nominal interest rates. For more information see the table Sensitivities of Technical Provisions, If P&C, 2014 in Non-life Underwriting Risks section.

To maintain the ALM risk within the overall risk appetite, the cash flows of insurance liabilities (technical provisions) are matched to a certain degree by investing in fixed income instruments and by using currency derivatives. The degree is dependent on the solvency position and market view.

ALM in Mandatum Life

The Board of Directors of Mandatum Life approves annually the Investment Policies for both segregated assets and other assets regarding the company's investment risks. These policies set principles and limits for investment portfolio activities.

The Investment Policy for segregated assets defines the risk bearing capacity and the corresponding control levels. Since the future bonus reserves of the segregated group pension portfolio is the first buffer against possible investment losses, also the risk bearing capacity is based on the amount of future bonus reserve. Different control levels are based on fixed stress scenarios of assets.

The Investment Policy for other investment assets defines the control levels for maximum acceptable risk and respective measures to manage the risk, which are based on the company level solvency and on both Solvency I and Solvency II type of approaches.

In the Solvency I type of approach, control levels are set above the Solvency I using a VaR-analysis of the investment assets. In the Solvency II type of approach, control levels are set also based on other confidence levels in addition to the 99.5 per cent level used in Sampo Group. The general objective of these control levels and respective guidelines is to maintain the required solvency and to ensure that investments are sufficient and eligible for covering technical provisions.

When above mentioned control levels are breached, the ALCO reports to the Board which then takes the responsibility on the decisions related to the capitalization and the market risks in the balance sheet.

The cash flows of Mandatum Life's with profit technical provisions are relatively well predictable, because in most of the company's with profit products, surrenders and premiums are restricted. The company's claims costs do not contain significant inflation risk element and thus the inflation risk in Mandatum Life is mainly related to administrative expenses.

The long-term target for investments is to provide sufficient return to cover the guaranteed interest rate plus bonuses based on principle of fairness as well as the shareholder's return requirement with acceptable level of risk. In the long run the most significant risk is that fixed income investments will not generate adequate return compared to the guaranteed rate. In addition to investment and capitalization decisions, Mandatum Life has implemented active measures in the liability side to manage the balance sheet level interest rate risk. The company has reduced the minimum guaranteed interest rate in new contracts, supplemented the technical provisions with discount rate reserves and adjusted policy terms and conditions as well as policy administration processes to enable more efficient interest rate risk management.

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

	Interest Rate		Equity	Other financial investments
EURm	**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.

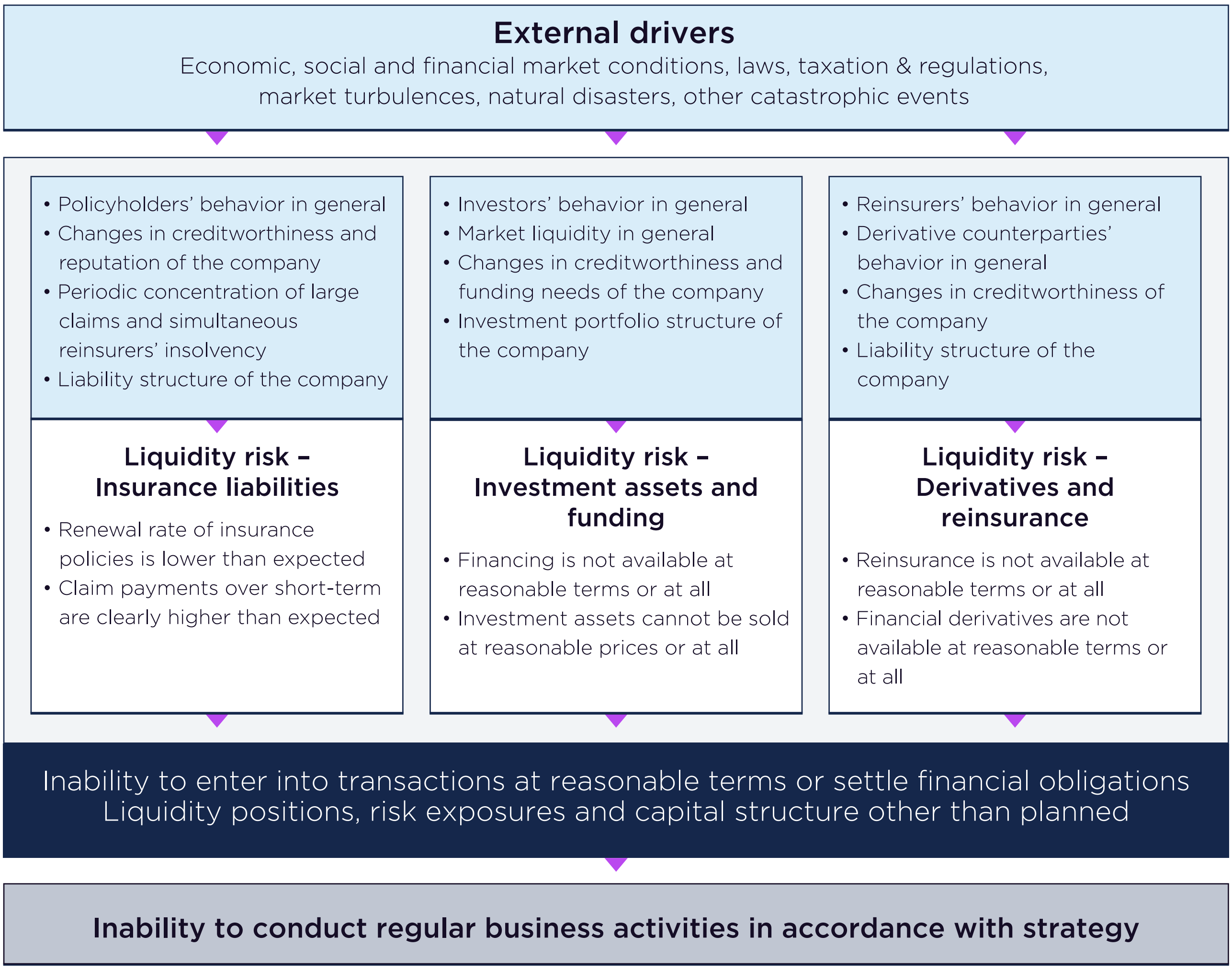
Because the durations of liabilities in Sampo Group companies are much longer than the duration of assets, the effect of decreasing interest rates is negative for Sampo Group. In the opposite case, a rise in interest rates would reduce the values of financial instruments causing a decline in the amount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

Liquidity Risks

Liquidity risk is the risk that Group companies are, due to lack of available liquid funds or access to relevant markets, unable to conduct their regular business activities in accordance with the strategy, or in extreme cases, are unable to settle their financial obligations when they fall due.

Sources of liquidity risk includes potential illiquidity of investments, large claims, unexpected non-renewal of insurance policies and refinancing risk of debt. Moreover, the availability and price of refinancing, financial derivatives and reinsurance affect the Group companies' ability to carry out normal business activities.

Liquidity Risks



The sources of liquidity risk are either internal or external by their nature. If the company's rating declines or if the company's solvency otherwise appears jeopardised, its ability to raise funding, buy reinsurance cover or enter into financial derivatives at a reasonable price is endangered. Moreover, policyholders may also not be willing to renew their policies because of company's financial challenges or in case of reputational issues. If these risks caused by internal reasons realize together with a general market turmoil, which makes selling of investment assets and refinancing of debt difficult, maintaining adequate liquidity can be a challenge.

However, liquidity risk is relatively immaterial in Sampo Group's businesses because liabilities in most lines of business are fairly stable and predictable and substantial share of the investment assets are in short-term money market instruments and liquid government bonds. Sampo Group companies manage the liquidity risk on a daily basis and in addition both parent company's and the subsidiaries' creditworthiness and reputation are proactively managed.

In Sampo Group, liquidity risk is managed by the legal entities, which are responsible for liquidity planning and maintaining adequate liquidity buffers. Liquidity risk is monitored based on the expected cash flows resulting from assets, liabilities and other business. In the subsidiaries, the adequacy of liquidity buffers is dependent on the insurance cash flows. In the parent company, the adequacy of liquidity buffers is dependent also on potential strategic arrangements and a strong liquidity in general is preferred. At the end of 2014, the liquidity position in each legal entity was in accordance with internal requirements.

In If P&C, liquidity risk is limited, since premiums are collected in advance and large claims payments are usually known a long time before they fall due. Liquidity risks are managed by cash management functions that are responsible for liquidity planning. Liquidity risk is reduced by having investments that are readily tradable in liquid markets. The available liquid financial assets, which are the part of the assets that can be converted into cash at a specific point in time, is analyzed and reported to the ORSA Committee.

In Mandatum Life, a large change in surrender rates could influence the liquidity situation. However, only a relatively small part of insurance policies can be surrendered and it is therefore possible to forecast short-term cash flows related to claims payments with a very high accuracy.

The maturities of technical provisions and financial assets and liabilities are presented in the table Cash Flows According to Contractual Maturity, If P&C, Mandatum Life and Sampo plc, 31 December 2014. The table shows the financing requirements resulting from expected cash inflows and outflows arising from financial assets and liabilities as well as technical provisions.

Cash Flows According to Contractual Maturity

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

	Carrying amount total			Cash flows						
EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	2015	2016	2017	2018	2019	2020-2029	2030-
If P&C										
Financial assets	11,576	1,942	9,634	3,476	2,080	1,411	1,174	1,240	1,062	0
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0
Financial liabilities	373	0	373	-170	-11	-12	-102	-7	-250	0
of which interest rate swaps	0	0	0	-0	-0	-1	-0	-0	-126	0
Net technical provisions	8,946	0	8,946	-3,253	-859	-601	-470	-390	-2,218	-1,860
Mandatum Life										
Financial assets	6,592	3,162	3,429	1,620	539	408	293	146	511	15
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0
Financial liabilities	275	0	275	-72	-6	-4	-4	-4	-50	-239
of which interest rate swaps	19	0	19	-1	-1	0	0	0	0	-27
Net technical provisions	4,640	0	4,640	-504	-440	-425	-388	-359	-2,452	-1,903
Sampo plc										
Financial assets	1,366	351	1,015	336	40	72	110	134	161	212
of which interest rate swaps	23	0	23	15	18	18	0	0	0	0
Financial liabilities	2,203	0	2,203	-586	-413	-562	-249	-33	-515	0
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0

In the table, financial assets and liabilities are divided into contracts that have an exact contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. In addition, the table shows expected cash flows for net technical provisions, which by nature, are associated with a certain degree of uncertainty. In the investment assets of Mandatum Life, the investments of the Baltic subsidiary are included in the carrying amount but excluded from the cash flows.

Sampo Group has a relatively low amount of financial liabilities and thus the Group's respective refinancing risk is relatively small. During 2014, Sampo plc issued one public bond amounting to EUR 500 million and several private placements targeted to Mandatum Life's retail clients. Sampo Group companies have business relationships with several creditworthy counterparties which mitigate the risk that Sampo Group is not able to enter into reinsurance or derivative transactions when needed.

Since there is no unambiguous technique to quantify the capital need for liquidity risk, it is not directly taken into account in capital need estimates. Thus only the interest rate risk part of ALM risks is accounted for in the economic capital framework.

Operational Risks

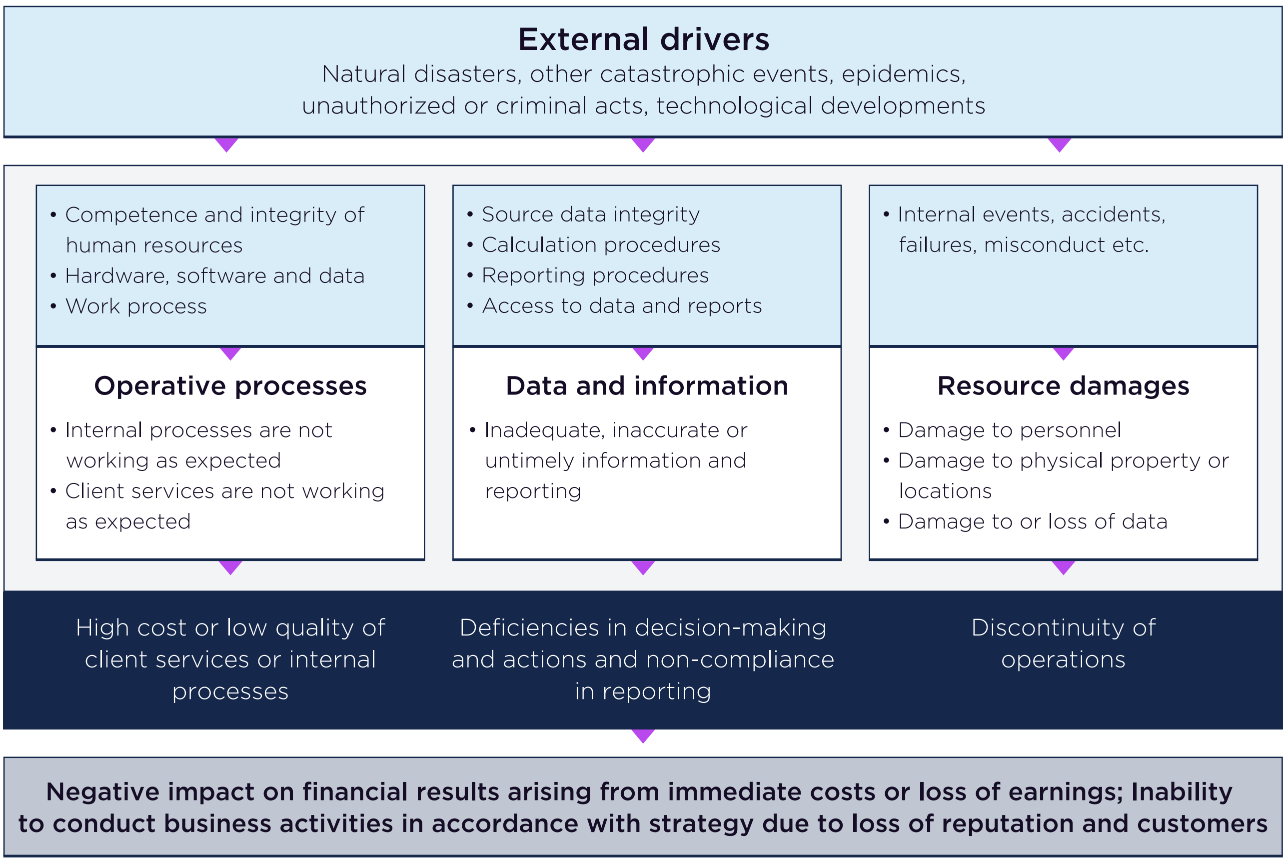
Operational risk refers to the risk of loss resulting from inadequate or failed processes or systems, from personnel or from external events. This definition includes compliance risk but excludes risks resulting from strategic decisions. The risks may realize for instance as a consequence of:

- internal misconduct
- external misconduct
- insufficient human resources management
- insufficiencies in operating policies as far as customers, products or business activities are concerned
- damage to physical property
- interruption of activities and system failures and
- defects in the operating process

Materialized operational risks can cause immediate negative impact on financial results due to additional costs or loss of earnings. In longer term materialized operational risks can lead to loss of reputation and, eventually, loss of customers which endangers the company's ability to conduct business activities in accordance with the strategy.

Compliance risk is the risk of legal or regulatory sanctions, material financial losses or loss of reputation resulting from a company's failure to comply with laws, regulations and administrative orders as applicable to its activities. A compliance risk is usually the consequence of internal misconduct and hence it can be seen as a part of operational risk.

These immediate and longer term effects of operational risk have their general causes in external and internal drivers. The Group companies have their own specific risk sources which are causes of events that may have negative impacts on different processes, personnel or fixed assets.



In Sampo Group, the parent company Sampo plc sets the following goals of operational risk management to subsidiaries:

- To ensure simultaneously the efficiency and the quality of operations
- To ensure that operations are compliant with laws and regulations and
- To ensure the continuity of business operations in exceptional circumstances

Each company is responsible for arranging its operational risk management in line with the above mentioned goals, taking also into account the specific features of its business activities.

If P&C

The continuity of operational risk management in If P&C is secured through the Operational Risk Committee (ORC), which coordinates the operational risk process. The committee's task is to give opinions, advice and recommendations to the ORSA Committee as well as to report the current operational risk status. The ORC is responsible for preparing a comprehensive overview of the operational risk status in If P&C. The status assessment is based on the self-assessments performed by the organization, reported incidents and other additional risk information. Trend analyses are performed on a yearly basis, during which the most important trends affecting the insurance industry are identified and the effects on If P&C are assessed. The committee shall consider and propose changes to policies and instructions regarding operational risks. The Chairman is responsible for the reporting of issues dealt with by the committee.

If P&C also has a Compliance Committee (CC), which is an advisory body for the Chief Compliance Officer regarding compliance issues. The task of the committee is to secure a comprehensive view of compliance risk and activities in If P&C.

The business organization and corporate functions have the responsibility to identify, assess, monitor and manage their operational risks. Risk identification and assessments are performed quarterly. Identified risks are assessed from a probability and impact perspective. The control status for each risk is assessed using a traffic light system: green – good control of risk, yellow – attention required, red – attention required immediately. Severe risks with control status yellow or red are reported to the ORC.

Incident reporting and analysis are managed differently depending on type of incident. All employees are required to report incidents via intranet, and others are identified through controls and investigations.

In order to manage operational risks, If P&C has issued a number of different steering documents: Operational Risk Policy, Continuity Plans, Business Continuity Policy, Security Policy, Outsourcing Policy, Complaints Handling Policy, Claims Handling Policy, and other steering documents related to different parts of the organization. These documents are being reviewed and updated at least annually.

Mandatum Life

The objective of operational risk management in Mandatum Life is to enhance the efficiency of internal processes and decrease negative impact on Mandatum Life. The aim is to minimize operational risks subject to cost-benefit considerations.

Business units are responsible for the identification, assessment and management of own operational risks, including organizing adequate internal control. Operational Risk Committee (ORC) monitors and coordinates risk management issues regarding operational risks within Mandatum Life, such as policies and recommendations concerning operational risk management. The committee ensures that risks are identified and internal control and risk management have been organized in a proper way. The committee also analyses deviations from operational risk management policies and monitors operational risks identified in the self-assessments as well as the occurred incidents. The committee meets at minimum three times a year. Significant observations on operational risks are submitted to the

Risk Management Committee and Board of Directors on a quarterly basis.

The Operational Risk Committee (ORC) analyzes and handles operational risks, e.g. in relation to new products and services, changes in processes and risks as well as realized operational risk incidents. Significant observations are reported to the Risk Management Committee and to the Board of Directors quarterly. ORC is also responsible for maintaining and updating the continuity and preparedness plans as well as the Internal Control Policy.

In order to limit operational risks, Mandatum Life has approved a number of policies including e.g. Internal Control Policy, Compliance Policy, Security Policies, Continuity Plan, Procurement and Outsourcing Policy, Complaints Handling Policy and a number of other policies related to ongoing operative activities. Deviations against different policies are followed up independently in each business unit and reported to the Compliance Officer and the ORC.

Internal control system in processes aims at preventing and identifying negative incidents and minimizing their impact. In addition, would there be an operational risk event or a near miss, this must be analyzed and reported to ORC.

Capitalization

In Sampo Group profitability, risks and the respective capital needs are assessed both at company level and at group level. The targets for the amount of capital and the capital structure of individual companies are set based on these assessments. The correlation of Sampo Group companies' profits and the transferability of capital are taken into account when considering capitalization at group level.

In regard to capitalization, two components are determined both at company and group level to define the target level of loss absorbing items (amount of capital):

- The amount of capital needed for current business activities in the normal course of business: This is based on both measurable and non-measurable risks. Three perspectives - internal, regulatory and rating agency – are taken into account when measuring risks and defining respective capital needs.
- The additional buffer to be maintained over the defined capital need: The buffer is affected by the level of expected profits and its volatility. Also the uncertainties of the business environment and the need to maintain strategic flexibility may affect the size of additional buffers.

The latter component of targeted amount of capital is more subjective than the former although the former also includes subjectivity in regards to non-measurable risks.

The third item to be determined is the capital structure. The capital structure decisions are mainly affected by the eligibility of capital components – equity, issued hybrid instruments and specific reserves – by regulatory rules and by rating agencies' criteria.

Capitalization at Company Level

Solvency Assessment by Regulatory Rules

In If P&C, regulatory solvency capital was EUR 3,347 million (EUR 3,372 million in 2013) while the regulatory capital requirement was EUR 841 million (EUR 849 million in 2013). Hence Solvency capital was 4.0 times regulatory capital requirement at the end of year 2014.

Regulatory solvency capital of Mandatum Life Group was EUR 1,446 million (EUR 1,403 million in 2013) while the regulatory capital requirement was EUR 274 million (EUR 226 million in 2013). In Mandatum Life regulatory solvency capital was 5.3 times regulatory capital requirement at the end of year 2014.

Both companies did assess their solvencies at year-end 2014 using Solvency II methods that will be in force 1st of January 2016. If P&C used partial internal model approach and Mandatum Life used standard model with transition measures. Both companies were compliant with the Solvency II capital requirements.

Parent company Sampo plc is not an insurance company and there is no requirement to calculate the above figures separately for it. However, Sampo plc is subject to Financial Conglomerate rules and in this context its contribution to Sampo Group's capital requirement is calculated by financial conglomerate rules.

The Swedish requirements for bank capital include components which are country-specific and thus the total requirement is higher than in many other countries. The Swedish FSA has communicated the capital requirement for Nordea and based on it Nordea aims at operating with a CET1 ratio of approximately 15% including a management buffer. The level still involves some uncertainty on Pillar 2 requirements. Because of the different calculation method and confidence level the amount of required capital is also higher than the figure used in Sampo Group's EC as presented later in figure Breakdown of Capitalization, Sampo Group, 31 December 2014.

The Basel III Common Equity Tier 1 (CET1) ratio of Nordea increased to 15.7%. The CET1 capital amounted to EUR 22.8 billion and the own funds were EUR 30.0 billion. Nordea's capital requirement based on the transitional rules was EUR 17.6 billion and without the transitional rules it was EUR 11.6 billion.

The current regulatory capital requirements for the insurance industry prior to Solvency II implementation are fairly insensitive to risks. Hence, reported regulatory solvencies are often artificially high and thus may not give a realistic view on solvency, even though some loss absorbing items like equalization provision has been excluded from eligible solvency capital. After the implementation of Solvency II regulation the reported solvencies will be more in line with market based capitalization assessments.

Internal Capitalization Assessment

Internally Sampo Group companies calculate internal performance, risk and capitalization measures based generally on fair values of financial assets and market values of insurance liabilities to have a realistic view of their capitalization. These measures and models are currently being developed taking into account the Solvency II requirements. In Sampo Group the capital need for measurable risks (market, credit, underwriting and operational risks, as well as the diversification effect between them) is defined as Economic Capital (EC) and the available capital including all material loss absorbing items is called Adjusted Solvency Capital (ASC).

In Sampo Group capital adequacy is assessed internally in addition to Solvency II methods by comparing ASC to the amount of capital needed for all risks. The basis for ASC is formed by eligible capital items included in the current regulatory solvency capital. On top of these items, other material loss absorbing items are added. These other loss absorbing items - equalization provision and the difference between the book value and the market value (including a risk margin) of technical provisions - will be part of capital base also in the Solvency II framework.

The first phase in the assessment of the amount of capital needed is to calculate the EC, which is used to define the capital needed for measurable risks of current activities. The principles of EC calculations are as follows in Sampo Group:

- EC is defined as the amount of capital required to protect the solvency over a one year time horizon with a probability of 99.5% being the calculation basis in Solvency II as well. This confidence level is used for all Group companies to be able to make capitalization comparisons based on a standardized measure.
- EC is calculated using a set of calculation methods seen suitable for each risk class.
- When assessing the EC need arising from Nordea, Sampo plc uses the EC calculated and publicly reported by Nordea multiplied by the proportion of Sampo plc's share in Nordea and converted into a confidence level of 99.5%.

EC is considered to be a good estimate of the capital required to cover risks that can be measured in a reliable way and within a normal business environment.

However, some of the risks require a more qualitative assessment. These include for instance risks related to low probability and high impact events as well as liquidity risks and are taken into account by subjective add-ons over the EC when the capital needed for current business activities are defined.

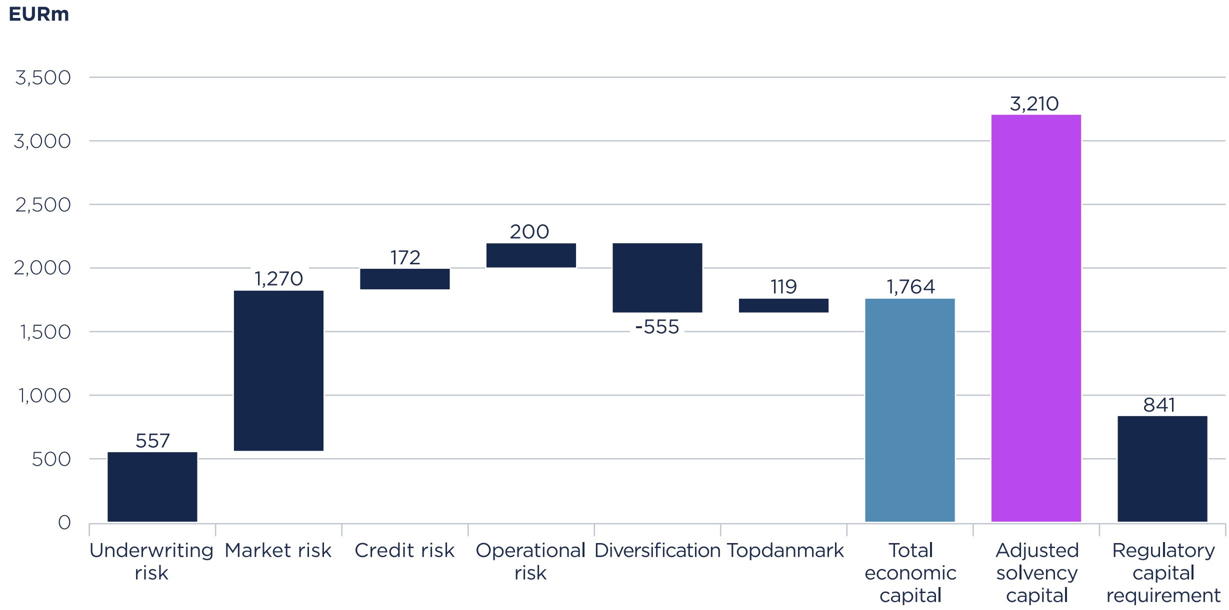
Moreover, when assessing the targeted amount of capital, the level of expected profits and its stability together with the uncertainty in the business environment are also considered. The buffer over the capital needed for current business activities is defined based on these items.

The breakdown of EC by risk type and a comparison to ASC both in If P&C and Mandatum Life is depicted in the figure Breakdown of Capitalization, If P&C and Mandatum Life, 31 December 2014. Regulatory capital requirement is presented in the same figure. From the internal perspective the amount of ASC compared to EC is high especially in If P&C. This is mainly due to the fact that the reported EC figures are calculated with the confidence level of 99.5% used in Solvency II and not with a higher confidence levels more in line with If P&C's rating target. The other factor is that the add-ons over EC are not presented in the figure. From regulatory perspective solvencies of both companies seem strong, because of the fairly risk insensitive regulatory capital requirement of Solvency I.

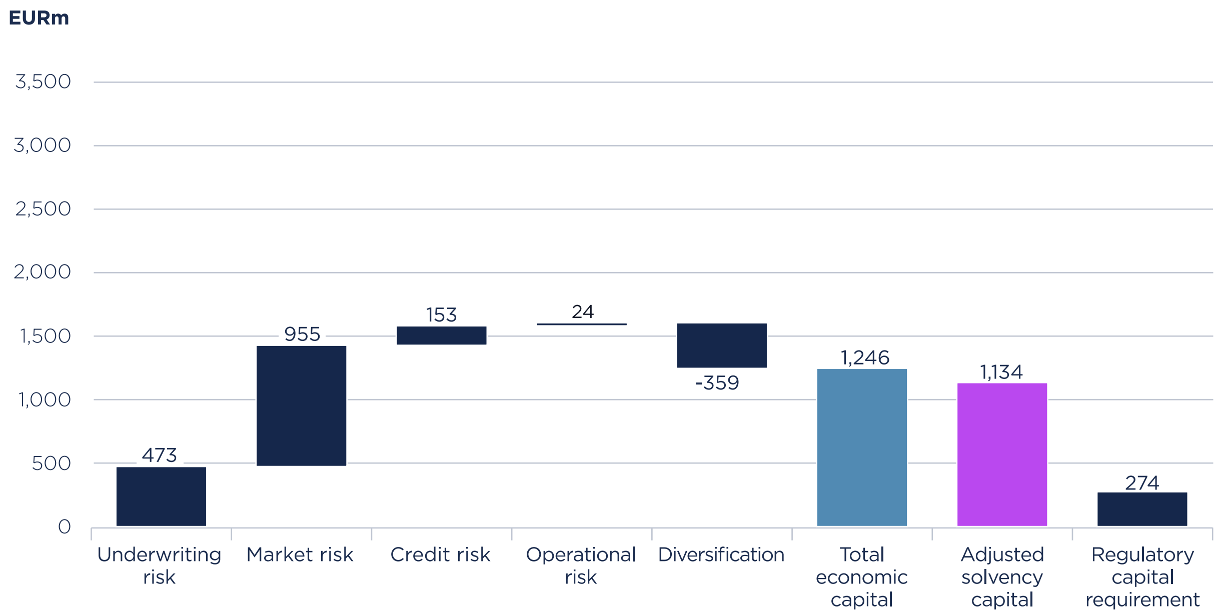
In If P&C, EC increased to EUR 1,764 million (EUR 1,720 million at the end of 2013), while in Mandatum Life, EC increased to EUR 1,246 million (EUR 1,085 million at the end of 2013). Market risk is still the most significant risk for both If P&C and Mandatum Life. Underwriting risk decreased in If P&C during the year to EUR 557 million (EUR 565 million at the end of 2013) and increased in Mandatum Life to EUR 473 million (EUR 367 million at the end of 2013).

If P&C's share of Topdanmark's regulatory solvency requirement of EUR 119 million is included in EC. For If P&C the figure for credit risk includes also noncredit related risks calculated in accordance with the Solvency II standard formula.

Breakdown of Capitalization
If P&C, 31 December 2014



Breakdown of Capitalization
Mandatum Life, 31 December 2014



Topdanmark's contribution to the total economic capital of If P&C is based on the latest regulatory solvency capital figures reported by Topdanmark. Adjusted Solvency Capital include in both companies regulatory solvency capital. It amounted to EUR 3,347 million in If P&C and to EUR 1,446 million in Mandatum Life at the end of year 2014.

During the year, the amount of ASC in If P&C decreased to EUR 3,210 million (EUR 3,706 million at the end of 2013), and in Mandatum Life, ASC decreased to EUR 1,134 million (EUR 1,492 million at the end of 2013). In both companies positive results strengthened the capitalization whereas paid dividends to the parent company and decreasing interest rates had an opposite effect on the capitalization.

As discussed, the EC is a standardized internal measure used to enable comparison between the Group companies and their risk based capital needs. However, individual companies have to take into consideration external stakeholders opinions when they are considering their target capitals.

Solvency Assessment by Rating Agency Criteria

If P&C's rating target is single A by S&P which implies higher confidence level and respectively higher amount of capital. Hence, the amount of capital, at which If P&C is confident to operate, is higher than its EC.

Currently If P&C is rated by both Moody's and S&P. The data for S&P rating model is updated quarterly by If P&C. If P&C has good understanding of the required amount of Total Available Capital (TAC) to have a single A rating.

As a result of the continuous work with risk management issues, If P&C's ERM (Enterprise Risk Management) has been graded 'strong' by S&P. These qualitative issues are part of the Rating agencies rating-criteria and Sampo Group companies are sensitive to Rating Agencies' expectations.

Parent company Sampo plc is rated by Moody's. Rating is based on Moody's standard notching practice where insurance groups parent company's rating is set three notches lower than the most significant subsidiary's rating. This method results into Baa2 rating for Sampo plc.

Capitalization at Group Level

Sampo Group's EC is calculated as the sum of the Group companies' ECs adjusted by correlation effect. To calculate the Group's ASC the Group's Solvency Capital is adjusted by the difference between the book value and the market value of insurance liabilities and equalization provisions. The difference between Group's ASC and Group's EC is the difference between actual capital and capital need for current business activities. This difference should not be interpreted as excess capital because the Group's reported EC is based on other confidence level than what is reflected in individual companies' capital needs.

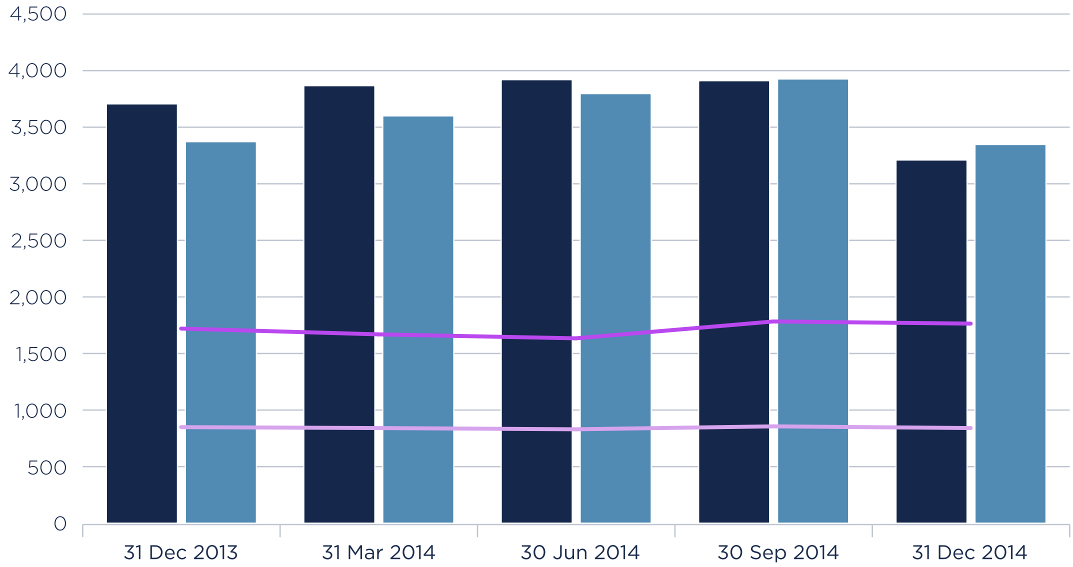
From regulatory solvency point of view, Sampo Group is regarded as a financial and insurance conglomerate. Group solvency is the amount of regulatory solvency capital calculated according to the Finnish regulation on financial conglomerates from which e.g. the internal items such as subordinated loans are eliminated.

Internal Capitalization Assessment

ASC of Sampo Group's insurance subsidiaries decreased during the year. In both companies positive results strengthened the capitalization whereas paid dividends to the parent company and decreasing interest rates had an opposite effect on the capitalization. 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 ASC and EC figures are calculated. At group level the amount of ASC decreased whereas the amount of EC increased. The capitalization is still considered to be strong. The development of capitalization in Sampo Group from both internal and regulatory perspectives during the year 2014 is shown in the figure Development of Capitalization, If P&C, Mandatum Life and Sampo Group, 31 December 2013 – 31 December 2014.

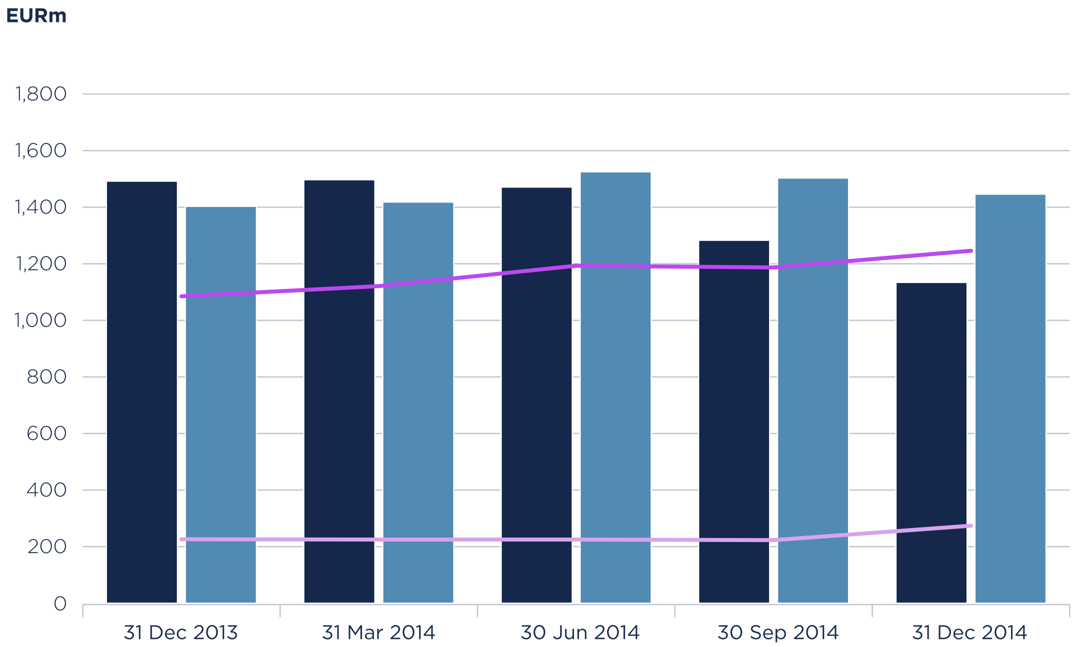
Development of Capitalization
If P&C, 31 December 2013 – 31 December 2014



	31 Dec 2013	31 Mar 2014	30 Jun 2014	30 Sep 2014	31 Dec 2014
Adjusted solvency capital	3,706	3,867	3,920	3,911	3,210
Economic capital	1,720	1,669	1,634	1,783	1,764
Regulatory solvency capital	3,372	3,600	3,797	3,926	3,347
Regulatory capital requirement	849	841	830	856	841
/	2.2	2.3	2.4	2.2	1.8
/	4.0	4.3	4.6	4.6	4.0

Development of Capitalization

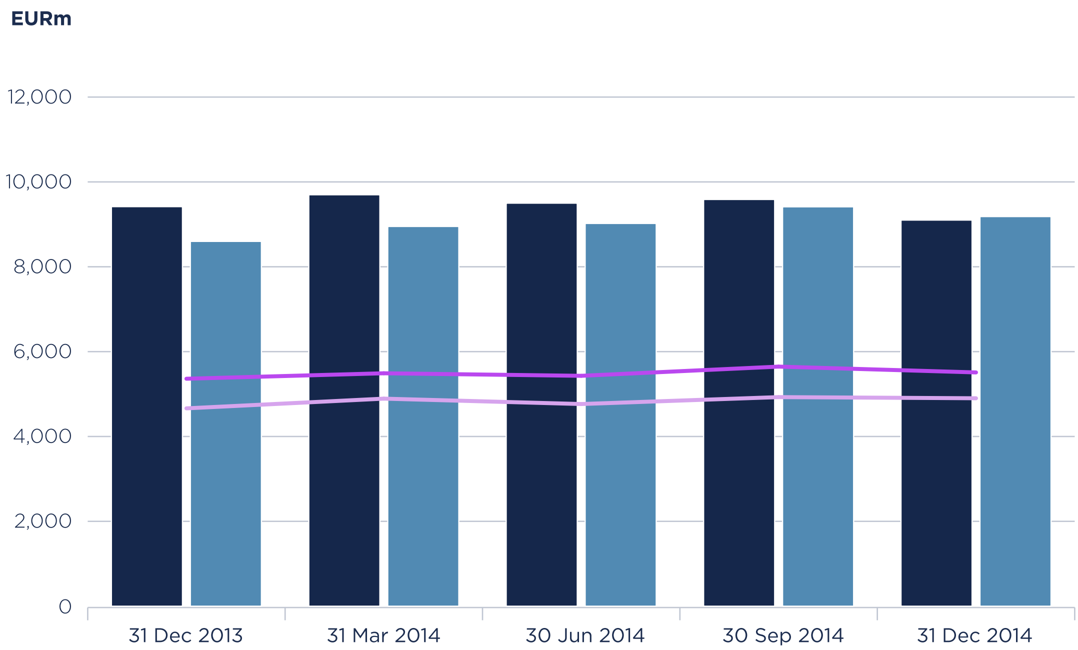
Mandatum Life, 31 December 2013 – 31 December 2014



	31 Dec 2013	31 Mar 2014	30 Jun 2014	30 Sep 2014	31 Dec 2014
Adjusted solvency capital	1,492	1,497	1,471	1,283	1,134
Economic capital	1,085	1,121	1,193	1,187	1,246
Regulatory solvency capital	1,403	1,418	1,525	1,503	1,446
Regulatory capital requirement	226	225	225	223	274
/	1.4	1.3	1.2	1.1	0.9
/	6.2	6.3	6.8	6.7	5.3

Development of Capitalization

Sampo Group, 31 December 2013 – 31 December 2014



	31 Dec 2013	31 Mar 2014	30 Jun 2014	30 Sep 2014	31 Dec 2014
Adjusted solvency capital	9,417	9,697	9,499	9,586	9,100
Economic capital	5,361	5,490	5,430	5,647	5,510
Regulatory solvency capital	8,598	8,950	9,021	9,413	9,183
Regulatory capital requirement	4,663	4,892	4,765	4,928	4,901
/	1.8	1.8	1.7	1.7	1.7
/	1.8	1.8	1.9	1.9	1.9

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

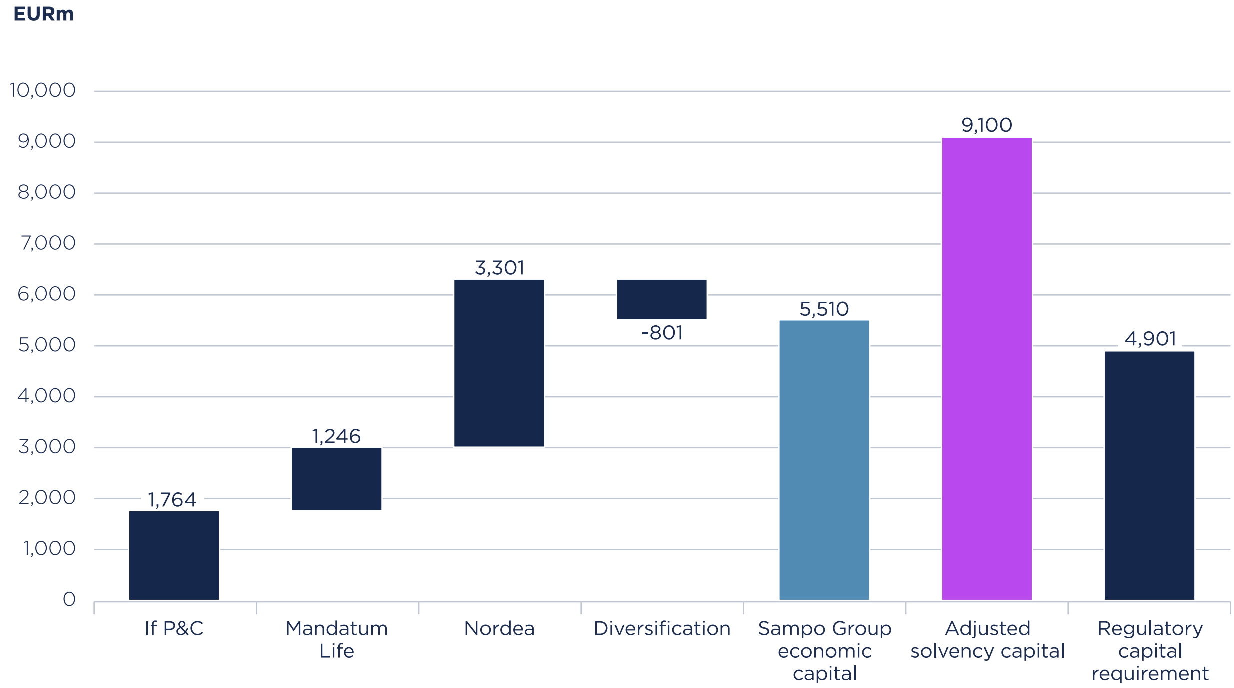
The figure Breakdown of Capitalization, Sampo Group, 31 December 2014 presents the contributions of the different business areas including Nordea to Sampo Group's total economic capital as well as the diversification effect included in the calculation of Group's EC.

The figure also presents the amount of ASC 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 EC increased during the year and amounted to EUR 5,510 million at the end of 2014 (EUR 5,361 million in 2013). The amount of ASC at group level decreased during the year to EUR 9,100 million (EUR 9,417 million in 2013). ASC exceeded EC by EUR 3,590 million (EUR 4,056 million in 2013) and capitalization by internal measures is strong.

Breakdown of Capitalization

Sampo Group, 31 December 2014



Regulatory solvency capital amounted to EUR 9,183 million in Sampo Group at the end of year 2014.

Nordea is included in the calculation of Sampo Group's EC by adding Sampo Group's share of EC reported by Nordea, converted into the 99.5% confidence level used in Sampo Group. At year end, the risks arising from Nordea constitute the largest single component in Sampo Group's EC. The correlations between risk types and business areas, and thereby indirectly the amount of diversification, are defined by Sampo plc at Sampo Group level.

The ratio of ASC to EC was 165% and ratio of ASC to undiversified EC was 144%. The respective differences between ASC and ECs were EUR 3,590 million and EUR 2,789 million. Based on these measures the amount of excess capital can be considered adequate.

Sampo Group assesses that the difference between Group ASC and the sum of Group companies' capital needs is adequate because of the following reasons:

If P&C and Nordea have strong capitalization and sound profitability. The amount of available capital in If P&C is maintained above capital level based on single A rating target. Nordea's amount of capital is based on one of the strictest regulatory expectations on capitalization within European jurisdictions. In addition both If P&C and Nordea have shown high profitability and low volatility of profits. Sampo considers that If P&C and Nordea have themselves relatively high buffers included in their capital and parent company Sampo needs only minor additional reserves for them.

Mandatum Life is the smallest company in the Group and Mandatum Life's with-profit business with high guarantees is on a run-off mode. Hence the capital need is decreasing over time. Therefore the company's ASC needs to exceed its capital need only by a small margin and sometimes for a short period of time the EC can even be higher than the ASC.

Correlations of profitability and capital positions are low. A general group level concentration risk arises when the Group companies' profitability or capital positions react similarly to general economic development, i.e. the correlation between general economic development and the profitability of different subsidiaries is more or less analogous. This type of concentration risk can be analyzed indirectly based on profits. From this perspective Sampo plc's associated company Nordea's result has created clear diversification benefits, in particular when analyzed vis á vis with If P&C and Mandatum Life. The historical correlation between If P&C's and Nordea's, as well as Mandatum Life's and Nordea's, quarterly profits since 2005 is very low. The historical correlations of quarterly profits between If P&C, Mandatum Life and Nordea are depicted in the figure Correlations of Quarterly Reported Profits, If P&C, Mandatum Life and Nordea, 1 January 2005 - 31 December 2014.

Correlations of Quarterly Reported Profits
If P&C, Mandatum Life and Nordea, 1 January 2005 - 31 December 2014

	Nordea	If P&C	Mandatum Life
Nordea	1		
If P&C	0.25	1	
Mandatum Life	0.10	0.85	1

Because of favourable profit correlations between the companies and relatively low volatilities of If P&C's and Nordea's profits, the profit development is quite stable at group level which further decreases the need to maintain additional capital buffers over economic capital at group level.

Regulatory Solvency Capital at Group Level

Sampo Group reports its Group solvency quarterly to the Finnish supervisory authorities monitoring the Group. Sampo's share of Nordea's own funds and capital requirements are consolidated into Group solvency.

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 2014 and 31 December 2013.

At the end of 2014, Sampo Group's consolidated regulatory capital position was strong.

Group Solvency
31 December 2014 and 31 December 2013

EURm	31 Dec 2014	31 Dec 2013
Group capital	**10,924**	**10,643**
Sectoral items	**1,685**	**1,274**
Valuation differences and deferred taxes	465	445
Topdanmark	-127	-130
Subordinated loans	111	143
Share of Nordea's capital not included in Group capital	1,237	816
Intangibles and other deductables	**-3,426**	**-3,319**
Intangibles (insurance companies)	-715	-752
Intangibles (Nordea)	-1,314	-1,314
Equalisation provision (Finland)	-293	-317
Other	-12	-13
Planned dividends for the current period	-1,092	-924
Solvency capital, total	**9,183**	**8,598**
Minimum requirements for solvency capital, total	**4,901**	**4,663**
Group solvency	**4,282**	**3,935**
Group solvency ratio (solvency capital % of minimum requirement)	**187%**	**184%**

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.

Financial Statements

Group's IFRS Financial Statements

Statement of profit and other comprehensive income, IFRS

EURm	Note	1-12/2014	1-12/2013
Insurance premiums written	1 8	5,544	5,618
Net income from investments	2 10 18	898	942
Other operating income		32	31
Claims incurred	3 8	-3,771	-3,677
Change in liabilities for insurance and investment contracts	4	-489	-697
Staff costs	5	-603	-634
Other operating expenses	6 8	-558	-543
Finance costs	10	-29	-58
Share of associates' profit/loss	14	735	686
Profit before taxes		**1,759**	**1,668**
Taxes	21 22 23	-220	-216
Profit for the period		**1,540**	**1,452**
Other comprehensive income for the period			
Items reclassifiable to profit or loss	23 24		
Exchange differences		-174	-153
Available-for-sale financial assets		72	233
Cash flow hedges		-	-0
Share of associate's other comprehensive income		-168	-70
Taxes		-15	-22
Total items reclassifiable to profit or loss, net of tax		**-285**	**-13**
Items not reclassifiable to profit or loss			
Actuarial gains and losses from defined pension plans		-101	-21
Taxes		26	7
Total items not reclassifiable to profit or loss, net of tax		**-76**	**-14**
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**1,179**	**1,425**
Earnings per share (eur)	9	**2.75**	**2.59**

Consolidated balance sheet, IFRS

EURm	Note	12/2014	12/2013
Assets			
Property, plant and equipment	11	24	25
Investment property	12	195	125
Intangible assets	13	715	752
Investments in associates	14	7,447	7,282
Financial assets	10 15 16 17 18 19	16,930	16,824
Investments related to unit-linked insurance contracts	10 20	5,259	4,616
Tax assets	21	86	68
Reinsurers' share of insurance liabilities	28	240	422
Other assets	25	1,781	1,676
Cash and cash equivalents	10 26	2,074	785
Total assets		**34,750**	**32,576**
Liabilities			
Liabilities for insurance and investment contracts	27	14,248	13,427
Liabilities for unit-linked insurance and investment contracts	28	5,289	4,610
Financial liabilities	10 16 17 29	2,423	2,193
Tax liabilities	21	504	508
Provisions	30	63	58
Employee benefits	31	265	195
Other liabilities	32	1,035	941
Total liabilities		**23,827**	**21,933**
Equity	34		
Share capital		98	98
Reserves		1,531	1,531
Retained earnings		8,655	8,175
Other components of equity		639	840
Total equity		**10,924**	**10,643**
Total equity and liabilities		**34,750**	**32,576**

Statement of changes in equity, IFRS

EURm	Share capital	Share premium account	Legal reserve	Invested unrestricted equity	Retained earnings	Translation of foreign operations 1)	Available for sale financial assets 2)	Cash flow hedges 3)	Total
Equity at 1 January 2013	**98**	**0**	**4**	**1,527**	**7,587**	**167**	**760**	**-29**	**10,113**
Change in IAS 19 Pension benefits 4)					-91	-2			-93
Restated equity at 1 January 2013	**98**	**0**	**4**	**1,527**	**7,496**	**165**	**760**	**-29**	**10,020**
Changes in equity									
Recognition of undrawn dividends					7				7
Dividends					-756				-756
Share of associate's other changes in equity					-54				-54
Other changes in equity 5)					19	-19			0
Profit for the period					1,452				1,452
Other comprehensive income for the period					10	-253	216	-1	-27
Equity at 31 December 2013	**98**	**0**	**4**	**1,527**	**8,175**	**-106**	**976**	**-30**	**10,643**
Changes in equity									
Recognition of undrawn dividends					8				8
Dividends					-924				-924
Share of associate's other changes in equity					17				17
Profit for the period					1,540				1,540
Other comprehensive income for the period					-160	-264	64	-	-361
Equity at 31 December 2014	**98**	**0**	**4**	**1,527**	**8,655**	**-370**	**1,039**	**-30**	**10,924**

1) The total comprehensive income includes also the share of the associate Nordea's other comprehensive income, in accordance with the Group's share holding. The retained earnings thus include EURm -85 (25) of Nordea's actuarial gains/losses The exchange differences include the share of Nordea's exchange differences EURm -90 (-99). Respectively, available-for-sale financial assets include EURm 7 (5) of Nordea's valuation differences.

2) The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 177 (280). The amount transferred to p/l amounted to EURm -120 (-70).

3) The amount recognised in equity from cash flow hedges for the period totalled EURm - (-0) .

4) IAS 19 Pension benefits had a net effect of EURm -160 (-83) on retained earnings.

5) Reclassification of subsidiary exchange differences.

The amount included in the translation, available-for-sale and cash flow hedge reserves represent other comprehensive income for each component, net of tax.

Statement of cash flows, IFRS

EURm	2014	2013
Operating activities		
Profit before taxes	1,759	1,668
Adjustments:		
Depreciation and amortisation	21	18
Unrealised gains and losses arising from valuation	-64	-133
Realised gains and losses on investments	-280	-231
Change in liabilities for insurance and investment contracts	874	730
Other adjustments	-661	-715
Adjustments total	**-110**	**-331**
Change (+/-) in assets of operating activities		
Investments *)	389	-553
Other assets	-146	-11
Total	**243**	**-564**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-6	-14
Other liabilities	53	-276
Paid taxes	-279	-253
Total	**-232**	**-543**
Net cash from operating activities	**1,660**	**230**
Investing activities		
Investments in group and associated undertakings	391	371
Net investment in equipment and intangible assets	-15	-11
Net cash from investing activities	**377**	**360**
Financing activities		
Dividends paid	-913	-747
Issue of debt securities	1,199	1,214
Repayments of debt securities in issue	-1,012	-1,307
Net cash used in financing activities	**-725**	**-839**
Total cash flows	**1,311**	**-249**
Cash and cash equivalents at 1 January	785	1,031
Effects of exchange rate changes	-22	3
Cash and cash equivalents at 31 December	2,074	785
Net increase in cash and cash equivalents	**1,311**	**-249**

Additional information to the statement of cash flows:	**2014**	**2013**
Interest income received	538	574
Interest expense paid	-109	-120
Dividend income received	102	82

**) Investments include investment property, financial assets and investments related to unit-linked insurance contracts.*

The items of the statement of cash flows cannot be directly concluded from the balance sheets due to e.g. exchange rate differences, and acquisitions and disposals of subsidiaries during the period.

Cash and cash equivalents include cash at bank and in hand and short-term deposits (max. 3 months).

Note to the Group's statement of cash flows

Acquisitions 2014

Suomi Mutual assigned its guaranteed interest group pension portfolio to Mandatum Life Insurance Company Ltd on 30 December, 2014. As a result, EURm 100 cash and cash equivalents were transferred.

Acquisitions 2013

If P&C Insurance Ltd. acquired the business of Tryg Finland on 1 May, 2013. The purchase price was EURm 15. The cash and cash equivalents transferred amounted to EURm 93. The transferred net assets totalled about EURm 15. The liabilities consisted mainly of insurance liabilities.

The acquired assets and liabilities did not have a material effect on the Group's income statement, balance sheet or cash flows.

NOTES TO THE ACCOUNTS

Summary of significant accounting policies

Sampo Group has prepared the consolidated financial statements for 2014 in compliance with the International Financial Reporting Standards (IFRSs). In preparing the financial statements, Sampo has applied all the standards and interpretations relating to its business, adopted by the commission of the EU and effective at 31 December, 2014.

During the financial year, Sampo adopted the following amended standards relating to its business.

IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) defines closer the concept of control as the crucial factor for consolidation. The new standard had no material impact on the Group's financial statements reporting.

IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes requirements for disclosures regarding different involvements in other entities, such as associates and unconsolidated entities. The new standard had an impact on the Group's disclosures.

Revised IAS 27 *Consolidated and Separate Financial Statements* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes the requirements for separate financial statements to the extent they have not been included in the new IFRS 10. The adoption of the revised standard had no material impact on the Group's financial statements reporting.

Revised IAS 28 *Investments in Associates* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes the requirements for using the equity method accounting for investments in associates and joint ventures. The adoption of the revised standard will had no material impact on the Group's financial statements reporting.

The amendment to IAS 32 *Financial Instruments: presentation* (effective for annual periods beginning on 1 Jan 2014 or after) specifies the presentation of situations when financial assets and liabilities are offset.The adoption of the amendment will have no material impact on the Group's financial statements reporting.

In preparing the notes to the consolidated financial statements, attention has also been paid to the Finnish accounting and company legislation and applicable regulatory requirements. Some of the risk management disclosures are presented in the Group's financial statements' Risk Management section.

The financial statements have been prepared under the historical cost convention, with the exception of financial assets and liabilities at fair value through p/l, financial assets available-for-sale, hedged items in fair value hedges and share-based payments settled in equity instruments measured at fair value.

The consolidated financial statements are presented in euro (EUR), rounded to the nearest million, unless otherwise stated.

The Board of Directors of Sampo plc accepted the financial statements for issue on 11 February 2015.

Consolidation

Subsidiaries

The consolidated financial statements combine the financial statements of Sampo plc and all its subsidiaries. Entities qualify as subsidiaries if the Group has the controlling power. The Group exercises control if its shareholding is more than 50 per cent of the voting rights or it otherwise has the power to exercise control over the financial and operating policies of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date that control ceases.

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. Possible non-controlling interest of the acquired entity is measured either at fair value or at proportionate interest in the acquiree's net assets. The acquisition-specific choice affects both the amount of recognised goodwill and non-controlling interest. The excess of the aggregate of consideration transferred, non-controlling interest and possibly previously held equity interest in the acquiree, over the Group's share of the fair value of the identifiable net assets acquired, is recognised as goodwill.

The accounting policies used throughout the Group for the purposes of consolidation are consistent with respect to similar business activities and other events taking place in similar conditions. All intra-group transactions and balances are eliminated upon consolidation.

Associates

Associates are entities in which the Group has significant influence, but no control over the financial management and operating policy decisions. Unless otherwise demonstrated, this is generally presumed when the Group holds in excess of 20 per cent, but no more than 50 per cent, of the voting rights of an entity. Investments in associates are treated by the equity method of accounting, in which the investment is initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition net income (or loss), or other movements reflected directly in the equity of the associate. If the Group's share of the associate's loss exceeds the carrying amount of the investment, the investment is carried at zero value, and the loss in excess is consolidated only if the Group is committed to fulfilling the obligations of the associate. Goodwill arising on the acquisition is included in the cost of the investment. Unrealised gains (losses) on transactions are eliminated to the extent of the Group's interest in the entity.

The share of associates' profit or loss, equivalent to the Group's holding, is presented as a separate line in the income statement. The Group's share of associate's changes in other comprehensive income is presented in the Group's other comprehensive income items.

If there is any indication that the value of the investment may be impaired, the carrying amount is tested by comparing it with its recoverable amount. The recoverable amount is the higher of its value in use or its fair value less costs to sell. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount by recognising an impairment loss in the profit/loss. If the recoverable amount later increases and is greater than the carrying amount, the impairment loss is reversed through profit and loss.

Foreign currency translation

The consolidated financial statements are presented in euro, which is the functional and reporting currency of the Group and the parent company. Items included in the financial statements of each of the Group entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of transactions or the average rate for a month. The balance sheet items denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date.

Exchange differences arising from translation of transactions and monetary balance sheet items denominated in foreign currencies into functional currency are recognised as translation gains and losses in profit or loss. Exchange differences arising from equities classified as available-for-sale financial assets are included directly in the fair value reserve in equity.

The income statements of Group entities whose functional currency is other than euro are translated into euro at the average rate for the period, and the balance sheets at the rates prevailing at the balance sheet date. The resulting exchange differences are included in equity and their change in other comprehensive income. When a subsidiary is divested entirely or partially, the cumulative exchange differences are included in the income statement under sales gains or losses.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as if they were assets and liabilities of the foreign entity. Exchange differences resulting from the translation of these items at the exchange rate of the balance sheet date are included in equity and their change in other comprehensive income

Exchange differences that existed at the Group's IFRS transition date, 1 January 2004, are deemed to be zero, in accordance with the exemption permitted by IFRS 1.

The following exchange rate was applied in the consolidated financial statements:

	Balance sheet date	Average exchange rate
1 euro (EUR) = Swedish krona (SEK)	9.3930	9.1011

Segment reporting

The Group's segmentation is based on business areas whose risks and performance bases as well as regulatory environment differ from each other. The control and management of business and management reporting is organised in accordance with the business segments. The Group's business segments are P&C insurance, life insurance and holding business.

Geographical information has been given on income from external customers and non-current assets. The reported segments are Finland, Sweden, Norway, Denmark and the Baltic countries.

In the inter-segment and inter-company pricing, for both domestic and cross border transactions, market-based prices are applied. The pricing is based on the Code of conduct on Transfer Pricing Documentation in the EU and OECD guidelines.

Inter-segment transactions, assets and liabilities are eliminated in the consolidated financial statements on a line-by-line basis.

Interest and dividends

Interest income and expenses are recognised in the income statement using the effective interest rate method. This method recognises income and expenses on the instrument evenly in proportion to the amount outstanding over the period to maturity. Dividends on equity securities are recognised as revenue when the right to receive payment is established.

Fees and comissions

The fees and transaction costs of financial instruments measured at fair value through profit or loss are recognised in profit or loss when the instrument is initially recognised.

The costs of acquiring new and renewed insurance business are treated as deferred acquisition costs in the P&C insurance. In the life insurance business the acquisition costs are treated as fee and commission expense under 'Other operating expenses'.

Other fees and commissions paid for investment activities are included in 'Net income from investments'.

Insurance premiums

Insurance premiums in the income statement consist of premiums written for P&C insurance and life insurance.

P&C insurance contracts are primarily of short duration, so that premiums written are recognised as earned on a pro rata basis, adjusting them by a change in the provision for unearned premiums i.e. by the proportion of the insurance premium income that, based on the period covered by the insurance contract, belongs to the following financial year.

In the life insurance business, liabilities arising from insurance and investment contracts count as long-term liabilities. Therefore the insurance premium and related claims are usually not recognised in the same accounting period. Depending on the type of insurance, premiums are primarily recognised in premiums written when the premium has been paid. In group pension insurance, a part of the premiums is recognised already when charged.

The change in the provision for unearned premiums is presented as an expense under 'Change in insurance and investment contract liabilities'.

Financial assets and liabilities

Based on the measurement practice, financial assets and liabilities are classified in the following categories upon the initial recognition: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss, and other liabilities.

According to the Group's risk management policy, investments are managed at fair value in order to have the most realistic and real-time picture of investments, and they are reported to the Group key management at fair value. Investments comprise debt and equity securities. They are mainly classified as financial assets available-for-sale.

In the life insurance business, IFRS 4 *Insurance Contracts* provides that insurance contracts with a discretionary participation feature are measured in accordance with national valuation principles (except for the equalisation reserve) rather than at fair value. These contracts and investments made to cover shareholders' equity are managed in their entirety and are classified mainly as available-for-sale financial assets.

Financial assets designated as at fair value through profit or loss in the life insurance business are investments related to unit-linked insurance, presented separately in the balance sheet. The corresponding liabilities are also presented separately. In addition, in the life insurance business, investments classified as the financial assets of foreign subsidiaries, and financial instruments in which embedded derivatives have not been separated from the host contract have been designated as at fair value through profit or loss.

In the Holding business, investments are primarily classified as financial assets available-for-sale.

Recognition and derecognition

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets are recognised and derecognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Loans and receivables are recognised when cash is advanced.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expire.

Financial assets and financial liabilities at fair value through profit or loss

In Sampo Group, financial assets and liabilities at fair value through profit of loss comprise derivatives held for trading, and financial assets designated as at fair value through profit or loss.

Financial derivative instruments held for trading

Derivative instruments that are not designated as hedges and do not meet the requirements for hedge accounting are classified as derivatives for trading purposes.

Financial derivatives held for trading are initially recognised at fair value. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are recognised at fair value, and gains and losses arising from changes in fair value together with realised gains and losses are recognised in the income statement.

Financial assets designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss are assets which, at inception, are irrevocably designated as such. They are initially recognised at their fair value. Gains and losses arising from changes in fair value, or realised on disposal, together with the related interest income and dividends, are recognised in the income statement.

Loans and receivables

Loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the short term. The category also comprises cash and balances with central banks.

Loans and receivables are initially recognised at their fair value, added by transaction costs directly attributable to the acquisition of the asset. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial investments that are designated as available for sale and or are not categorised into any other category. Available-for-sale financial assets comprise debt and equity securities.

Available-for-sale financial assets are initially recognised fair value, including direct and incremental transaction costs. They are subsequently remeasured at fair value, and the changes in fair value are recorded in other comprehensive income and presented in the fair value reserve, taking the tax effect into account. Interest income and dividends are recognised in profit or loss. When the available-for-sale assets are sold, the cumulative change in the fair value is transferred from equity and recognised together with realised gains or losses in profit or loss. The cumulative change in the fair value is also transferred to profit or loss when the assets are impaired and the impairment loss is recognised. Exchange differences due to available-for-sale monetary balance sheet items are always recognised directly in profit or loss.

Other financial liabilities

Other financial liabilities comprise debt securities in issue and other financial liabilities.

Other financial liabilities are recognised when the consideration is received and measured to amortised cost, using the effective interest rate method.

If debt securities issued are redeemed before maturity, they are derecognised and the difference between the carrying amount and the consideration paid at redemption is recognised in profit or loss.

Fair value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Instruments are measured either at the bid price or at the last trade price, if there is an auction policy in the stock market of the price source. The financial derivatives are also measured at the last trade price. If the financial instrument has a counter-item that will offset its market risk, the same price source is used in assets and liabilities to that extent. If a published price quotation does not exist for a financial instrument in its entirety, but active markets exist for its component parts, the fair value is determined on the basis of the relevant market prices of the component parts.

If a market for a financial instrument is not active, or the instrument is not quoted, the fair value is established by using generally accepted valuation techniques including recent arm’s length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If the fair value of a financial asset cannot be determined, historical cost is deemed to be a sufficient approximation of fair value. The amount of such assets in the Group balance sheet is immaterial.

Impairment of financial assets

Sampo assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than those at fair value through p/l, may be impaired. A financial asset is impaired and impairment losses are incurred, if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset, and if that event has an impact, that can be reliably estimated, on the estimated future cash flows of the financial asset.

Financial assets carried at amortised cost

There is objective evidence of impairment, if an issuer or debtor e.g. encounters significant financial difficulties that will lead to insolvency and to estimation that the customer will probably not be able to meet the obligations to the Group. Objective evidence is first assessed for financial assets that are individually significant, and individually and collectively for financial assets not individually significant.

When there is objective evidence of impairment of a financial asset carried at amortised cost, the amount of the loss is measured as the difference between the receivable’s carrying amount and the present value of estimated future cash flows discounted at the receivable’s original effective interest rate. The difference is recognised as an impairment loss in profit or loss. The impairment is assessed individually.

If, in a subsequent period, the amount of the impairment loss decreases, and the decease can objectively be related to an event occurring after the impairment was recognised (e.g. the default status is removed), the previously recognised impairment loss shall be reversed through profit or loss.

Available-for-sale financial assets

Whether there is objective evidence of an impairment of available-for-sale financial assets, is evaluated in a separate assessment, which is done if the credit rating of an issuer has declined or the entity is placed on watch list, or there is a significant or prolonged decline in the fair value of an equity instrument below its original acquisition cost.

The decision on whether the impairment is significant or prolonged requires an assessment of the management. The assessment is done case by case and with consideration paid not only to qualitative criteria but also historical changes in the value of an equity as well as time period during which the fair value of an equity security has been lower than the acquisition cost. In Sampo Group, the impairment is normally assessed to be significant, if the fair value of a listed equity or participation decreases below the average acquisition cost by 20 per cent and prolonged, when the fair value has been lower than the acquisition cost for over 12 months.

As there are no quoted prices available in active markets for unquoted equities and participations, the aim is to determine their fair value with the help of generally accepted valuation techniques available in the markets. The most significant share of unquoted equities and participations comprise the private equity and venture capital investments. They are measured in accordance with the generally accepted common practice, International Private Equity and Venture Capital Guidelines (IPEV).

The significance and prolongation of the impairment in the last-mentioned cases is assessed case by case, taking into consideration special factors and circumstances related to the investment. Sampo invests in private equity and venture capital in order to keep them to the end of their life cycle, so the typical lifetime is 10 – 12 years. In general, a justifiable assessment of a potential impairment may only be done towards the end of the life cycle. However, if additionally there is a well-founded reason to believe that an amount equivalent to the acquisition cost will not be recovered when selling the investment, an impairment loss is recognised.

In the case of debt securities, the amount of the impairment loss is assessed as the difference between the acquisition cost, adjusted with capital amortisations and accruals, and the fair value at the review time, reduced by previously in profit or loss recognised impairment losses.

When assessed that there is objective evidence of impairment in debt or equity securities classified as financial assets available-for-sale, the cumulative loss recognised in other comprehensive income is transferred from equity and recognised in profit or loss as an impairment loss.

If, in a subsequent period, the fair value of a debt security increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed by recognising the amount in profit or loss.

If the fair value of an equity security increases after the impairment loss was recognised in profit or loss, the increase shall be recognised in other comprehensive income. If the value keeps decreasing below the acquisition cost, an impairment loss is recognised through profit or loss.

Derivative financial instruments and hedge accounting

Derivative financial instruments are classified as those held for trading and those held for hedging, including interest rate derivatives, credit risk derivatives, foreign exchange derivatives, equity derivatives and commodity derivatives. Derivative instruments are measured initially at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivatives held for trading

Derivative instruments that are not designated as hedges and embedded derivatives separated from a host contract are treated as held for trading. They are measured at fair value and the change in fair value, together with realised gains and losses and interest income and expenses, is recognised in profit or loss.

If derivatives are used for hedging, but they do not qualify for hedge accounting as required by IAS 39, they are treated as held for trading.

Hedge accounting

Sampo Group may hedge its operations against interest rate risks, currency risks and price risks through fair value hedging and cash flow hedging. Cash flow hedging is used as a protection against the variability of the future cash flows, while fair value hedging is used to protect against changes in the fair value of recognised assets or liabilities.

Hedge accounting applies to hedges that are effective in relation to the hedged risk and meet the hedge accounting requirements of IAS 39. The hedging relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for undertaking the hedge, are documented at the inception of the hedge. In addition, the effectiveness of a hedge is assessed both at inception and on an ongoing basis, to ensure that it is highly effective throughout the period for which it was designated. Hedges are regarded as highly effective in offsetting changes in fair value or the cash flows attributable to a hedged risk within a range of 80-125 per cent.

During the financial year, fair value hedges have been used in P&C insurance and life insurance.

Cash flow hedging

Cash flow hedging is used to hedge the interest cash flows of individual floating rate debt securities or other floating rate assets or liabilities. The hedging instruments used include interest rate swaps, interest rate and cross currency swaps. Derivative instruments which are designated as hedges and are effective as such are measured at fair value. The effective part of the change in fair value is recognised in other comprehensive income. The remaining ineffective part is recognised in profit or loss.

The cumulative change in fair value is transferred from equity and recognised in profit or loss in the same period that the hedged cash flows affect profit or loss.

When a hedging instrument expires, is sold, terminated, or the hedge no longer meets the criteria for hedge accounting, the cumulative change in fair value remains in equity until the hedged cash flows affect profit or loss.

Fair value hedging

In accordance with the Group's risk management principles, fair value hedging is used to hedge changes in fair values resulting from changes in price, interest rate or exchange rate levels. The hedging instruments used include foreign exchange forwards, interest rate swaps, interest rate and cross currency swaps and options, approved by the managements of the Group companies.

Changes in the fair value of derivative instruments that are documented as fair value hedges and are effective in relation to the hedged risk are recognised in profit or loss. In addition, the hedged assets and liabilities are measured at fair value during the period for which the hedge was designated, with changes in fair value recognised in profit or loss.

Securities lending

Securities lent to counterparties are retained in the balance sheet. Conversely, securities borrowed are not recognised in the balance sheet, unless these are sold to third parties, in which case the purchase is recorded as a trading asset and the obligation to return the securities as a trading liability at fair value through profit or loss.

Leases

Group as lessee

Finance leases

Leases of assets in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. Finance leases are recognised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding obligation is included in 'Other liabilities' in the balance sheet. The assets acquired under finance leases are amortised or depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the liability and the interest expense. The interest expense is amortised over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

Assets in which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and they are included in the lessor's balance sheet. Payments made on operating leases are recognised on a straight-line basis over the lease term as rental expenses in profit or loss.

Group as lessor

Operating leases

Leases in which assets are leased out and the Group retains substantially all the risks and rewards of ownership are classified as operating leases. They are included in ‘Investment property’ in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment, and the impairment losses are recognised on the same basis as for these items. Rental income on assets held as operating leases is recognised on a straight-line basis over the lease term in profit or loss.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition (made after 1 January 2004) over the fair value of the Group’s share of the net identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition. Goodwill on acquisitions before 1 January 2004 is accounted for in accordance with the previous accounting standards and the carrying amount is used as the deemed cost in accordance with the IFRS.

Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised.

Other intagible assets

IT software and other intangible assets, whether procured externally or internally generated, are recognised in the balance sheet as intangible assets with finite useful lives, if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The cost of internally generated intangible assets is determined as the sum of all costs directly attributable to the assets. Research costs are recognised as expenses in profit or loss as they are incurred. Costs arising from development of new IT software or from significant improvement of existing software are recognised only to the extent they meet the above-mentioned requirements for being recognised as assets in the balance sheet.

Intangible assets with finite useful lives are measured at historical cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the estimated useful life of the asset. The estimated useful lives by asset class are as follows:

IT software	4 - 10 years
Other intangible assets	3 - 10 years

Property, plant and equipment

Property, plant and equipment comprise properties occupied for Sampo’s own activities, office equipment, fixtures and fittings, and furniture. Classification of properties as those occupied for own activities and those for investment activities is based on the square metres in use. If the proportion of a property in Sampo’s use is no more than 10 per cent, the property is classified as an investment property.

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Improvement costs are added to the carrying amount of a property when it is probable that the future economic benefits that are attributable to the asset will flow to the entity. Costs for repairs and maintenance are recognised as expenses in the period in which they were incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. In most cases, the residual value is estimated at zero. Land is not depreciated. Estimates of useful life are reviewed at financial year-ends and the useful life is adjusted if the estimates change significantly. The estimated useful lives by asset class are as follows:

Residential, business premises and offices	20 - 60 years
Industrial buildings and warehouses	30 - 60 ″
Components of buildings	10 - 15 ″
IT equipment and motor vehicles	3 - 5 ″
Other equipment	3 - 10 ″

Depreciation of property, plant or equipment will be discontinued, if the asset in question is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.*

Impairment of intangible assets and property, plant and equipment

At each reporting date the Group assesses whether there is any indication that an intangible asset or an item of property, plant or equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset. In addition, goodwill, intangible assets not yet available for use and intangible assets with an indefinite useful life will be tested for impairment annually, independent of any indication of impairment. For impairment testing the goodwill is allocated to the cash-generating units of the Group from the date of acquisition. In the test the carrying amount of the cash-generating unit, including the goodwill, is compared with its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated by estimating future net cash flows expected to be derived from an asset or a cash-generating unit, and by discounting them to their present value using a pre-tax discount rate. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognised in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

If there is any indication that an impairment loss recognised for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss is reversed, but no more than to the carrying amount which it would have been without recognition of the impairment loss. Impairment losses recognised for goodwill are not reversed.

Investment property

Investment property is held to earn rentals and for capital appreciation. The Group applies the cost model to investment property in the same way as it applies to property, plant and equipment. The depreciation periods and methods and the impairment principles are also the same as those applied to corresponding property occupied for own activities. In the Holding segment, the investment property of the associate Nordea is measured at fair value in item Investments in associates.

The fair value of investment property is estimated using a method based on estimates of future cash flows and a comparison method based on information from actual sales in the market. The fair value of investment property is presented in the Notes.

The valuation takes into account the characteristics of the property with respect to location, condition, lease situation and comparable market information regarding rents, yield requirements and unit prices. During the financial year, the valuations were conducted by the Group's internal resources.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation. If it is expected that some or all of the expenditure required to settle the provision will be reimbursed by another party, the reimbursement will be treated as a separate asset only when it is virtually certain that the Group will receive it.

Insurance and investment contracts

Insurance contracts are treated, in accordance with IFRS 4, either as insurance or investment contracts. Under the standard, insurance contracts are classified as insurance contracts if significant insurance risk is transferred between the policyholder and the insurer. If the risk transferred on the basis of the contract is essentially financial risk rather than significant insurance risk, the contract is classified as an investment contract. Classification of a contract as an insurance contract or investment contract determines the measurement principle applied to it.

Sampo treats the liabilities arising from contracts in the first phase of the standard according to national accounting standards, except for the equalisation reserve and the provision for collective guarantee item and their changes which are reported in equity and profit or loss, in accordance with the IFRS.

The risks involved in insurance and investment contracts are widely elaborated in the Group's financial statements' Risk Management section.

Reinsurance contracts

A reinsurance contract is a contract which meets the IFRS 4 requirements for insurance contracts and on the basis of which Sampo Group (the cedant) may receive compensation from another insurer (the reinsurer), if it becomes liable for paying compensation based on other insurance contracts it has issued. Such compensation received on the basis of reinsurance contracts is included in the balance sheet under 'Reinsurers' share of insurance liabilities' and 'Other assets'. The former item includes the reinsurers' share of the provisions for unearned premiums and claims outstanding in the Group's reinsured insurance contracts, while the latter includes short-term receivables from reinsurers.

When the Group itself has to pay compensation to another insurer on the basis of a reinsurance contract, the liability is recognised in the item 'Other liabilities'.

Receivables and liabilities related to reinsurance are measured uniformly with the cedant's receivables and liabilities. Reinsurance receivables are tested annually for impairment. Impairment losses are recognised through profit or loss, if there is objective evidence indicating that the Group (as the cedant) will not receive all amounts of money it is entitled to on a contractual basis.

P&C insurance business

Classification of insurance contracts

In classifying insurance contracts and examining their related risks, embedded contracts are interpreted as one contract.

Other than insurance contracts, i.e. contracts where the risk is not transferred, include Captive contracts in which an insurance company underwrites a company's direct business and reinsures the same risk in an insurance company in the same group as the policyholder. There are also contracts in P&C insurance (Reverse Flow Fronting contracts) in which the insurance company grants insurance and then transfers the insurance risk to the final insurer. For both the above types of contract, only the net effect of the contract relationship is recognised in the income statement and balance sheet (instead of the gross treatment, as previously). The prerequisite for net treatment is that the net retention recognised on the contract is zero.

There are also contracts in P&C insurance in which the insurance risk is eliminated by a retrospective insurance premium, i.e. the difference between forecast and actual losses is evened out by an additional premium directly or in connection with the annual renewal of the insurance. The net cash flow from these contracts is recognised directly in the balance sheet, without recognising it first in the income statement as premiums written and claims incurred.

Insurance liabilities

Insurance liabilities are the net contractual obligations which the insurer has on the basis of insurance contracts. Insurance liabilities, consisting of the provisions for unearned premiums and unexpired risks and for claims outstanding, correspond to the obligations under insurance contracts.

The provision for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force. In P&C insurance and reinsurance, the provision for unearned premiums is normally calculated on a strictly proportional basis over time, i.e. on a pro rata temporis basis. In the event that premiums are judged to be insufficient to cover anticipated claims costs and operating expenses, the provision for unearned premiums must be augmented by a provision for unexpired risks. Calculation of the provision for unexpired risks must also take into account instalment premiums not yet due.

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company; i.e. the IBNR (incurred but not reported) provision. The provision for claims outstanding includes claims payments plus all estimated costs of claim settlements.

The provision for claims outstanding in direct P&C insurance and reinsurance may be calculated by statistical methods or through individual assessments of individual claims. Often a combination of the two methods is used, meaning large claims are assessed individually while small claims and claims incurred but not reported (the IBNR provision) are calculated using statistical methods. The provision for claims outstanding is not discounted, with the exception of provisions for vested annuities, which are discounted to present value using standard actuarial methods, taking anticipated inflation and mortality into account.

Premiums written for P&C insurance and reinsurance are recognised in the income statement when the annual insurance premium is due for payment.

Liability adequacy test

A liability adequacy test is performed separately for both the provision for claims outstanding and the provision for unearned premiums. The provision for claims outstanding is based on estimates of future cash flows. The estimates are made by using well-established actuarial methods.

The provision for unearned premiums is, for the most part, calculated on a strictly proportional basis over time (so called pro rata temporis principle). The adequacy of the provision for unearned premiums is tested by calculating a provision for unexpired risks for each company per business area and line of business. If the provisions are judged to be insufficient, the provision for unearned premiums is augmented by recognising a provision for unexpired risks.

Pay-as-you-go system for P&C insurance

Pensions and compensation for healthcare or medical rehabilitation paid on the basis of Finland's statutory P&C insurance (accident, motor third party liability and patient insurance) are raised annually by the TEL (Employee Pensions Act) index in order to maintain the real value of the pensions. The index raises are not the responsibility of the insurance companies, but are funded by the so-called pay-as-you-go principle, i.e. each year premiums written include index raises to the same amount that is paid out in that year. In practice, the P&C insurance companies collect a so-called expense loading along with their premiums written, which is then forwarded to the central organisation for the particular insurance line. The central organisation distributes the pay-as-you-go contributions collected so that the company undertaking the type of insurance in question receives an amount equal to the compensation falling under the pay-as-you-go system it has paid that year. The insurer's participation in the payment is proportional to the insurer's market share in the insurance line in question.

The pay-as-you-go system related to pension index raises is not treated as an insurance activity under IFRS 4 and does not generate any risk for the insurance company. Thus, the pay-as-you-go contribution collected together with the insurance premium is not deemed to be premium income, and the pension index raise paid out is not deemed to be claims incurred. Because the collected index raise corresponds in amount to the paid out pension index raise, the said items are set-off in the Income Statement item 'Other expenses from operations'. The share of a balancing figure not yet received from, or not paid by, a central organisation is presented as current receivables or liabilities in the balance sheet items 'Other assets' or 'Other liabilities'.

Deferred acquisition costs

In the P&C insurance business, acquisition costs clearly relating to the writing of insurance contracts and extending beyond the financial year are recognised as assets in the balance sheet. Acquisition costs include operating expenses directly or indirectly attributable to writing insurance contracts, fees and commissions, marketing expenses and the salaries and overheads of sales staff. Acquisition costs are amortised in the same way as provisions for unearned premiums, usually in 12 months at the maximum.

Life insurance business

Classification of insurance contracts

Policies issued by the life insurance business are classified as either insurance contracts or investment contracts. Insurance contracts are contracts that carry significant insurance risk or contracts in which the policyholder has the right to change the contract by increasing the risk. As capital redemption contracts do not carry insurance risk, these contracts are classified as investment contracts.

The discretionary participation feature (DPF) of a contract is a contractual right held by a policyholder to receive additional benefits, as a supplement to the guaranteed minimum benefits. The supplements are bonuses based on the reserves of policies credited to the policy reserve, additional benefits in the case of death, or lowering of insurance premiums. In Mandatum Life, the principle of fairness specifies the application of this feature. In unit-linked contracts the policyholder carries the investment risk by choosing the investment funds linked to the contracts.

Measurement of insurance and investment contracts

National accounting standards are applied to all insurance contracts and to investment contracts with DPF, with the exception of the equalisation provision and changes in it.

All contracts, except unit-linked contracts and the assumed reinsurance, include DPF. In those unit-linked contracts which are not insurance contracts, the policyholder has the possibility to transfer the return on savings from unit-linked schemes to guaranteed interest with DPF. Thus, these contracts are also measured as contracts with DPF.

The surrender right, guaranteed interest and the unbundling of the insurance component from the deposit component and similar features are not separated and measured separately.

Regarding the group pension portfolio transferred from Suomi Mutual (=segregated portfolio), a so-called shadow accounting is applied, as permitted in IFRS 4.30, by adjusting the equity with the amount of unrealised gains and losses of the agreement. The equity is adjusted with an amount that unrealised gains or losses would have affected the Segregated Portfolio in accordance with the profit distribution policy ot the segregated portfolio, if the gains or losses had been realised at the balance sheet date.

Insurance and investment contract liabilities and reinsurance assets

Liabilities arising from insurance and investment contracts consist of provisions for unearned premiums and outstanding claims. In the life insurance business, various methods are applied in calculating liabilities which involve assumptions on matters such as mortality, morbidity, the yield level of investments, future operating expenses and the settlement of claims.

Changes in the liabilities of reinsurance have been calculated at variable rates of exchange.

In direct insurance, the insurance liability is calculated by policy, while in reinsurance it is calculated on the basis of the reports of the ceding company or the company's own bases of calculation.

The interest rate used in discounting liabilities is, at most, the maximum rate accepted by the authorities in each country. The guaranteed interest used in the direct insurance premium basis varies on the basis of the starting date of the insurance from zero to 4.5 per cent. The interest rate used in discounting liabilities is the same or lower than that used in premium calculation. Most of the liabilities of the accrued benefits of pension business with DPF are discounted by an interest rate of 3.5 per cent, also being the highest discount rate used. In addition, Mandatum Life has for the year 2015 lowered the maximum rate to 2.0%, and for the year 2016 to 2.0%. The segregated liabilities of the accrued benefits of group pension portfolio, transferred from Suomi Mutual to Mandatum Life, have been discounted by 1.0%.

Due to the difference in the discount rate of liabilities and the guaranteed interest of 4.5% and 3.5%, supplementary provisions for guaranteed interest have been added to technical provisions. In the subsidiary, Mandatum Life Insurance Baltic, the discount rate varies by country between 2.0 - 4.0 per cent and the average guaranteed interest rate between 2.0–4.0 per cent.

Mortality assumptions have an essential effect on the amount of liability, particularly in group pension insurance, the liability of which accounts for about 41 per cent of the technical provisions of the Finnish life company. A so-called cohort mortality model is used in calculating the group pension insurance liability since 2002, incorporating the insured person's birth year in addition to his or her age and sex. The cohort mortality model assumes that life expectancy increases by one year over a ten-year period.

For unit-linked contracts, all the liabilities and the assets covering the unit-linked insurance are matched. Both the liabilities and the assets have been presented in the Notes to the financial statements. In calculating the provision for claims outstanding of direct insurance, discounting is applied only in connection with the liabilities of pensions whose payment has commenced. The liabilities of assumed reinsurance are based on the reports of the ceding company and on an estimate of claims which have not yet been settled. The assets covering the unit-linked liabilities include debt securities issued by the Group companies. These have not been eliminated. Elimination would lead to misleading information, as the policy holders carry the investment risk related to these investments, and to a mismatch between the unit-linked liabilities and assets covering them.

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company (the "IBNR" provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

The amounts of short- and long-term liabilities in technical provisions are determined annually.

The Group's financial statements' Risk Management section elaborates on the change of technical provisions and their forecast annual maturities.

Liability adequacy test

A liability adequacy test is applied to all portfolios, company by company, and the need for augmentation is checked, company by company, on the basis of the adequacy of the whole technical provisions. The test includes all the expected contractual cash flows for non-unit-linked liabilities. The expected contractual cash flows include expected premiums, claims, bonuses and expenses. The claims have been estimated including surrenders and other insurance transactions based on historical data. The amounts of claims include the guaranteed interest and an estimation of future bonuses. The present values of the cash flows have been discounted to the balance sheet date by using a swap rate curve.

For the unit-linked business, the present values of the insurance risk and expense results are calculated correspondingly. If the aggregate amount of the liability for the unit-linked and other business presumes an augmentation, the liability is increased by the amount shown by the test and recognised in profit or loss.

Principle of fairness

According to Chapter 13, Section 2 of the Finnish Insurance Companies' Act, the Principle of Fairness must be observed in life insurance and investment contracts with a discretionary participation feature. If the solvency requirements do not prevent it, a reasonable part of the surplus has to be returned to these policies as bonuses.

Mandatum Life aims at giving a total return before charges and taxes on policyholders' savings in contracts with DPF that is at least the yield of those long term bonds, which are considered to have lowest risk. At the moment we consider German government bonds to be the most risk free long term bonds available. Nevertheless, Finnish government bonds are used as target levels at the moment. The total return consists of the guaranteed interest rate and bonuses determined annually. Continuity is pursued in the level of bonuses. The aim is to maintain the company's solvency status on such a level that it neither limits the giving of bonuses to policyholders nor the distribution of profit to shareholders. The principle is explained in detail on the company's website.

The legislation of Estonia, Latvia and Lithuania respectively does not contain provisions corresponding to the Principle of Fairness.

Employee benefits

Post-employment benefits

Post-employment benefits include pensions and life insurance.

Sampo has defined benefit plans in Sweden and Norway, and defined contribution plans in other countries. The most significant defined contribution plan is that arranged through the Employees' Pensions Act (TyEL) in Finland.

In the defined contribution plans, the Group pays fixed contributions to a pension insurance company and has no legal or constructive obligation to pay further contributions. The obligations arising from a defined contribution plan are recognised as an expense in the period that the obligation relates to.

In the defined benefit plans, the company still has obligations after paying the contributions for the financial period and bears their actuarial and/or investment risk. The obligation is calculated separately for each plan using the projected unit credit method. In calculating the amount of the obligation, actuarial assumptions are used. The pension costs are recognised as an expense for the service period of employees.

Defined benefit plans are both funded and unfunded. The amounts reported as pension costs during a financial year consist of the actuarially calculated earnings of old-age pensions during the year, calculated straight-line, based on pensionable income at the time of retirement. The calculated effects in the form of interest expense for crediting/appreciating the preceding years' established pension obligations are then added. The calculation of pension costs during the financial year starts at the beginning of the year and is based on assumptions about such factors as salary growth and price inflation throughout the duration of the obligation and on the current market interest rate adjustedto take into account the duration of the pension obligations.

The current year pension cost and the net interest of the net liability is recognised thru p/l in pension costs. The actuarial gains and losses and the return of the plan assets (excl. net interest) are recognised as a separate item in other comprehensive income.

The fair value of the plan assets covered by the plan is deducted from the present value of future pension obligations and the remaining net liability (net asset) is recognised separately in the balance sheet.

The Group has also certain voluntary defined benefit plans. These are intra-Group, included in the insurance liabilities of Mandatum Life and have no material significance.

Termination benefits

An obligation based on termination of employment is recognised as a liability when the Group is verifiably committed to terminate the employment of one or more persons before the normal retirement date or to grant benefits payable upon termination as a result of an offer to promote voluntary redundancy. As no economic benefit is expected to flow to the employer from these benefits in the future, they are recognised immediately as an expense. Obligations maturing more than 12 months later than the balance sheet date are discounted. The benefits payable upon termination at Sampo are the monetary and pension packages related to redundancy.

Share-based payments

During the financial year, Sampo had three valid share-based incentive schemes settled in cash (the long-term incentive schemes 2011 I, 2011 II and 2014 I for the management and key employees). The schemes have been measured at fair value at the grant date and at every reporting date thereafter.

In the schemes settled in cash, the valuation is recognised as a liability and changes recognised through profit or loss.

The fair value of the schemes has been determined using the Black-Scholes-pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of incentive units to be paid as a reward. The effects of non-market based terms are not included in the fair value of the incentive; instead, they are taken into account in the number of those incentive units that are expected to be exercised during the vesting period. In this respect, the Group will update the assumption on the estimated final number of incentive units at every interim or annual balance sheet date.

Income taxes

Item Tax expenses in the income statement comprise current and deferred tax. Tax expenses are recognised through profit or loss, except for items recognised directly in equity or other comprehensive income, in which case the tax effect will also be recognised those items. Current tax is calculated based on the valid tax rate of each country. Tax is adjusted by any tax related to previous periods.

Deferred tax is calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax is not recognised on non-deductible goodwill impairment, and nor is it recognised on the undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated by using the enacted tax rates prior to the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which a temporary difference can be utilised.

Share capital

The incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are included in equity as a deduction, net of tax, from the proceeds.

Dividends are recognised in equity in the period when they are approved by the Annual General Meeting. When the parent company or other Group companies purchase the parent company's equity shares, the consideration paid is deducted from the share capital as treasury shares until they are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits (3 months).

Sampo presents cash flows from operating activities using the indirect method in which the profit (loss) before taxation is adjusted for the effects of transactions of a non-cash nature, deferrals and accruals, and income and expense associated with investing or financing cash flows.

In the cash flow statement, interest received and paid is presented in cash flows from operating activities. In addition, the dividends received are included in cash flows from operating activities. Dividends paid are presented in cash flows from financing.

Accounting policies requiring management judgement and key sources of estimation uncertainties

Preparation of the accounts in accordance with the IFRS requires management estimates and assumptions that affect the revenue, expenses, assets, liabilities and contingent liabilities presented in the financial statements. Judgement is needed also in the application of accounting policies. The estimates made are based on the best information available at the balance sheet date. The estimation is based on historical experiences and most probable assumptions concerning the future at the balance sheet date. The actual outcome may deviate from results based on estimates and assumptions. Any changes in the estimates will be recognised in the financial year during which the estimate is reviewed and in all subsequent periods.

Sampo's main assumptions concerning the future and the key uncertainties related to balance sheet estimates are related, for example, to assumptions used in actuarial calculations, determination of fair values of non-quoted financial assets and liabilities and investment property and determination of the impairment of financial assets and intangible assets. From Sampo's perspective, accounting policies concerning these areas require most significant use of estimates and assumptions.

Actuarial assumptions

Evaluation of insurance liabilities always involves uncertainty, as technical provisions are based on estimates and assumptions concerning future claims costs. The estimates are based on statistics on historical claims available to the Group on the balance sheet date. The uncertainty related to the estimates is generally greater when estimating new insurance portfolios or portfolios where clarification of a loss takes a long time because complete claims statistics are not yet available. In addition to the historical data, estimates of insurance liabilities take into consideration other matters such as claims development, the amount of unpaid claims, legislative changes, court rulings and the general economic situation.

A substantial part of the Group's P&C insurance liabilities concerns statutory accident and traffic insurance. The most significant uncertainties related to the evaluation of these liabilities are assumptions about inflation, mortality, discount rates and the effects of legislative revisions and legal practices.

The actuarial assumptions applied to life insurance liabilities are discussed in more detail under 'Insurance and investment contract liabilities and reinsurance assets'.

Defined benefit plans as intended in IAS 19 are also estimated in accordance with actuarial principles. As the calculation of a pension plan reserve is based on expected future pensions, assumptions must be made not only of discount rates, but also of matters such as mortality, employee turnover, price inflation and future salaries.

Determination of fair value

The fair value of any non-quoted financial assets is determined using valuation methods that are generally accepted in the market. These methods are discussed in more detail above under 'Fair value'.

Fair values of investment property have been determined internally during the financial year on the basis of comparative information derived from the market. They include management assumptions concerning market return requirements and the discount rate applied.

Impairment tests

Goodwill, intangible assets not yet available for use, and intangible assets with an indefinite useful life are tested for impairment at least annually. The recoverable amounts from cash-generating units have mainly been determined using calculations based on value in use. These require management estimates on matters such as future cash flows, the discount rate, and general economic growth and inflation.

Application of new or revised IFRSs and interpretations

The Group will apply the following new or amended standards and interpretations related to the Group's business in later financial years when they become effective, or if the effective date is other than the beginning of the financial year, during the financial year following the effective date. Unless stated otherwise, the new standards or amendments were not approved by EU at the balance sheet date.

The revised IAS 19 *Pension Benefits* (effective for annual periods beginning on 1 July 2014 or after) clarifies the accounting method when an employee or a third party is expected to make contributions to the defined benefit plan. The adoption of the revised standard will not have a material impact on the Group's financial statements reporting.

The amendments to the standards IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* specify instructions when assets are sold or equity invested between an investor and its associate or joint venture. The changes will not have a material impact on the Group's financial statements reporting.

IFRS 15 *Revenue from Contracts with Customers* (effective for annual periods beginning on 1 July 2014 or after). The new standard will supersede IAS 18 and IAS 11 and related interpretations. The central criterion for revenue recognition is the passing of control. The adoption of the new standard will not have a material impact on the Group's financial statements reporting, other than possibly in the number of the disclosed notes.

The amendments to IFRS 9 *Financial Instruments* (effective for annual periods beginning on 1 Jan or after) supersede IAS 39 *Financial Instruments: Recognition and Measurement.* The new standard changes the classification and measurement of financial assets and includes a new impairment model based on expected credit losses. The hedge accounting will continue to have three different hedging relationships. The adoption of the new standard will have an impact on the Group's financial statements; the effects are under valuation in the Group.

Segment information

The Group's business segments comprise P&C insurance, Life insurance and Holding company.

Geographical information has been disclosed about income from external customers and non-current assets. The reported areas are Finland, Sweden, Norway, Denmark, the Baltic countries and other countries.

Segment information has been produced in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements. The segment revenue, expense, assets and liabilities, either directly attributable or reasonably allocable, have been allocated to the segments. Inter-segment pricing is based on market prices. The transactions, assets and liabilities between the segments are eliminated in the consolidated financial statements on a line-by-line basis.

Depreciation and amortisation by segment are disclosed in notes 11 - 13 and investments in associates in note 14.

Consolidated income statement by business segment for year ended 31 December 2014

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premiums written	4,464	1,105	-	-24	5,544
Net income from investments	353	540	29	-23	898
Other operating income	27	5	15	-16	32
Claims incurred	-2,902	-876	-	8	-3,771
Change in liabilities for insurance and investment contracts	-6	-499	-	16	-489
Staff costs	-537	-46	-20	-	-603
Other operating expenses	-502	-60	-12	16	-558
Finance costs	-20	-7	-23	20	-29
Share of associates' profit/loss	54	0	680	-	735
Profit before taxes	**931**	**163**	**669**	**-3**	**1,759**
Taxes	-190	-29	-0	1	-220
Profit for the year	**740**	**133**	**669**	**-2**	**1,540**
Other comprehensive income for the period					
Items reclassifiable to profit or loss					
Exchange differences	-174	-0	-	-	-174
Available-for-sale financial assets	45	20	4	2	72
Share of associate's other comprehensive income	-	-	-168	-	-168
Taxes	-10	-4	-1	-0	-15
Total items reclassifiable to profit or loss, net of tax	**-138**	**16**	**-165**	**2**	**-285**
Items not reclassifiable to profit or loss					
Actuarial gains and losses from defined pension plans	-101	-	-	-	-101
Taxes	26	-	-	-	26
Total items not reclassifiable to profit or loss, net of tax	**-76**	**-**	**-**	**-**	**-76**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**602**	**149**	**504**	**-0**	**1,179**

Consolidated income statement by business segment for year ended 31 December 2013

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premiums written	4,560	1,063	-	-6	5,618
Net income from investments	368	569	26	-22	942
Other operating income	28	4	15	-16	31
Claims incurred	-2,946	-731	-	-	-3,677
Change in liabilities for insurance and investment contracts	-55	-648	-	6	-697
Staff costs	-564	-46	-23	-	-634
Other operating expenses	-493	-54	-11	16	-543
Finance costs	-18	-7	-51	18	-58
Share of associates' profit/loss	50	1	635	-	686
Profit before taxes	**929**	**153**	**589**	**-3**	**1,668**
Taxes	-181	-33	-3	2	-216
Profit for the year	**748**	**119**	**586**	**-1**	**1,452**
Other comprehensive income for the period					
Items reclassifiable to profit or loss					
Exchange differences	-153	0	-	-	-153
Available-for-sale financial assets	134	97	4	-2	233
Cash flow hedges	-	-0	-	-	-0
Share of associate's other comprehensive income	-	-	-70	-	-70
Taxes	-25	4	-1	-0	-22
Total items reclassifiable to profit or loss, net of tax	**-45**	**101**	**-67**	**-2**	**-13**
Items not reclassifiable to profit or loss	-21	-	-	-	-21
Actuarial gains and losses from defined pension plans	7	-	-	-	7
Taxes					
Total items not reclassifiable to profit or loss, net of tax	**-14**	**-**	**-**	**-**	**-14**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**689**	**220**	**520**	**-3**	**1,425**

Consolidated balance sheet by business segment at 31 December 2014

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	16	5	3	-	24
Investment property	20	179	-	-4	195
Intangible assets	555	160	0	-	715
Investments in associates	381	0	7,065	-	7,447
Financial assets	11,021	5,665	2,959	-2,715	16,930
Investments related to unit-linked insurance contracts	-	5,282	-	-23	5,259
Tax assets	76	-	13	-4	86
Reinsurers' share of insurance liabilities	237	3	-	-	240
Other assets	1,533	208	50	-11	1,781
Cash and cash equivalents	448	858	768	-	2,074
Total assets	**14,288**	**12,359**	**10,859**	**-2,756**	**34,750**
Liabilities					
Liabilities for insurance and investment contracts	9,183	5,065	-	-	14,248
Liabilities for unit-linked insurance and investment contracts	-	5,312	-	-23	5,289
Financial liabilities	373	186	2,203	-339	2,423
Tax liabilities	382	123	-	-1	504
Provisions	63	-	-	-	63
Employee benefits	265	-	-	-	265
Other liabilities	702	209	134	-11	1,035
Total liabilities	**10,969**	**10,895**	**2,337**	**-374**	**23,827**
Equity					
Share capital					98
Reserves					1,531
Retained earnings					8,655
Other components of equity					639
Total equity					**10,924**
Total equity and liabilities					**34,750**

Consolidated balance sheet by business segment at 31 December 2013

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	16	5	4	-	25
Investment property	22	107	0	-4	125
Intangible assets	590	162	0	-	752
Investments in associates	374	1	6,906	-	7,282
Financial assets	11,265	5,122	3,148	-2,712	16,824
Investments related to unit-linked insurance	-	4,623	-	-7	4,616
Tax assets	58	0	14	-4	68
Reinsurers' share of insurance liabilities	420	3	-	-	422
Other assets	1,559	81	47	-10	1,676
Cash and cash equivalents	282	222	280	-	785
Total assets	**14,586**	**10,327**	**10,399**	**-2,736**	**32,576**
Liabilities					
Liabilities for insurance and investment contracts	9,500	3,927	-	-	13,427
Liabilities for unit-linked insurance and investment contracts	-	4,617	-	-7	4,610
Financial liabilities	373	111	2,045	-336	2,193
Tax liabilities	381	128	-	-1	508
Provisions	58	-	-	-	58
Employee benefits	195	-	-	-	195
Other liabilities	694	129	129	-11	941
Total liabilities	**11,202**	**8,912**	**2,174**	**-355**	**21,933**
Equity					
Share capital					98
Reserves					1,531
Retained earnings					8,175
Other components of equity					840
Total equity					**10,643**
Total equity and liabilities					**32,576**

Geographical information

EURm	Finland	Sweden	Norway	Denmark	Baltic	Total
At 31 Dec. 2014						
Revenue from external customers						
P&C insurance	1,041	1,372	1,524	402	118	4,457
Life insurance	1,065	-	-	-	40	1,105
Holding	43	-	-	-	-	43
Total	**2,149**	**1,372**	**1,524**	**402**	**158**	**5,606**
Non-current assets						
P&C insurance	106	488	19	358	1	972
Life insurance	343	-	-	-	1	344
Holding	4	7,133	-	-	-	7,136
Total	**453**	**7,621**	**19**	**358**	**1**	**8,452**
At 31 Dec. 2013						
Revenue from external customers						
P&C insurance	1,005	1,371	1,616	399	114	4,505
Life insurance	1,031	-	-	-	32	1,063
Holding	41	-	-	-	-	41
Total	**2,077**	**1,371**	**1,616**	**399**	**146**	**5,608**
Non-current assets						
P&C insurance	109	515	22	350	6	1,002
Life insurance	274	-	-	-	1	275
Holding	4	6,906	-	-	-	6,910
Total	**388**	**7,421**	**22**	**350**	**7**	**8,187**

The revenue includes insurance premiums according to the underwriting country, consisting of premiums earned for P&C insurance and premiums written for Life insurance, and net investment income and other operating income in the Holding segment.

Non-current assets comprise of intangible assets, investments in associates, property, plant and equipment, and investment property.

Business combinations

Year 2014

According to the plan published during the spring and authorised by the Financial Supervision Authority, Suomi Mutual assigned its guaranteed interest group pension portfolio to Mandatum Life Insurance Company Ltd on the 30 December 2014. The porfolio comprised approximately 2,300 policies and 34,000 insured members.

The assets transferred from Suomi Mutual equal the share of the group pension portfolio of the total assets of Suomi Mutual.

The cost of the portfolio transfer EURm 1.4 is included in the income statement in Other operating expenses.

The effect of the portfolio transfer on life insurance balance sheet on 30 December 2014 was as follows:

Assets	
Investment property	49
Financial assets	1,188
Other assets	1
Cash and cash equivalents	100
	1,337

Liabilities	
Liabilities for insurance and investment contracts	1,337

Notes to the Group's Financial Statements

1 Insurance premiums written

P&C insurance

EURm	2014	2013
Premiums from insurance contracts		
Premiums written, direct insurance	4,550	4,674
Premiums written, assumed reinsurance	84	94
Premiums written, gross	**4,634**	**4,768**
Reinsurers' share of premiums written	-170	-208
Premiums written, net	**4,464**	**4,560**
Change in unearned premium provision	-3	-46
Reinsurers' share	-3	-10
Change in unearned premium provision, net	**-6**	**-55**
Premiums earned, total	**4,457**	**4,505**

Life insurance

EURm	2014	2013
Premiums from insurance contracts		
Premiums written, direct insurance	658	624
Premiums written, assumed reinsurance	4	4
Insurance contracts total, gross	**661**	**628**
Premium revenue ceded to reinsurers on insurance contracts issued	-5	-5
Insurance contracts total, net	**656**	**623**
Investment contracts	449	440
Premiums written, net [1]	**1,105**	**1,063**
Elimination items between segments	-24	-6
Group, total	**5,544**	**5,618**

1) The change in unearned premiums is presented in note 4 "The change in insurance and investment liabilities".

Specification of premiums written in Life insurance

EURm	2014	2013
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	143	153
Premiums from unit-linked contracts	513	469
Premiums from other contracts	2	1
Total	**658**	**624**
Assumed reinsurance	4	4
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	1	0
Premiums from unit-linked contracts	448	440
Total	**449**	**440**
Insurance and investment contracts, total	**1,110**	**1,068**
Reinsurers' share	-5	-5
Premiums written, total	**1,105**	**1,063**
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	282	291
Single premiums, insurance contracts	375	333
Single premiums, investment contracts	449	440
Total	**1,106**	**1,064**

2 Net income from investments

P&C insurance

EURm	2014	2013
Financial assets		
Derivative financial instruments		
Gains/losses	-28	-5
Financial assets designated as at fair value through p/l		
Equity securities		
Gains/losses	0	6
Dividend income	0	0
Total	**0**	**7**
Loans and receivables		
Interest income	21	22
Financial assets available-for-sale		
Debt securities		
Interest income	247	317
Impairment losses	-14	-0
Gains/losses	18	13
Equity securities		
Gains/losses	134	57
Impairment losses	-5	-4
Dividend income	44	37
Total	**424**	**419**
Total from financial assets	**417**	**443**
Other assets		
Investment properties		
Gains/losses	-0	-0
Other	-0	-1
Total from other assets	**-1**	**-1**
Expense on other than financial liabilities	-4	-4
Effect of discounting annuities	-45	-55
Fee and commission expenses		
Asset management	-14	-15
P&C insurance, total	**353**	**368**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm -133 (-63) transferred from the fair value reserve.

Life insurance

EURm	2014	2013
Financial assets		
Derivative financial instruments		
Gains/losses	-97	6
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	1	1
Gains/losses	1	0
Equity securities		
Gains/losses	0	0
Dividend income	0	0
Total	**2**	**2**
Investments related to unit-linked contracts		
Debt securities		
Interest income	58	46
Gains/losses	-10	-27
Equity securities		
Gains/losses	213	210
Dividend income	19	13
Loans and receivables		
Interest income	3	-1
Other financial assets		
Gains/losses	-16	29
Total	**267**	**270**
Loans and receivables		
Interest income	2	1
Gains/losses	42	-5
Total	**44**	**-4**
Financial assets available-for-sale		
Debt securities		
Interest income	98	115
Gains/losses	49	2
Equity securities		
Gains/losses	107	111
Impairment losses	-41	-33
Dividend income	89	87
Total	**302**	**282**
Total financial assets	**518**	**555**

Other assets		
Investment properties		
Gains/losses	3	1
Other	5	2
Total other assets	**8**	**2**
Net fee income		
Asset management	-14	-13
Fee income	27	25
Total	**13**	**11**
Life insurance, total	**540**	**569**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 10 (70) transferred from the fair value reserve.

Holding

EURm	2014	2013
Financial assets		
Derivative financial instruments		
Gains/losses	1	8
Loans and receivables		
Interest income	0	1
Gains/losses	-4	-6
Total	**-4**	**-5**
Financial assets available-for-sale		
Debt securities		
Interest income	22	16
Gains/losses	7	-
Equity securities		
Gains/losses	2	5
Impairment losses	-1	-0
Dividend income	2	1
Total	**32**	**22**
Total financial assets	**29**	**25**

Other assets		
Investment properties		
Gains/losses	-	1
Other	-0	-0
Total other assets	**-0**	**1**
Holding, total	**29**	**26**
Included in gains/losses from financial assets available for-sale is a net gain of EURm 2 (4) transferred from the fair value reserve.		
Elimination items between segments	-23	-18

EURm	2014	2013
Group, total	**898**	**945**

The changes in the fair value reserve are disclosed in the Statement of changes in equity. Other income and expenses comprise rental income, maintenance expenses and depreciation of investment property. All the income and expenses arising from investments are included in Net income from investments. Gains/losses include realised gains/losses on sales, unrealised and realised changes in fair values and exchange differences. Unrealised fair value changes for financial assets available-for-sale are recorded in other comprehensive income and presented in the fair value reserve in equity. The effect of discounting annuities in P&C insurance is disclosed separately. The provision for annuities is calculated in accordance with actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future return on investments into account. To cover the costs for upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return on investments is added to annuity results.

3 Claims incurred

P&C insurance

	2014			2013		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,643	14	-1,629	-1,718	21	-1,697
Change in provision for claims outstanding (incurred and reported losses)	-695	15	-680	-715	19	-696
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-594	11	-583	-633	13	-620
Claims-adjustment costs	-8	-	-8	-4	0	-4
Change in claims provision for annuities	-10	-	-10	-7	0	-7
Total claims cost attributable to current-year operations	**-2,951**	**41**	**-2,910**	**-3,078**	**53**	**-3,025**
Claims costs attributable to prior-year operations						
Claims paid	-1,199	181	-1,019	-1,274	165	-1,108
Annuities paid	-255	0	-255	-77	0	-77
Change in provision for claims outstanding (incurred and reported losses)	798	-183	615	915	-140	775
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	687	-21	666	508	-18	489
Total claims cost attributable to prior-year operations	**32**	**-24**	**8**	**71**	**7**	**79**
Insurance claims paid						
Claims paid	-2,843	195	-2,648	-2,991	186	-2,805
Annuities paid	-127	-	-127	-129	-	-129
Total claims paid	**-2,969**	**195**	**-2,774**	**-3,120**	**186**	**-2,935**
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	103	-168	-65	199	-121	79
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-88	-10	-98	-126	-5	-131
Change in claims provision for annuities	43	0	43	45	0	45
Claims-adjustment costs	-8	-	-8	-4	-	-4
Total change in provision for claims outstanding	**50**	**-178**	**-128**	**114**	**-126**	**-11**
P&C insurance, total	**-2,919**	**17**	**-2,902**	**-3,006**	**60**	**-2,946**

The provision for annuities is valued in accordance with normal actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future investment return into account. To cover costs for the costs for the upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return is added to the annuity results. Provisions for incurred but not reported losses pertaining to annuities in Finland are discounted. The provisions in 2014 amounted to EURm 257 (282). The non-discounted value was EURm 388 (453). The exchange effect on the discounted provisions was an increase of EURm 16. The real decrease EURm 26 is explained by the model adjustment for Motor Third Party Liability and Workers' Compensation insurances.

Interest rate used in calculating the technical provisions of annuities (%)

	2014	2013
Sweden	1,75%	1,19%
Finland	2,00%	2,50%
Denmark	1,47%	2,00%

Life insurance

	Claims paid		Change in provision for claims outstanding		Claims incurred	
EURm	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature (DPF)	-45	-50	1	-0	-44	-50
Other contracts	-0	-0	-12	-0	-12	-0
Unit-linked contracts	-177	-160	0	0	-177	-160
Total	**-223**	**-211**	**-11**	**0**	**-233**	**-210**
Pension insurance						
Contracts with discretionary participation feature (DPF)	-350	-344	35	24	-316	-320
Unit-linked contracts	-13	-12	-23	-16	-36	-29
Total	**-364**	**-357**	**12**	**8**	**-351**	**-349**
Assumed reinsurance	-1	-1	1	-1	0	-2
Insurance contracts total, gross	**-587**	**-568**	**3**	**7**	**-585**	**-560**
Reinsurers´ share	3	3	-0	-1	3	2
Insurance contracts total, net	**-585**	**-565**	**3**	**7**	**-582**	**-559**
Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	-0	-1	-	-	-0	-1
Unit-linked contracts	-294	-172	-	-	-294	-172
Investment contracts, total	**-294**	**-173**	**-**	**-**	**-294**	**-173**
Life insurance, total	**-879**	**-738**	**3**	**7**	**-876**	**-731**

Claims paid by type of benefit

EURm	2014	2013
Insurance contracts		
Life insurance		
Surrender benefits	-8	-10
Death benefits	-21	-21
Maturity benefits	-5	-9
Loss adjustment expenses	-0	-0
Other	-10	-10
Total	**-45**	**-50**
Life insurance, unit-linked		
Surrender benefits	-114	-115
Death benefits	-50	-34
Maturity benefits	-13	-12
Loss adjustment expenses	-0	0
Total	**-177**	**-160**
Pension insurance		
Pension payments	-319	-319
Surrender benefits	-25	-20
Death benefits	-6	-5
Loss adjustment expenses	-0	-0
Total	**-350**	**-344**
Pension insurance, unit-linked		
Surrender benefits	-10	-9
Death benefits	-3	-4
Other	-0	-0
Total	**-13**	**-12**
Assumed reinsurance	-1	-1
Insurance contracts total, gross	**-587**	**-569**
Reinsurers´ share	3	3
Insurance contracts total, net	**-585**	**-565**
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	-0	-0
Loss adjustment expenses	-	-0
Total	**-0**	**-1**

Investment contracts		
Capital redemption policy, unit-linked		
Surrender benefits	-316	-170
Loss adjustment expenses	22	-2
Total	**-294**	**-172**
Investment contracts total, gross	**-295**	**-173**
Claims paid total, gross	-882	-741
Claims paid total, net	-879	-738
Elimination items between segments	8	-

EURm	2014	2013
Group, total	**-3,771**	**-3,677**

4 Change in liabilities for insurance and investment contracts

P&C insurance

EURm	2014	2013
Change in unearned premium provision	-3	-46
Reinsurers' share	-3	-10
Change in unearned premium provision, net	**-6**	**-55**

Life insurance

EURm	2014	2013
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	17	19
Unit-linked contracts	-292	-232
Total	**-275**	**-213**
Pension insurance		
Contracts with discretionary participation feature (DPF)	144	102
Unit-linked contracts	-177	-183
Total	**-34**	**-80**
Assumed reinsurance	2	-3
Insurance contracts total	**-306**	**-296**
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	-4	2
Unit-linked contracts	-188	-353
Investment contracts, total	**-192**	**-352**

Change in liabilities for insurance and investment contracts in total, net	**-499**	**-648**
Elimination items between segments	16	6
Group, total	**-489**	**-697**

5 Staff costs

P&C insurance

EURm	2014	2013
Staff costs		
Wages and salaries	-374	-390
Cash-settled share-based payments	-18	-22
Pension costs		
- defined contribution plans	-47	-51
- defined benefit plans (Note 31)	-24	-22
Other social security costs	-75	-79
P&C insurance, total	**-537**	**-564**

Life insurance

EURm	2014	2013
Staff costs		
Wages and salaries	-33	-33
Cash-settled share-based payments	-4	-5
Pension costs - defined contribution plans	-5	-5
Other social security costs	-4	-3
Life insurance, total	**-46**	**-46**

Holding

EURm	2014	2013
Staff costs		
Wages and salaries	-8	-8
Cash-settled share-based payments	-9	-12
Pension costs - defined contribution plans	-2	-3
Other social security costs	-0	-1
Holding, total	**-20**	**-23**

EURm	2014	2013
Group, total	**-603**	**-634**

More information on share-based payments in note 36 Incentive schemes.

6 Other operating expenses

P&C insurance

EURm	2014	2013
IT costs	-101	-100
Other staff costs	-15	-16
Marketing expenses	-42	-44
Depreciation and amortisation	-15	-11
Rental expenses	-48	-53
Change in deferred acquisition costs	-14	3
Direct insurance comissions	-171	-180
Commissions on reinsurance ceded	14	18
Other	-111	-108
P&C insurance, total	**-502**	**-493**

Life insurance

EURm	2014	2013
IT costs	-14	-12
Other staff costs	-2	-2
Marketing expenses	-3	-3
Depreciation and amortisation	-2	-3
Rental expenses	-3	-3
Direct insurance comissions	-10	-10
Comissions of reinsurance assumed	-2	0
Commissions on reinsurance ceded	2	2
Other	-25	-23
Life insurance, total	**-60**	**-54**

Item Other for P&C and Life Insurance includes e.g. expenses related to communication, external services and other administrative expenses.

Holding

EURm	2014	2013
IT costs	-1	-0
Marketing expenses	-1	-2
Rental expenses	-1	-1
Other	-9	-8
Holding, total	**-12**	**-11**
Item Other includes e.g. consultancy fees and rental and other administrative expenses.		
Elimination items between segments	16	16

EURm	2014	2013
Group, total	**-558**	**-543**

7 Result analysis of P&C insurance

EURm	2014	2013
Insurance premiums earned	4,457	4,505
Claims incurred	-3,162	-3,215
Operating expenses	-745	-755
Other insurance technical income and expense	0	2
Allocated investment return transferred from the non-technical account	37	65
Technical result	**588**	**601**
Net investment income account	378	405
Allocated investment return transferred to the technical account	-82	-120
Other income and expense	47	43
Operating result	**931**	**929**

Specification of activity-based operating expenses included in the income statement

EURm	2014	2013
Claims-adjustment expenses (Claims paid)	-260	-269
Acquisition expenses (Operating expenses)	-499	-525
Joint administrative expenses for insurance business (Operating expenses)	-246	-245
Administrative expenses pertaining to other technical operations (Operating expenses)	-27	-26
Asset management costs (Investment expenses)	-14	-15
Total	**-1,046**	**-1,081**

8 Performance analysis per class of P&C insurance

EURm	Accident and health	Motor, third party liability	Motor, other classes	Marine, air and transport	Fire and other damage to property	Third party liability	Credit insurance
Premiums written, gross							
2014	774	657	1,309	130	1,317	212	2
2013	772	689	1,334	148	1,367	216	3
Premiums earned, gross							
2014	769	664	1,288	130	1,330	211	3
2013	757	695	1,308	147	1,359	211	2
Claims incurred, gross 1)							
2014	-554	-523	-885	-86	-881	-84	-0
2013	-560	-508	-918	-93	-966	-105	-1
Operating expenses, gross 2)							
2014	-133	-140	-192	-22	-213	-34	-0
2013	-135	-144	-195	-26	-207	-31	-0
Profit/loss from ceded reinsurance							
2014	-13	2	-2	-9	-83	-31	0
2013	-2	-2	-2	-10	-81	-32	0
Technical result before investment return							
2014	**69**	**3**	**209**	**14**	**152**	**62**	**2**
2013	**60**	**41**	**193**	**18**	**105**	**42**	**1**

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2014	41	112	4,555	84	-5	4,634
2013	40	112	4,680	94	-6	4,768
Premiums earned, gross						
2014	41	111	4,547	89	-5	4,631
2013	39	113	4,631	97	-6	4,723
Claims incurred, gross 1)						
2014	-29	-72	-3,115	-71	6	-3,180
2013	-26	-48	-3,226	-56	6	-3,276
Operating expenses, gross 2)						
2014	-7	-16	-756	-15	13	-758
2013	-7	-14	-760	-24	11	-773
Profit/loss from ceded reinsurance						
2014	0	-8	-144	-4	5	-143
2013	-0	-14	-144	-2	6	-140
Technical result before investment return						
2014	**6**	**15**	**533**	**-1**	**19**	**551**
2013	**6**	**37**	**501**	**16**	**17**	**534**

1) Activity-based operating costs EURm 260 (269) have been allocated to claims incurred.

2) Includes other technical income EURm 27 (28) and other technical expenses EURm 27 (26).

9 Earnings per share

EURm	2014	2013
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	1,540	1,452
Weighted average number of shares outstanding during the period	560	560
Earnings per share (EUR per share)	2.75	2.59

10 Financial assets and liabilities

Financial assets and liabilities have been categorised in accordance with IAS 39.9. In the table are also included interest income and expenses, realised and unrealised gains and losses recognised in P/L, impairment losses and dividend income arising from those assets and liabilities. The financial assets in the table include balance sheet items Financial assets and Cash and cash equivalents.

	2014				
EURm	Carrying amount	Interest inc./exp.	Gains / losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	79	-2		-	-
Financial assets designated as at fair value through p/l	48	1	1	-	0
Loans and receivables	2,340	23	38	-	-
Financial assets available-for-sale	16,537	345	317	-62	135
Financial assets, group total	**19,004**	**366**	**356**	**-62**	**135**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	120	-	-		
Other financial liabilities	2,302	-53	24		
Financial liabilities, group total	**2,423**	**-53**	**24**		

EURm	Carrying amount	Interest inc./exp.	2013 Gains / losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	78	1	37	-	-
Financial assets designated as at fair value through p/l	50	1	7	-	0
Loans and receivables	1,051	23	-11	-	-
Financial assets available-for-sale	16,430	427	187	-38	125
Financial assets, group total	**17,609**	**453**	**221**	**-38**	**125**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	53	-	-		
Other financial liabilities	2,140	-73	16		
Financial liabilities, group total	**2,193**	**-73**	**16**		

11 Property, plant and equipment

P&C insurance

EURm	2014 Equipment	2013 Equipment
At 1 Jan.		
Cost	64	90
Accumulated depreciation	-48	-74
Net carrying amount	**16**	**16**
At 31 Dec.		
Cost	63	64
Accumulated depreciation	-46	-48
Net carrying amount	**16**	**16**

Life insurance

EURm	2014 Land and buildings	2014 Equipment	2014 Total	2013 Land and buildings	2013 Equipment	2013 Total
At 1 Jan.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-6	-6	-1	-6	-6
Net carrying amount	**4**	**2**	**5**	**4**	**2**	**5**
At 31 Dec.						
Cost	4	8	12	4	8	12
Accumulated depreciation	-1	-6	-7	-1	-6	-6
Net carrying amount	**3**	**1**	**5**	**4**	**2**	**5**

Holding

EURm	2014 Land and buildings	2014 Equipment	2014 Total	2013 Land and buildings	2013 Equipment	2013 Total
At 1 Jan.						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-2	-3
Net carrying amount	**1**	**3**	**4**	**1**	**3**	**4**
At 31 Dec.						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-3	-4	-1	-2	-3
Net carrying amount	**1**	**2**	**3**	**1**	**3**	**4**

EURm	2014	2013
Group, total	**24**	**25**

Equipment in different segments comprise IT equipment and furniture.

12 Investment property

P&C insurance

EURm	2014	2013
At 1 Jan.		
Cost	29	34
Accumulated depreciation	-7	-7
Accumulated impairment losses	-0	-0
Net carrying amount	**22**	**27**
Opening net carrying amount	**22**	**27**
Additions	0	-5
Disposals	-1	-1
Depreciation	-1	-1
Impairment losses	0	1
Reversal of impairment losses	-1	-1
Exchange differences	0	2
Closing net carrying amount	**20**	**20**
At 31 Dec.		
Cost	29	29
Accumulated depreciation	-8	-7
Accumulated impairment losses	-1	-0
Net carrying amount	**20**	**22**
Rental income from investment property	2	3
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	1	1
- later than one year and not later than five years	1	1
- later than five years	-	0
Total	**2**	**2**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-1	-2
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	**-2**	**-2**
Fair value of investment property at 31 Dec.	**22**	**23**

Life insurance

EURm	2014	2013
At 1 Jan.		
Cost	172	157
Accumulated depreciation	-48	-45
Accumulated impairment losses	-17	-16
Net carrying amount	**107**	**95**
Opening net carrying amount	**107**	**95**
Additions	74	17
Disposals	-0	-2
Depreciation	-3	-3
Impairment losses	-0	-1
Closing net carrying amount	**179**	**107**
At 31 Dec.		
Cost	247	172
Accumulated depreciation	-51	-48
Accumulated impairment losses	-17	-17
Net carrying amount	**179**	**107**
Rental income from investment property	17	13
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	10	6
- later than one year and not later than five years	6	14
- later than five years	0	2
Total	**17**	**22**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-8	-7
- direct operating expenses arising from investment property not generating rental income during the period	-1	-2
Total	**-10**	**-9**
Fair value of investment property at 31 Dec.	**196**	**125**
Elimination items between segments	-4	-4

EURm	2014	2013
Group, total	**195**	**125**

Fair values for the Group's investment property are entirely determined by the Group based on the market evidence. The determination and hierarchy of financial assets and liabilities at fair value is disclosed in note 17. Based on the principles of this determination, the investment property falls under level 2.

The premises in investment property for different segments are leased on market-based, irrevocable contracts. The lengths of the contracts vary from those for the time being to those for several years.

13 Intangible assets

P&C insurance

EURm	Goodwill *)	2014 Other intangible assets	Total
At 1 Jan.			
Cost	567	31	598
Accumulated amortisation	-	-8	-8
Net carrying amount	**567**	**23**	**590**
At 31 Dec.			
Cost	535	24	559
Accumulated amortisation	-	-5	-5
Net carrying amount	**535**	**20**	**554**

EURm	Goodwill *)	2013 Other intangible assets	Total
At 1 Jan.			
Cost	585	27	612
Accumulated amortisation	-	-6	-6
Net carrying amount	**585**	**13**	**606**
At 31 Dec.			
Cost	567	31	598
Accumulated amortisation	-	-8	-8
Net carrying amount	**567**	**23**	**590**

*) *The change in the cost is due to exchange differences.*

Life insurance

		2014			2013	
EURm	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
At 1 Jan.						
Cost	153	43	196	153	42	195
Accumulated amortisation	-	-34	-34	-	-31	-31
Net carrying amount	**153**	**9**	**162**	**153**	**11**	**164**
At 31 Dec.						
Cost	153	43	196	153	43	196
Accumulated amortisation	-	-36	-36	-	-34	-34
Net carrying amount	**153**	**7**	**160**	**153**	**9**	**162**

EURm	2014	2013
Group, total	**714**	**751**

Other intangible assets in all segments comprise mainly IT software.

Depreciation and impairment losses are included in the income statement item Other operating expenses.

Testing goodwill for impairment

Goodwill is tested for impairment in accordance with IAS 36 Impairment of assets. No impairment losses have been recognised based on these tests.

For the purpose of testing goodwill for impairment, Sampo determines the recoverable amount of its cash-generating units, to which goodwill has been allocated, on the basis of value in use. Sampo has defined these cash-generating units as If Group and Mandatum Life.

The recoverable amounts for If have been determined by using a discounted cash flow model. The model is based on Sampo's management's best estimates of both historical evidence and economic conditions such as volumes,interest rates, margins, capital structure and income and cost development. The value in use model for Mandatum Life is greatly influenced by the long-term development of insurance liabilities, affecting e.g. the required solvency capital and thus the recoverable amount. That is why the forecast period is longer for Mandatum Life, 10 years. The derived cash flows were discounted at the pre-tax rates of the weighted average cost of capital which for If was 7.7 % and for Mandatum Life 8.3 %. These are somewhat lower than last year due to the decrease in interest rates.

Forecasts for If, approved by the management, cover years 2015 – 2016. The cash flows beyond that have been extrapolated using a 2 % growth rate. A 2 % growth rate for years beyond 2024 has been used for the for Mandatum Life as well, as it is believed to be close to the anticipated inflation.

In Mandatum Life, the recoverable amount exceeds its carrying amount by some EURm 450. With the calculation method used, e.g. an increase of about 2.7 % in the weighted average cost of capital could lead to a situation where the recoverable amount of the entity would equal its carrying amount.

As for the If Group, the management believes that any reasonably possible change in any of these key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

14 Investment in associates

Associates that have been accounted for by the equity method at 31 Dec. 2014

EURm

Name	Domicile	Carrying amount	Fair value *)	Interest held %
Nordea Bank Abp	Sweden	7,065	8,325	21.25
Topdanmark A/S	Denmark	371	846	30.41
Autovahinkokeskus Oy	Finland	3		35.54
CAP Group AB	Sweden	2		21.98
Urzus Group AS	Norway	2		28.57
Svithun Assuranse AS (Norway)	Norway	1		33.00
Watercircles Skandinavia AS (Norway)	Norway	3		39.57
Contemi Holding AS	Norway	0		28.57

Associates that have been accounted for by the equity method at 31 Dec. 2013

EURm Name	Domicile	Carrying amount	Fair value *)	Interest held %
Nordea Bank Abp	Sweden	6,906	8,413	21.25
Topdanmark A/S	Denmark	363	603	27.98
Autovahinkokeskus Oy	Finland	3		35.50
Consulting AB Lennemark & Andersson	Sweden	1		22.00
Urzus Group AS	Norway	2		28.60
Svithun Assuranse AS (Norway)	Norway	1		33.00
Watercircles Skandinavia AS (Norway)	Norway	4		39.60

**) Published price quatation*

Changes in investments in associates

	2014			2013		
EURm	Nordea	Other associates	Total	Nordea	Other associates	Total
At beginning of year	6,906	375	7,282	6,687	362	7,049
Share of loss/profit	680	54	735	635	51	686
Additions	-	-	0	-	3	3
Disposals	-370	-0	-370	-293	-0	-293
Changes in the equity of associates	-151	-47	-198	-123	-4	-128
Exchange differences	-	-1	-1	-	-36	-36
At end of year	**7,065**	**382**	**7,447**	**6,906**	**375**	**7,282**

At 31 Dec. 2014, the carrying amount of investments in associates included goodwill EURm 1,101 (1,102), including goodwill from the Nordea acquisition EURm 978 (978).

Sampo's holding in Nordea

Nordea is an universal bank with positions within corporate merchant banking as well as retail banking and private banking. With approximately 1.400 branches, call centers in all Nordic countries and an e-bank, Nordea also has a large distribution network for customers in the Nordic and Baltic sea region.

Financial information on Nordea

EURm	2014	2013
Assets	669,342	630,434
Liabilities	639,505	601,225
Revenue	10,224	9,891
Other comprehensive income items	-1,042	-499
Comprehensive income statement	2,290	2,617
Dividend income from the associate during the financial year	370	293

Sampo's share of Nordea's loss/profit consists of the following as of 31 Dec. 2013:

EURm	2014	2013
Share of loss/profit of the associate	708	662
Amortisation of the customer relations	-35	-35
Change in deferred tax	8	8
Share of the loss/profit of an associate	**680**	**635**

15 Financial assets

Group's financial assets comprise investments in derivatives, financial assets designated as at fair value through p/l, loans and receivables, available-for-sale financial assets and investments in subsidiaries. The Holding segment includes also investments in subsidiaries.

The Group uses derivative instruments for trading and for hedging purposes. The derivatives used are foreign exchange, interest rate and equity derivatives. Fair value hedging has been applied during the financial year both in P&C and Life insurance.

EURm	2014	2013
P&C insurance		
Derivative financial instruments	42	5
Loans and receivables	238	246
Financial assets available-for-sale	10,741	11,014
P&C insurance, total	**11,021**	**11,265**
Life insurance		
Derivative financial instruments	3	33
Financial assets designated as at fair value through p/l	48	48
Loans and receivables	27	19
Financial assets available-for-sale	5,587	5,023
Life insurance, total	**5,665**	**5,122**
Holding		
Derivative financial instruments	34	41
Loans and receivables	1	1
Financial assets available-for-sale	555	737
Investments in subsidiaries	2,370	2,370
Holding, total	**2,959**	**3,148**
Elimination items between segments	-2,715	-2,712
Group, total	**16,930**	**16,824**

P&C insurance

Derivative financial instruments

EURm	2014 Contract/ notional amount	2014 Fair value Assets	2014 Fair value Liabilities	2013 Contract/ notional amount	2013 Fair value Assets	2013 Fair value Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Intrerest rate swaps	68	-	-2	1,165	-	4
Exchange traded derivatives						
Interest rate futures	85	-	-1	85	1	1
Total interest rate derivatives	**153**	**-**	**-3**	**1,250**	**1**	**5**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	2,714	41	20	2,147	4	20
Currency options, bought and sold	294	2	1	42	0	-
Total foreign exchange derivatives	**3,008**	**42**	**21**	**2,189**	**4**	**20**
Total derivatives held for trading	**3,162**	**42**	**18**	**3,439**	**5**	**25**

Other financial assets

EURm	2014	2013
Loans and receivables		
Deposits with ceding undertakings	1	1
Other	237	245
Total loans and receivables	**238**	**246**
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	1,606	1,327
Certificates of deposit issued by banks	3,031	2,741
Other debt securities	4,551	5,462
Total debt securities	**9,188**	**9,531**
Equity securities		
Listed	1,365	1,277
Unlisted	188	207
Total	**1,553**	**1,483**
Total financial assets available-for-sale	**10,741**	**11,014**
Financial assets available-for-sale for P&C insurance include impairment losses EURm 243 (242).		
P&C insurance, total financial assets	**11,021**	**11,265**

Life insurance

Derivative financial instruments

EURm	2014 Contract/ notional amount	2014 Fair value Assets	2014 Fair value Liabilities	2013 Contract/ notional amount	2013 Fair value Assets	2013 Fair value Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	1,443	-	19	5,978	25	7
Credit risk swaps	577	-	1	508	0	2
Total	**2,019**	**-**	**20**	**6,486**	**25**	**10**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	1,184	1	14	955	7	1
Currency options, bought and sold	193	2	1	0	0	0
Total foreign exchange derivatives	**1,377**	**3**	**15**	**955**	**7**	**1**
Equity derivatives						
OTC derivatives						
Equity and equity index options	**1**	**0**	**0**	**1**	**0**	**0**
Total derivatives held for trading	**3,398**	**3**	**35**	**7,441**	**32**	**11**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	583	0	50	501	1	0
Interest rate swaps				0	0	0
Total	**583**	**0**	**50**	**501**	**1**	**0**
Total derivatives held for hedging	**583**	**0**	**50**	**501**	**1**	**0**
Total derivatives	**3,981**	**3**	**86**	**7,942**	**33**	**11**

Fair value hedges

Fair value hedging is used to hedge a proportion of foreign exchange and interest risk in available-for-sale financial assets. The interest elements of forward contracts have been excluded from hedging relationships in foreign exchange hedges. Net result from exchange derivatives designated as fair value hedges amounted to EURm -74 (18). Net result from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 74 (-18).

Cash flow hedges

The interest rate derivatives hedging cash flows fell due in 2013 and no new cash flow hedges have been started.

Other financial assets

EURm	2014	2013
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	1	11
Issued by banks	4	35
Other debt securities	43	-
Total debt securities	**47**	**46**
Listed equity securities	2	2
Total financial assets designated as at fair value through p/l	**48**	**48**
Loans and receivables		
Deposits with ceding undertakings	-	1
Loans	27	18
Total loans and receivables	**27**	**19**
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	388	727
Issued by banks	889	632
Other debt securities	1,619	1,548
Total debt securities	**2,895**	**2,907**
Equity securities		
Listed	1,852	1,379
Unlisted	839	737
Total	**2,691**	**2,116**
Total financial assets available-for-sale	**5,587**	**5,023**
Financial assets available-for-sale for life insurance include impairment losses EURm 41 (33).		
Life insurance, total financial assets	**5,665**	**5,122**

Financial assets available for sale / debt securities: Debt securities available for sale include EURm 1,963 (2,553) investments in bonds and EURm 932 (354) investments in money market instruments.

Financial assets available for sale /shares and participations: Listed equity securities include EURm 632 (641) listed equities. Unlisted equity securities include EURm 708 (640) investments in capital trusts.

Holding

Derivative financial instruments

	2014			2013		
	Contract/	Fair value		Contract/	Fair value	
EURm	notional amount	Assets	Liabilities	notional amount	Assets	Liabilities
Derivatives held for trading						
Interest derivatives						
OTC-derivatives						
Interest rate swaps	800	23	-	800	26	-
Credit risk swaps	-	-	-	20	0	-
Total interest derivatives	**800**	**23**	**0**	**820**	**26**	**-**
Foreign exchange derivatives						
OTC-derivatives						
Currency forwards	3	1	0	21	0	1
Equity derivatives						
Exchange traded derivatives						
Equity and euqity index options	69	10	11	88	14	16
Total derivatives	**872**	**34**	**11**	**930**	**41**	**18**

Other financial assets

EURm	2014	2013
Loans and receivables		
Deposits	1	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	110	350
Other debt securities	360	360
Total debt securities	**470**	**709**
Equity securities		
Listed	41	7
Unlisted	45	21
Total	**85**	**28**
Total financial assets available-for-sale	**555**	**737**

Financial assets available-for-sale for Holding business do not include impairment losses.

Investments in subsidiaries	2,370	2,370

Holding, total financial assets	**2,959**	**3,148**
Elimination items between segments	-2,715	-2,712
EURm	**2014**	**2015**
Group, total	**16,930**	**16,824**

16 Fair values

	2014		2013	
EURm	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Financial assets, group				
Financial assets	16,933	16,930	16,827	16,824
Investments related to unit-linked contracts	5,259	5,259	4,616	4,616
Other assets	79	79	17	17
Cash and cash equivalents	2,071	2,074	779	785
Total	**24,343**	**24,342**	**22,240**	**22,242**
Financial liablities, group				
Financial liabilities	2,517	2,423	2,273	2,193
Other liabilities	90	90	26	26
Total	**2,607**	**2,513**	**2,299**	**2,219**

In the table above are presented fair values and carrying amounts of financial assets and liabilities. The detailed measurement bases of financial assets and liabilities are disclosed in Group Accounting policies.

The fair value of investment securities is assessed using quoted prices in active markets. If published price quotations are not available, the fair value is assessed using discounting method. Values for the discount rates are taken from the market's yield curve.

The fair value of the derivative instruments is assessed using quoted market prices in active markets, discounting method or option pricing models.

The fair value of loans and other financial instruments which have no quoted price in active markets is based on discounted cash flows, using quoted market rates. The market's yield curve is adjusted by other components of the instrument, e.g. by credit risk.

The fair value for short-term non-interest-bearing receivables and payables is their carrying amount.

Disclosed fair values are "clean" fair values, i.e. less interest accruals.

17 Determination and hierarchy of fair values

A large majority of Sampo Group's financial assets are valued at fair value. The valuation is based on either published price quatations or valuation techniques based on market observable inputs, where available. For a limited amount of assets the value needs to be determined using other techniques. The financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on e.g. if the market for the instrument is active, or if the inputs used in the valuation technique are observable.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2014				
Derivative financial instruments				
Interest rate swaps	-	24	-	24
Foreign exchange derivatives	-	46	-	46
Equity derivatives	-	10	-	10
	-	**79**	**-**	**79**
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	19	27	-	47
	21	**27**	**-**	**48**
Financial assets related to unit-linked insurance				
Equity securities	449	8	16	472
Debt securities	543	645	24	1,212
Derivative financial instruments	2,464	896	57	3,417
Mutual funds	-	9	-	9
	3,456	**1,558**	**96**	**5,110**
Financial assets available-for-sale				
Equity securities	1,658	-	228	1,887
Debt securities	8,086	4,037	77	12,200
Mutual funds	1,595	106	748	2,450
	11,340	**4,143**	**1,054**	**16,537**
Total financial assests measured at fair value	**14,817**	**5,808**	**1,150**	**21,775**
FINANCIAL LIABILITIES 31.12.2014				
Derivative financial instruments				
Interest rate derivatives	2	21	-	23
Foreign exchange derivatives	-	87	-	87
Equity derivatives	-	11	-	11
Total financial liabilities measured at fair value	**2**	**118**	**-**	**120**

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31.12.2013				
Derivative financial instruments				
Interest rate swaps	1	51	-	52
Other interest rate derivatives	-	0	-	0
Foreign exchange derivatives	-	12	-	12
Equity derivatives	-	14	-	14
	1	**77**	**-**	**78**
Financial assets designated at fair value through profit or loss				
Equity securities	2	-	-	2
Debt securities	-	46	0	46
	2	**46**	**0**	**48**
Financial assets related to unit-linked insurance				
Equity securities	324	2	13	339
Debt securities	14	1,069	19	1,101
Derivative financial instruments	2,098	804	64	2,966
Mutual funds	-	26	-	26
	2,436	**1,901**	**97**	**4,433**
Financial assets available-for-sale				
Equity securities	1,583	-	243	1,826
Debt securities	1,874	10,858	39	12,770
Mutual funds	993	124	720	1,836
	4,449	**10,981**	**1,002**	**16,432**
Total financial assests measured at fair value	**6,887**	**13,006**	**1,099**	**20,992**
FINANCIAL LIABILITIES 31.12.2013				
Derivative financial instruments				
Interest rate derivatives	1	14	-	15
Foreign exchange derivatives	-	22	-	22
Equity derivatives	-	16	-	16
Total financial liabilities measured at fair value	**-**	**52**	**-**	**53**

Transfers betweel levels 1 and 2

During the last quarter, the Group started to utilise the BVAL Score information for level determination. As a result, there were several classification changes from level 2 to level 1. Debt securities available-for-sale EURm 5,438 (151) were transferred during the financial year. Also debt securities at fair value through p/l EURm 19 were transferred. Equity securities EURm 68 and debt securities EURm 368, related to unit-linked insurance, were equivalently transferred to level one.

Sensitivity analysis of fair values

The sensitivity of financial assets and liabilites to changes in exchange rates is assessed on business area level due to differenct base currencies. In P&C insurance, 10 percentage point depreciation of all other currencies against SEK would result in an increase recognised in profit/loss of EURm 30 (12) and in a decrease recognised directly in equity of EURm 13 (11). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an increase recognised in profit/loss of EURm 35 (14) and in a decrease recognised directly in equity of EURm 94 (68). In Holding, 10 percentage point depreciation of all other currencies against EUR would have no impact in profit/loss, but a decrease recognised in equity of EURm 71 (15).

The sensitivity analysis of the Group's fair values of financial assets and liabilities in differenct market risk scenarios is presented below. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 Dec. 2014.

The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes.

The debt issued by Sampo plc is not included.

	Interest rate		**Equity**	**Other financial investments**
	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Effect recognised in profit/loss	-78	50	-0	-4
Effect recognised directly in equity	186	-179	-625	-196
Total effect	**108**	**-130**	**-625**	**-200**

18 Movements in level 3 financial instruments measured at fair value

EURm	At Jan. 2014	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec. 2014	Gains/ losses included in p/l for financial assets 31 Dec. 2014
FINANCIAL ASSETS 2014								
Financial assets related to unit-linked insurance								
Equity securities	14	2	-	3	-3	-	16	1
Debt securities	19	-1	-	18	-1	-10	24	0
Mutual funds	64	0	-	30	-20	-18	57	1
	97	**1**	**-**	**51**	**-24**	**-28**	**96**	**2**
Financial assets available-for-sale								
Equity securities	243	11	1	30	-23	-33	228	-1
Debt securities	39	2	2	10	-6	30	78	2
Mutual funds	720	29	46	215	-262	-	748	62
	1,002	**42**	**49**	**255**	**-291**	**-3**	**1,054**	**64**
Total financial assests measured at fair value	**1,099**	**43**	**49**	**306**	**-316**	**-31**	**1,150**	**66**

EURm	2014 Realised gains	Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	43	56	99
Total gains or losses included in profit and loss for assets held at the end of the financial year	10	56	66

EURm	At Jan. 2013	Total gains/ losses in income statement	Total gains/ losses recorded in other comprehensive income	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec. 2013	Gains/ losses included in p/l for financial assets 31 Dec. 2013
FINANCIAL ASSETS 2013								
Financial assets related to unit-linked insurance								
Equity securities	14	-1	-	5	-4	-	14	-1
Debt securities	17	1	-	2	-1	-	19	1
Mutual funds	50	4	-	24	-13	-	64	3
	81	**4**	**-**	**31**	**-19**	**-**	**97**	**4**
Financial assets available-for-sale								
Equity securities	69	-1	3	176	-4	-	243	-3
Debt securities	73	29	-21	6	-47	-	39	-1
Mutual funds	894	-24	46	139	-335	-	720	19
	1,036	**4**	**27**	**320**	**-385**	**-**	**1,002**	**14**
Total financial assests measured at fair value	**1,117**	**8**	**27**	**351**	**-404**	**-**	**1,099**	**18**

EURm	Realised gains	2013 Fair value gains and losses	Total
Total gains or losses included in profit or loss for the financial year	8	32	**40**
Total gains or losses included in profit and loss for assets held at the end of the financial year	-14	32	**18**

19 Sensitivity analysis of level 3 financial instruments measured at fair value

EURm	2014 Carrying amount	2014 Effect of reasonably possible alternative assumptions (+ / -)	2013 Carrying amount	2013 Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets available-for-sale				
Equity securities	228	-18	243	-23
Debt securities	77	-4	39	-2
Mutual funds	748	-148	720	-138
Total	**1,054**	**-170**	**1,002**	**-163**

The value of financial assets regarding the debt security instruments has been tested by assuming a rise of 1 per cent unit in interest rate level in all maturities. For other financial assets, the prices were assumed to go down by 20 %. The Sampo Group bears no investment risks relatted to unit-linked insurance, so a change in assumptions regarding these assets does not affect profit or loss. On the basis of the these alternative assumptions, a possible change in interest levels would cause descend of EURm 4 (2) for the debt instruments, and EURm 166 (161) valuation loss for other instruments in the Group's other comprehensive income. The reasonably possible effect, proportionate to the Group's equity, would thus be 1.6 % (1.5).

20 Investments related to unit-linked insurance contracts

Life insurance

EURm	2014	2013
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	64	47
Certificates of deposit issued by banks	-	223
Other debt securities	1,171	832
Total	**1,234**	**1,101**
Equity securities		
Listed	3,768	3,290
Unlisted	121	22
Total	**3,890**	**3,312**
Total financial assets designated at fair value through p/l	149	183
Other	9	26
Investment related to unit-linked contracts, total	**5,282**	**4,623**

Elimination items between segments	-23	-7
Group total	**5,259**	**4,616**

The historical cost of the equity securities related to unit-linked contracts was EURm 3,248 (2,646) and that of the debt securities EURm 1,246 (1,089).

21 Deferred tax assets and liabilities

Changes in deferred tax during the financial period 2014

EURm	1.1.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31.12.
Deferred tax assets					
Tax losses carried forward	15	0	-	-0	15
Employee benefits	66	-2	26	-5	85
Other deductible temporary differences	-5	15	1	-2	8
Total	**75**	**13**	**26**	**-7**	**107**
Netting of deferred taxes					-22
Deferred tax assets in the balance sheet					86
Deferred tax liabilities					
Depreciation differences and untaxed reserves	294	-7	-	-13	275
Changes in fair values	202	7	25	-3	231
Other taxable temporary differences	18	3	-0	-1	19
Total	**514**	**3**	**25**	**-17**	**526**
Netting of deferred taxes					-22
Total deferred tax liabilities in the balance sheet					**504**

Changes in deferred tax during the financial period 2013

EURm	1.1.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31.12.
Deferred tax assets					
Tax losses carried forward	18	-3	-	-0	15
Changes in fair values	65	-1	7	-5	65
Other deductible temporary differences	0	-2	4	-5	-2
Total	**83**	**-6**	**11**	**-10**	**78**
Netting of deferred taxes					-10
Deferred tax assets in the balance sheet					68
Deferred tax liabilities					
Depreciation differences and untaxed reserves	337	-26	-0	-17	293
Changes in fair values	197	-23	28	-0	202
Other taxable temporary differences	13	10	-1	0	22
Total	**547**	**-40**	**27**	**-17**	**518**
Netting of deferred taxes					-10
Total deferred tax liabilities in the balance sheet					**508**

In Sampo plc, EURm 27 of deferred tax asset has not been recognised on unused tax losses. The first losses will expire in 2021.

In life insurance, EURm 3 of deferred tax asset has not been recognised on unused tax losses.

22 Taxes

EURm	2014	2013
Profit before tax	1,759	1,668
Tax calculated at parent company's tax rate	-352	-409
Different tax rates on overseas earnings	-16	19
Income not subject to tax	3	5
Expenses not allowable for tax purposes	-3	-3
Consolidation procedures and eliminations	149	159
Tax losses for which no deferred tax asset has been recognised	-1	-9
Changes in tax rates	1	22
Tax from previous years	-1	-1
Total	**-220**	**-216**

23 Components of other comprehensive income

EURm	2014	2013
Other comprehensive income:		
Items reclassifiable to profit or loss		
Exchange differences	-174	-153
Available-for-sale financial assets		
Gains/losses arising during the year	212	362
Reclassification adjustments	-140	-129
Cash flow hedges		
Gains/losses arising during the year	-	-0
Share of associate's other comprehensive income	-168	-70
Taxes	-15	-22
Total items reclassifiable to profit or loss, net of tax	**-285**	**-13**
Items not reclassifiable to profit or loss		
Actuarial gains and losses from defined pension plans	-101	-21
Taxes	26	7
Total items not reclassifiable to profit or loss, net of tax	**-76**	**-14**

24 Tax effects relating to components of other comprehensive income

	2014			2013		
	Before-tax amount	**Tax**	**Net-of-tax amount**	**Before-tax amount**	**Tax**	**Net-of-tax amount**
Items reclassifiable to profit or loss						
Exchange differences	-174	-	-174	-153	-	-153
Available-for-sale financial assets	72	-15	57	233	-22	211
Cash flow hedges	-	-	-	-0	0	-0
Share of associate's other comprehensive income	-168	-	-168	-70	-	-70
Total	**-270**	**-15**	**-285**	**79**	**-22**	**-13**

25 Other assets

P&C insurance

EURm	2014	2013
Interests	66	102
Assets arising from direct insurance operations	1,103	1,119
Assets arising from reinsurance operations	34	45
Settlement receivables	2	3
Deferred acquisition costs [1)]	138	159
Assets related to Patient Insurance Pool	117	69
Other	73	62
P&C insurance, total	**1,533**	**1,559**

Other assets include non-current assets EURm 122 (71).

Item Other comprise rental deposits, salary and travel advancements and assets held for resale.

1) Change in deferred acquisition costs in the period

EURm	2014	2013
At 1 Jan.	159	172
Net change in the period	-14	-3
Exchange differences	-7	-10
At 31 Dec.	**138**	**159**

Life insurance

EURm	2014	2013
Interests	30	36
Receivables from policyholders	3	3
Assets arising from reinsurance operations	1	1
Settlement receivables	68	8
Assets pledged for trading in derivatives	72	6
Other	33	27
Life insurance, total	**208**	**81**

Item Other comprise e.g. pensions paid in advance and receivables from co-operation companies.

Holding

EURm	2014	2013
Interests	37	36
Settlement receivables	9	-
Other	4	11
Holding, total	**50**	**47**

Item Other includes e.g. asset management fee receivables.

EURm	2014	2013
Elimination items between segments	-11	-10
Group, total	**1,781**	**1,676**

26 Cash and cash equivalents

P&C insurance

EURm	2014	2013
Cash at bank and in hand	281	250
Short-term deposits (max 3 months)	167	33
P&C insurance, total	**448**	**282**

Life insurance

EURm	2014	2013
Cash at bank and in hand	389	179
Short-term deposits (max 3 months)	469	44
P&C insurance, total	**858**	**222**

Holding

EURm	2014	2013
Cash	501	280
Short-term deposits (max 3 months)	266	-
Holding, total	**768**	**280**
Group, total	**2,074**	**785**

27 Liabilities from insurance and investment contracts

P&C insurance

Change in insurance liabilities

	2014			2013		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Provision for unearned premiums						
At 1 Jan.	2,065	43	2,022	2,107	55	2,053
Acquired insurance holdings	-	-	0	38	-	-
Exchange differences	-69	1	-68	-127	-2	-125
Change in provision	3	-3	-0	46	-10	55
At 31 Dec.	**1,999**	**41**	**1,958**	**2,065**	**43**	**2,022**

	2014			2013		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Provision for claims outstanding						
At 1 Jan.	7,435	377	7,058	7,747	522	7,225
Disposed insurance holdings	45	-	45	61	0	61
Exchange differences	-245	-2	-243	-314	-20	-294
Change in provision	-50	-178	128	-59	-126	66
At 31 Dec.	**7,185**	**197**	**6,988**	**7,435**	**377**	**7,058**

Liabilities from insurance contracts

EURm	**2014**	**2013**
Provision for unearned premiums	1,999	2,065
Provision for claims outstanding	7,185	7,435
Incurred and reported losses	1,609	1,770
Incurred but not reported losses (IBNR)	3,298	3,538
Provisions for claims-adjustment costs	269	271
Provisions for annuities and sickness benefits	2,009	1,856
P&C insurance total	**9,183**	**9,500**
Reinsurers' share		
Provision for unearned premiums	41	43
Provision for claims outstanding	197	376
Incurred and reported losses	98	270
Incurred but not reported losses (IBNR)	98	107
Total reinsurers' share	**237**	**420**

As the P&C insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading.

Claims cost trend of P&C insurance

The tables below show the cost trend for the claims for different years. The upper part of the tables shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet.

Claims costs before reinsurance

ESTIMATED CLAIMS COST

EURm	< 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
At the close of the claims year	9,825	2,517	2,522	2,588	2,715	2,718	2,829	2,914	2,953	2,851	2,835	
One year later	9,792	2,465	2,504	2,584	2,672	2,669	2,869	3,028	2,940	2,879		
Two years later	9,809	2,412	2,476	2,549	2,615	2,641	2,815	3,024	2,956			
Three years later	9,823	2,385	2,475	2,518	2,588	2,601	2,814	3,012				
Four years later	9,789	2,352	2,435	2,472	2,565	2,582	2,807					
Five years later	9,833	2,319	2,388	2,448	2,551	2,559						
Six years later	9,896	2,267	2,358	2,438	2,531							
Seven years later	9,902	2,244	2,348	2,425								
Eight years later	9,852	2,227	2,337									
Nine years later	9,874	2,210										
Ten years later	9,912											
Current estimate of total claims costs	9,912	2,210	2,337	2,425	2,531	2,559	2,807	3,012	2,956	2,879	2,835	36,463
Total disbursed	7,349	2,013	2,110	2,169	2,271	2,261	2,470	2,590	2,475	2,268	1,572	29,548
Provision reported in the balance sheet	**2,563**	**197**	**227**	**256**	**261**	**298**	**337**	**422**	**482**	**611**	**1,263**	**6,916**
of which established vested annuities	1,390	73	80	77	70	59	75	65	62	47	10	2,009
Provision for claims-adjustment costs												269
Total provision reported in the BS												**7,185**

Claims costs after reinsurance

ESTIMATED CLAIMS COST

EURm	< 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
At the close of the claims year	9,070	2,375	2,418	2,490	2,598	2,604	2,691	2,756	2,756	2,801	2,795	
One year later	9,022	2,318	2,390	2,480	2,567	2,572	2,738	2,829	2,741	2,829		
Two years later	9,025	2,264	2,363	2,453	2,513	2,542	2,696	2,816	2,758			
Three years later	9,032	2,244	2,367	2,422	2,487	2,515	2,689	2,810				
Four years later	8,999	2,213	2,330	2,379	2,468	2,498	2,686					
Five years later	8,998	2,181	2,289	2,355	2,455	2,474						
Six years later	9,076	2,141	2,261	2,348	2,437							
Seven years later	9,086	2,120	2,252	2,335								
Eight years later	9,049	2,104	2,243									
Nine years later	9,074	2,087										
Ten years later	9,121											
Current estimate of total claims costs	9,121	2,087	2,243	2,335	2,437	2,474	2,686	2,810	2,758	2,829	2,795	34,575
Total disbursed	6,617	1,897	2,022	2,083	2,180	2,184	2,361	2,409	2,304	2,241	1,559	27,856
Provision reported in the balance sheet	**2,504**	**191**	**221**	**252**	**257**	**290**	**325**	**402**	**454**	**588**	**1,236**	**6,719**
of which established vested annuities	1,390	73	80	77	70	59	75	65	62	47	10	2,009
Provision for claims-adjustment costs												269
Total provision reported in the BS												**6,988**

Life insurance

Change in liabilities arising from other than unit-linked insurance and investment contracts

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2014	3,924	4	**3,928**
Premiums	148	1	**149**
Claims paid	-397	-0	**-397**
Expense charge	-36	-	**-36**
Guaranteed interest	131	-	**131**
Bonuses	0	-	**0**
Portfolio transfers	1,337	-	**1,337**
Other	-48	-0	**-48**
At 31 Dec. 2014	5,061	4	**5,065**
Reinsurers' share	-3	-	**-3**
Net liability at 31 Dec. 2014	**5,058**	**4**	**5,062**

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2013	4,065	6	**4,071**
Premiums	159	0	**159**
Claims paid	-396	-1	**-396**
Expense charge	-37	-0	**-37**
Guaranteed interest	139	0	**139**
Bonuses	3	0	**3**
Other	-11	-1	**-12**
At 31 Dec. 2013	3,924	4	**3,927**
Reinsurers' share	-3	-	**-3**
Net liability at 31 Dec. 2013	**3,921**	**4**	**3,925**

Change in liabilities arising from unit-linked insurance and investment contracts

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2014	3,095	1,522	**4,617**
Premiums	513	448	**961**
Claims paid	-191	-294	**-485**
Expense charge	-39	-21	**-60**
Other	220	59	**279**
At 31 Dec. 2014	**3,599**	**1,714**	**5,312**

At 1 Jan. 2013	2,665	1,168	**3,833**
Premiums	469	440	**909**
Claims paid	-173	-172	**-345**
Expense charge	-36	-18	**-54**
Other	169	104	**274**
At 31 Dec. 2013	**3,095**	**1,522**	**4,617**

The liabilities at 1 Jan. and at 31 Dec. include the future bonus reserves and the effect of the reserve for the decreased discount rate. The calculation is based on items before reinsurers' share. A more detailed specification of changes in insurance liabilities is presented in Group's Risk Management.

EURm	2014	2013
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,625	1,969
Provision for claims outstanding	2,434	1,948
Liabilities for contracts without discretionary participation feature (DPF)		
Provision for unearned premiums	-	0
Provision for claims outstanding	-	1
Total	**5,059**	**3,918**
Assumed reinsurance		
Provision for unearned premiums	1	4
Provision for claims outstanding	0	2
Total	**2**	**5**
Insurance contracts total		
Provision for unearned premiums	2,626	1,973
Provision for claims outstanding	2,434	1,951
Total	**5,061**	**3,924**
Investment contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	4	4
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,631	1,976
Provision for claims outstanding	2,434	1,951
Life insurance total	**5,065**	**3,927**
Reinsurers' share		
Provision for claims outstanding	-3	-3

Investment contracts do not include a provision for claims outstanding.

Liability adequacy test does not give rise to supplementary claims.

Exemption allowed in IFRS 4 *Insurance contracts* has been applied to investment contracts with DPF or contracts with a right to trade-off for an investment contract with DPF. These investment contracts have been valued like insurance contracts.

EURm	2014	2013
Group, total	**14,248**	**13,427**

28 Liabilities from unit-linked insurance and investment contracts

Life insurance

EURm	2014	2013
Unit-linked insurance contracts	3,599	3,095
Unit-linked investment contracts	1,714	1,522
Total	**5,312**	**4,617**
Elimination items between segments	-23	-7

EURm	2014	2013
Group, total	**5,289**	**4,610**

29 Financial liabilities

The segment financial liabilities include derivatives, debt securities and other financial liabilities.

P&C insurance

EURm			2014	2013
Derivative financial instruments (note 15)			24	25
Subordinated debt securities				
Subordinated loans				
Euro-denominated loans	**Maturity**	**Interest**		
Preferred capital note, 2005 (nominal value EURm 150)	perpetual	4.94%	150	150
Preferred capital note, 2011 (nominal value EURm 110)	30 vuotta	6.00%	109	109
Preferred capital note, 2013 (nominal value EURm 90)	perpetual	4.70%	90	90
Total subordinated debt securities			**349**	**150**
P&C insurance, total financial liabilities			**373**	**174**

The loans 2005 and 2011 are issued with fixed interest rates for the first ten years, after which they become subject to variable interest rates. The subordinated loan issued in 2013 has a fixed interest rate for the first 5.5 years afther which it becomes subject to variable interest rates. At the point of change, there is the possibility of redemption for all the loans. All loans and their terms are approved by supervisory authorities and the loans are utilised for solvency purposes.

The loans issued in 2005 and 2011 are listed on the Luxembourg Exchange.

Life insurance

EURm	2014	2013
Derivative financial instruments (note 15)	86	11
Subordinated debt securities		
Subordinated loans	100	100
Life insurance, total	**186**	**111**

Mandatum Life issued in 2002 EURm 100 Capital Notes. The loan is perpetual and pays floating rate interest. The interest is payable only from distributable capital. The loan is repayable only with the consent of the Insurance Supervisory Authority and at the earliest on 2012 or any interest payment date after that. The loans is wholly subscribed by Sampo Plc.

Holding

EURm	2014	2013
Derivative financial instruments (note 15)	11	18
Debt securities in issue		
Commercial papers	305	308
Bonds *)	1,888	1,720
Total	**2,192**	**2,027**
Holding, total	**2,203**	**2,045**

**) The determination and hierarchy of financial assets and liabilities at fair value is disclosed in note 17. Based on the principles of this determination, the boned of the Holding Company fall under level 2.*

Elimination items between segments	-339	-336

EURm	2014	2013
Group, total	**2,423**	**1,994**

30 Provisions

P&C insurance

EURm	2014
At 1 Jan. 2014	58
Exchange rate differences	-3
Additions	21
Amounts used during the period	-11
Unused amounts reversed during the period	-2
At 31 Dec. 2014	**63**
Current (less than 1 year)	27
Non-current (more than 1 year)	36
Total	**63**

EURm 22 of the provision consist of assets reserved for the development of efficient administrative and claims-adjustment processes and structural changes in distribution channels result in organisational changes that affect all business areas. In addition, the item includes a provision of about EURm 37 for law suits and other uncertain liabilities.

31 Employee benefits

Employee benefits

Sampo has defined benefit plans in P&C insurance business in Sweden and Norway.

In addition to statutory retirement pension insurance, the Group has certain voluntary defined benefit plans. The voluntary defined benefit plans are intra-Group and included in the insurance liabilities of Mandatum Life. The amount is negligible and they have no material impact on the Group profit or loss or equity.

Employee benefit obligations of P&C Insurance 31 Dec.

EURm	2014	2013
Present value of estimated pension obligation, including social costs	664	580
Fair value of plan assets	399	385
Net pension obligation recognised in the balance sheet	**265**	**195**

Since January 1, 2008, the main Swedish pension plan has been closed to new employees born in 1972 or later and the corresponding Norwegian pension plan has been closed to new employees since January 1, 2007 regardless of age. The pension benefits referred to are old-age pension and survivors' pension in Sweden and old-age pension, survivors' pension and disability pension in Norway. A common feature of all of the pension plans is that the employees and survivors encompassed by the plans are entitled to a guaranteed pension that depends on the employees' service period and pensionable salary at the time of retirement. The dominating benefit is the old-age pension, which refers in part to temporary pension before the anticipated retirement age and in part to a life-long pension after the anticipated retirement age.

The retirement age for receiving premature pension is normally 62 years in Sweden and normally 65 years in Norway. In Sweden, premature old-age pension following a complete service period is payable at a rate of approximately 65% percent of the pensionable salary and applies to all employees born in 1955 or earlier and who were covered by the insurance sector's collective bargaining agreement of 2006. In Norway, premature old-age pension following a complete service period is payable at a rate of approximately 70% percent of the pensionable salary and applies to all employees born in 1957 or earlier and who were employed by If in 2013.

The anticipated retirement age in connection with life-long pension is 65 years for Sweden and 67 years for Norway. In Sweden, life-long old-age pension following a complete service period is payable at a rate of approximately 10 percent of the pensionable salary between 0 and 7.5 income base amounts, 65 percent of salary between 7.5 and 20 income base amounts and 32.5 percent between 20 and 30 income base amounts. In Norway, life-long old-age pension following a complete service period is payable at a rate of approximately 70 percent of the pensionable salary up to 12 Norwegian base amounts, together with the estimated statutory old-age pension. Paid-up policies and pension payments from the Swedish plans are normally indexed upwards in an amount corresponding to the change in the consumer price index. However, there is no agreement guaranteeing the value and future supplements in addition to the contractual pension benefit could either rise of fall. Pension payments from the Norwegian plans are indexed upwards in an amount corresponding to the change in the consumer price index to the extent of 80 - 100 %.

The pensions are primarily funded through insurance whereby the insurers establish the premiums and disburse the benefits. If's obligation is primarily fulfilled through payment of the premiums. Should the assets that are attributable to the pension benefits not be sufficient to enable the insurers to cover the guaranteed pension benefits, If could be forced to pay supplementary insurance premiums or secure the pension obligations in some other way. In addition to insured pension plans, there are also unfunded pension benefits in Norway for which If is responsible for ongoing payment.

To cover the insured pension benefits, the related capital is managed as part of the insurers' management portfolios. In such management, the characteristics of the investment assets are analyzed in relation to the characteristics of the obligations, in a process known as Asset Liability Management. New and existing asset categories are evaluated continuously in order to diversify the asset portfolios with a view to optimizing the anticipated risk-adjusted return. Any surplus that arises from management of the assets normally accrues to If and/or the insured and there is no form of transfer of the asset value to other members of the insurance collective.

The insurers and If are jointly responsible for monitoring the pension plans, including investment decisions and contributions. The pension plans are essentially exposed to similar material risks regarding the final amount of the benefits, the investment risk associated with the plan assets and the fact that the choice of discount interest rate affects their valuation in the financial statements.

When applying IAS 19, the pension obligations are calculated, as is the pension cost attributable to the fiscal period, using actuarial methods. Pension rights are considered to have been vested straight line during the service period. The calculation of pension obligations is based on future anticipated pension payments and includes assumptions regarding mortality, employee turnover and salary growth. The nominally calculated debt is discounted to the present value using an interest rate based on current market interest rates adjusted to take into account the duration of the company's pension obligations. As a basis for determining the discount interest rate for the Swedish obligation, If uses liquid covered mortgage bonds issued by a mortgage institution. Covered mortgage bonds are also used for the Norwegian obligation. After a deduction for the plan assets, a net asset or net liability is recognised in the balance sheet.

The following tables contain a number of material assumptions, specifications of pension costs, assets and liabilities and a sensitivity analysis showing the potential effect on the obligations of reasonable changes in those assumptions as at the end of the fiscal year. The carrying amounts have been stated including special payroll tax in Sweden (24.26%) and a corresponding fee in Norway (14.1%).

Specification of employee benefit obligations by country

	2014			2013		
	Sweden	Norway	Total	Sweden	Norway	Total
Recognised in income statement and other comprehensive income						
Current service cost	-5	-11	-16	-6	-10	-16
Past service cost	-1	-	-1	-0	-	-0
Interest expense on net pension liability	-1	-6	-7	-2	-5	-7
Total in income statement	**-7**	**-17**	**-24**	**-7**	**-15**	**-22**
Remeasurement of the net pension liability	-34	-71	-105	19	-40	-21
Total in comprehensive income statement	**-40**	**-88**	**-129**	**12**	**-55**	**-43**
Recognised in balance sheet						
Present value of estimated pension liability, including social costs	194	470	664	154	426	580
Fair value of plan assets	140	259	399	124	261	385
Net liability recognised in balance sheet	**55**	**211**	**265**	**30**	**165**	**195**

	2014		2013	
Distribution by asset class	Sweden	Norway	Sweden	Norway
Debt instruments, level 1	40%	52%	34%	49%
Debt instruments, level 2	1%	13%	3%	12%
Equity instruments, level 1	28%	9%	31%	8%
Equity instruments, level 3	8%	3%	0%	3%
Property, level 3	10%	9%	10%	11%
Other, level 1	3%	10%	11%	13%
Other, level 2	6%	4%	0%	1%
Other, level 3	4%	0%	11%	3%

The following actuarial assumptions have been used for the calculation of defined benefit pension plans in Norway and Sweden:

	Sweden	Sweden	Norway	Norway
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Discount rate	2,75%	4,00%	2,75%	4,00%
Future salary increases	2,75%	3,00%	3,50%	3,75%
Price inflation	1,75%	2,00%	2,00%	2,25%
Mortality table	FFFS 2007:31 +1 year	FFFS 2007:31 +1 year	FFFS 2007:31	FFFS 2007:31
Average duration of pension liabilities	22 years	20 years	17 years	16 years
Expected contributions to the defined benefit plans during 2014 and 2015	8	9	15	15

Sensitivity analysis of effect of reasonably possible changes	2014 Sweden	2014 Norway	2014 Total	2013 Sweden	2013 Norway	2013 Total
Discount rate, +0,50%	-23	-40	**-63**	-17	-34	**-51**
Discount rate, -0,50%	27	45	**71**	20	38	**58**
Future salary increases, +0,25%	8	8	**16**	6	7	**13**
Future salary increases, -0,25%	-7	-8	**-15**	-5	-7	**-12**
Expected longevity, +1 year	7	15	**22**	5	13	**18**

EURm	2014 Funded plans	2014 Unfunded plans	2014 Total	2013 Funded plans	2013 Unfunded plans	2013 Total
Analysis of the employee benefit obligation						
Present value of estimated pension liability, including social costs	620	44	664	532	490	1,022
Fair value of plan assets	399	-	399	385	-	385

Analysis of the change in net liability recognised in the balance sheet

EURm	2014	2013
Pension liabilities:		
At the beginning of the year	580	595
Earned during the financial year	16	16
Costs pertaining to prior-year service	1	0
Interest cost	23	21
Actuarial gains (-)/losses (+) on financial assumptions	123	-22
Actuarial gains (-)/losses (+) on demographic assumptions	-	67
Actuarial gains (-)/losses (+), experience adjustments	-3	-15
Exchange differences on foreign plans	-48	-57
Benefits paid	-27	-26
Defined benefit plans at 31 Dec.	**664**	**580**
Reconciliation of plan assets:		
At the beginning of the year	385	392
Interest income	15	15
Difference between actual return and calculated interest income	15	8
Contributions paid	29	24
Exchange differences on foreign plans	-29	-38
Benefits paid	-17	-16
Plan assets at 31 Dec.	**399**	**385**

Other short-term employee benefits

There are other short-term staff incentive programmes in the Group, the terms of which vary according to country, business area or company. Benefits are recognised in the profit or loss for the year they arise from. An estimated amount of these short-term incentives, social security costs included, for 2014 is EURm 66.

32 Other liabilities

P&C insurance

EURm	2014	2013
Liabilities arising out of direct insurance operations	155	148
Liabilities arising out of reinsurance operations	37	49
Liabilities related to Patient Insurance Pool	115	68
Tax liabilities	85	113
Prepayments and accrued income	27	197
Other	284	119
P&C insurance, total	**702**	**694**

The non-current share of other liabilities is EURm 102 (57).

Item Other includes e.g. witholding taxes, social expenses related to Workers Compensation insurance policies and employee benefits, unpaid premium taxes and other accruals.

Life insurance

EURm	2014	2013
Interests	8	7
Tax liabilities	23	18
Liabilities arising out of direct insurance operations	7	6
Liabilities arising out of reinsurance operations	4	5
Settlement liabilities	90	26
Guarantees received	35	31
Other liabilities	43	37
Life insurance, total	**209**	**129**

Item Guarantees received comprise assets accepted as guarantees required in derivative trading and securities lending.

Item Other includes e.g. liabilities arising from withholding taxes and social security costs, liabilities to creditors and insurance premium advances.

Holding

EURm	2014	2013
Interests	34	34
Guarantees for trading in derivatives	47	47
Liability for dividend distribution	30	26
Other	24	21
Holding, total	**134**	**129**
Item Other includes e.g. reservations for share-based incentive programmes and other incentive salaries.		
Elimination items between segments	-11	-11

EURm	2014	2013
Group, total	**1,035**	**941**

33 Contingent liabilities and commitments

P&C insurance

EURm	2014	2013
Off-balance sheet items		
Guarantees	7	28
Other irrevocable commitments	10	14
Total	**17**	**42**

Assets pledged as collateral for liabilities or contingent liabilities

	2014		2013	
EURm	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Cash at balances at central banks	0	1	1	1
Investments				
- Investment securities	238	136	270	131
Yhteensä	**239**	**137**	**271**	**132**

EURm	12/2014	12/2013
Assets pledged as security for derivative contracts, carrying value		
Investment securities	25	39

The pledged assets are included in the balance sheet item Other assets.

EURm	2014	2013
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	31	32
later than one year and not later than five years	93	99
later than five years	59	78
Total	**183**	**209**
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-22	-25
- sublease payments	-	-11
Total	**-22**	**-36**

The subsidiaries If P&C Insurance Ltd and If P&C Insurance Company Ltd provide insurance with mutual undertakings within the Nordic Nuclear Insurance Pool and If P&C Insurance Ltd within the Norwegian Natural Perils' Pool and the Dutch Terror Pool.

In connection with the transfer of property and casualty insurance business from the Skandia group to the If Group as of March 1, 1999, If P&C Holding Ltd and If P&C Insurance Ltd issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ.) whereby the aforementioned companies in the If Group mutually guarantee that companies in the Skandia group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding Ltd and If P&C Insurance Ltd have separately entered into contracts with Försäkringsaktiebolaget Skandia (publ.) and Tryg-Baltica Forsikrings AS whereby Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Försäkringsaktiebolaget Skandia (publ.) and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (U.K.) Ltd. (now Marlon Insurance Company Ltd.) in favor of the Institute of London Underwriters. Marlon Insurance Company Ltd. was disposed during 2007, and the purchaser issued a guarantee in favour of If for the full amount that If may be required to pay under these guarantees.

Normal seller's guarantees have been given in connection the disposal of the subsidiary IPSC Region.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling EURm 10, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

With respect to certain IT systems If and Sampo use jointly, If P&C Insurance Holding Ltd has undertaken to indemnify Sampo for any costs caused by It that Sampo may incur in relation to the owners of the systems.

Life insurance

EURm	2014	2013
Off-balance sheet items		
Investment commitments	384	391
Acquisition of IT-software	2	3
Total	**386**	**394**

EURm	12/2014	12/2013
Assets pledged as security for derivative contracts, carrying value		
Cash and cash equivalents	72	6
The pledged assets are included in the balance sheet item Other assets.		
Lended securities		
Domestic shares		
Remaining acquisition cost	23	14
Fair value	19	4

Security lendings can be interrupted at any time and they are secured.

EURm	2014	2013
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	2	2
later than one year and not later than five years	9	8
later than five years	8	9
Total	**19**	**19**

Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec.	0	1
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-2	-3
- sublease payments	0	0
Total	**-2**	**-3**

Holding

EURm	2014	2013
Off-balance sheet items		
Investment commitments	0	1

EURm	2014	2013
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	1	1
later than one year and not later than five years	1	2
Total	**2**	**3**

The Group had at the end of 2014 premises a total of 171,598 m2 (178,877) taken as a lessee. The contracts have been made mainly for 3 to 10 years.

34 Equity and reserves

Equity

The number of Sampo plc's shares at 31 Dec. 2013 was 560,000,000, of which 558,000,000 were A-shares and 1,200,000 B-shares. There was no change in the company's share capital of EURm 98 during the financial year.

At the end of the financial year, the mother company or other Group companies held no shares in the parent company.

Reserves and retained earnings

Legal reserve

The legal reserve comprises the amounts to be transferred from the distributable equity according to the articles of association or on the basis of the decision of the AGM.

Invested unrestricted equity

Other components of equity include fair value changes of financial assets available for sale and derivatives used in cash flow hedges, and exchange differences.

Other components of equity

Other components of equity include fair value changes of financial assets available for sale and derivatives used in cash flow hedges, and exchange differences. Changes in the reserves and retained earnings are presented in the Group's statement of changes in equity.

35 Related party disclosures

Key management personnel

The key management personnel in Sampo Group consists of the members of the Board of Directors of Sampo plc and Sampo Group's Executive Committee, and the entities over which the members of the key management personnel have a control.

Key management compensation

EURm	2014	2013
Short-term employee benefits	8	7
Post employment benefits	3	3
Other long-term benefits	10	10
Total	**21**	**19**

In addition, deferred compensation EUR 134,779 was paid to former members of the Group Executive Committee during the financial year. The equivalent sum paid in 2013 was EUR 584,500.

Short-term employee benefits comprise salaries and other short-terms benefits, including profit-sharing bonuses accounted for for the year, and social security costs.

Post employment benefits include pension benefits under the Employees' Pensions Act (TEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for for the year (see Note 36).

Related party transactions of the key management

The related party transactions of the key management are not material nor does the key management have any loans from the Group companies.

Associates

Outstanding balances with related parties/Associate Nordea

EURm	2014	2013
Assets	1,483	1,152
Liabilities	114	111

The Group's receivables from Nordea coprise mainly long-term investments in bonds and deposits. In addition, the Group has several on-going derivative contracts related to the Group's risk management of investments and liabilities.

36 Incentive schemes

Long-term incentive schemes 2011 I - 2014 I

The Board of Directors of Sampo plc has decided on the long-term incentive schemes 2011 I - 2014 I for the management and key employees of Sampo Group. The Board has authorised the CEO to decide who will be included in the scheme, as well as the number of calculated incentive units granted for each individual used in determining the amount of the incentive reward. In the schemes, the number of calculated incentive units granted for the members of the Group Executive Committee is decided by the Board of Directors. Over 130 persons were included in the schemes at the end of year 2014.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the insurance margin (IM) and on Sampo's return on the risk adjusted capital (RORAC). The value of one calculated incentive unit is the trade-weighted average price of Sampo's A-share at the time period specified in the terms of the scheme, and reduced by the starting price adjusted with the dividends per share distributed up to the payment date. The pre-dividend starting prices vary between eur 18.37 - 38.26. The maximum value of one incentive unit varies between eur 33.37 - 57.26, reduced by the dividend-adjusted starting price. In all the schemes, the incentive reward depends on two benchmarks. If the IM is 6 per cent or more, the IM-based reward is paid in full. If the IM is between 4 - 5.99 per cent, half of the incentive reward is paid. No IM-related reward will be paid out, if the IM stays below these. In addition, the return on the risk adjusted capital is taken into account. If the return is at least risk free return + 4 per cent, the RORAC-based incentive reward is paid out in full. If the return is risk free return + 2 percent, but less than risk free return + 4 percent, the payout is 50 per cent. If the return stays below these benchmarks, no RORAC-based reward will be paid out.

Each plan has three performance periods and incentive rewards are settled in cash in three installments. The employee shall authorise Sampo plc to buy Sampo's A-shares with 60 per cent of the amount of the reward after taxes and other comparable charges. The shares are subject to transfer restrictions for three years from the day of payout. A premature payment of the reward may occur in the event of changes in the group structure or in the case of employment termination on specifically determined bases. The fair value of the incentive schemes is estimated by using the Black-Scholes pricing model.

		2011 I	**2011 I/2**	**2014 I**
Terms approved *)		09/14/11	09/14/11	09/17/14
Granted (1,000) 31 Dec. 2011		4,359	-	-
Granted (1,000) 31 Dec. 2012		4,199	130	-
Granted (1,000) 31 Dec. 2013		4,134	100	-
Granted (1,000) 31 Dec. 2014		2,855	100	4,434
End of performance period I 30%		Q2-2014	Q2-2015	Q2-2017
End of performance period II 35%		Q2-2015	Q2-2016	Q2-2018
End of performance period III 35%		Q2-2016	Q2-2017	Q2-2019
Payment I 30%		9-2014	9-2015	9-2017
Payment II 35%		9-2015	9-2016	9-2018
Payment III 35%		9-2016	9-2017	9-2019
Price of Sampo A at terms approval date *)		18.10	18.10	37.22
Starting price **)		18.37	24.07	38.26
Dividend-adjusted starting price at 31 Dec. 2014		14.17	21.07	38.26
Sampo A - closing price 31 Dec. 2014	38.82			
Total intrinsic value, meur		43	1	1

Total debt	45
Total cost for the financial period, meur (incl. social costs)	34

**) Grant dates vary*
***) Trade-weighted average for ten trading days from the approval of terms*

37 Auditors' fees

EURm	2014	2013
Auditing fees	-2	-2
Other fees	-0	-0
Total	**-3**	**-3**

38 Legal proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2014, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

39 Investments in subsidiaries

Name	Group holding %	Carrying amount
P&C insurance		
If P&C Insurance Holding Ltd	100	1,886
If P&C Insurance Ltd	100	1,286
If P&C Insurance Company Ltd	100	472
If P&C Insurance AS	100	47
AS If Kinnisvarahaldus	100	0
CJSC If Insurance	100	10
If Livförsäkring Ltd	100	8
Life insurance		
Mandatum Life Insurance Company Ltd	100	484
Innova Services Ltd	100	3
Mandatum Life Services Ltd	100	2
Mandatum Life Investment Services Ltd	100	1
Mandatum Life Fund Management S.A.	100	1
Mandatum Life Insurance Baltic SE	100	11
Other business		
If IT Services A/S	100	0
Sampo Capital Oy	100	1

The table excludes property and housing companies accounted for in the consolidated accounts.

40 Investments in shares and participations other than subsidiaries and associates

P&C insurance

	Country	Holding %	Carrying amount / Fair value
Listed companies			
A P Moller - Maersk	Denmark	0,03%	9
ABB	Switzerland	0,18%	74
Atlas Copco A+B	Sweden	0,16%	41
BB Tools	Sweden	0,64%	3
Be Group	Sweden	6,34%	3
Clas Ohlson	Sweden	4,75%	45
CTT Systems	Sweden	4,08%	2
Beijer Ab Gl	Norway	0,44%	3
Gunnebo AB	Sweden	11,67%	36
Hennes Mauritz B	Sweden	0,16%	94
Husqvarna AB	Sweden	1,01%	36
Husqvarna	Sweden	0,39%	14
Investor	Sweden	0,13%	29
Lindab Intl	Sweden	4,94%	27
Nederman Holding AB	Sweden	9,90%	21
Nobia AB	Sweden	12,02%	156
Nolato AB	Sweden	0,92%	5
Sandvik AB	Sweden	0,31%	32
Sectra AB	Sweden	11,38%	45
SSAB	Sweden	0,05%	2
SSAB	Sweden	0,17%	7
Svedbergs i Dalstrop	Sweden	11,45%	8
Teliasonera AB	Sweden	0,34%	79
Teliasonera AB	Sweden	3,94%	6
Veidekke ASA	Norway	9,06%	99
Volvo AB	Sweden	0,06%	12
Volvo AB	Sweden	0,36%	66
Yara Intl ASA	Norway	0,21%	22
Marine Harvest ASA	Norway	0,23%	11
Total listed companies			**985**

Other		168
Unit trusts		
Aberdeen AM	Luxemburg	29
Danske Invest	Finland	71
Danske Invest	Finland	51
DB Platinum Advisors	Luxemburg	56
PEQ Eqt III	Guernsey	1
PEQ Eqt IV	Guernsey	3
Investec Asset Mgmt	Great Britain	49
Barclays Global Investment	Ireland	24
Blackrock Inc	United States	61
Lyxor Int AM	France	0
PEQ Mandatum I	Finland	2
PEQ Mandatum II	Finland	2
PEQ Mandatum II	Finland	5
PEQ Private Egy mkt	Finland	3
PEQ Eqt Mid Market	Great Britain	5
Handelsbanken Fonder	Sweden	24
Hermes Investment	Ireland	16
Total unit trusts		**400**
P&C insurance, total shares and participations		**1,553**

Life insurance

	Country	Holding %	Carrying amount / Fair value
Listed companies			
Amer Sports OYJ	Finland	4,30%	82
Comptel OYJ	Finland	19,11%	20
eQ OYJ	Finland	5,59%	8
F-Secure OYJ	Finland	4,20%	15
Kemira OYJ	Finland	0,82%	13
Lassila & Tikanoja OYJ	Finland	5,62%	33
Metso OYJ	Finland	0,99%	37
Nokia OYJ	Finland	0,05%	12
Nokian Renkaat OYJ	Finland	0,96%	26
Norvestia OYJ B	Finland	12,41%	13
Oriola-KD OYJ B	Finland	2,88%	10
Outotec OYJ	Finland	0,81%	7
Pöyry OYJ	Finland	3,47%	6
Suominen OYJ	Finland	5,47%	11
Teleste OYJ	Finland	8,84%	9
Tikkurila OYJ	Finland	3,58%	23
UPM-Kymmene OYJ	Finland	1,79%	130
Vaisala OYJ A	Finland	4,24%	14
Valmet Corp	Finland	1,00%	15
Wärtsila OYJ	Finland	0,61%	44
Yit OYJ	Finland	3,37%	18
Total			**546**
Other listed companies	Finland		28
Listed companies in total			**574**
Unit trusts			
Danske Invest Emerging Asia Fund G	Finland		25
Erikoissijoitusrahasto Taaleritehdas Parkki A	Finland		6
EVLI EUROPE-B	Finland		7
FIM EMERGING YIELD - ACC	Finland		8
FONDITA NORDIC MICRO CAP-B	Finland		6
FONDITA NORDIC SMALL CAP-B	Finland		6
Fourton Odysseus	Finland		43
FOURTON STAMINA NON-UCITS	Finland		20
KJK Fund SICAV-SIF Baltic States B1 C	Finland		12
OP-EMD Local CurrencyA Kasvu	Finland		24
OP-Euro A	Finland		14
OP-Eurooppa Pienyhtiöt A	Finland		5
OP-KEHITTYVA AASIA	Finland		5
OP-KORKOTUOTTO II A	Finland		19

OP-OBLIGAATIO TUOTTO-A	Finland	51
OP-Reaalikorko A Kasvu	Finland	7
OP-Yrityslaina A	Finland	11
TAALERITEHDAS ARVO MARK OS-A	Finland	9
Total		**278**

Capital trusts

Amanda III Eastern Private Equity L.P.	Finland	16
Amanda IV West L.P.	Finland	24
CapMan Hotels RE Ky	Finland	10
CapMan RE II Ky	Finland	6
Capman Real Estate I Ky	Finland	9
Capman Real Estate II Ky	Finland	8
Mandatum Private Equity Fund I L.P.	Finland	6
Sponsor Fund III Ky	Finland	6
Total		**84**

Other shares and participations	62

Domestic shares and participations in total	**999**

Other companies

BenCo Insurance Holding B.V.	Netherlands	6,49%	6
Cummins Inc	United States	0,02%	5
EI du Pont de Nemours & Co	United States	0,01%	5
Gap Inc/The	United States	0,04%	6
Pension Corporation Group Limited	Guernsey	1,39%	9
Total			**31**

Foreign unit trusts

Prosperity Cub Fund	Guernsey	34
Comgest Growth Asia Ex Japan USD I Acc Class	Guernsey	52
DJ STOXX 600 OPT Healthcare	Ireland	28
HERMES ASIA EX-JP E-F-A EURO	Ireland	31
IRIDIAN-US EQUITY FUND-I	Ireland	43
NOMURA FDS IR-JP STR V-I JPY	Ireland	11
PIMCO GIS-Emerging Markets Bond Fund	Ireland	21
PIMCO-Global Investment Grade Credit	Ireland	23
Aberdeen Global Asia Pacific Equity Fund	Luxemburg	52
Allianz RCM Europe Equity Growth W	Luxemburg	63
Danske Invest Europe High Dividend I	Luxemburg	53
DB X-Trackers DAX UCITS ETF	Luxemburg	53
FIDELITY FDS-JPN AGGRE-IJPY	Luxemburg	6
FIDELITY-ASIAN HI YLD-A USD	Luxemburg	14
LUX Mandatum Life Nordic High Yield Total Return Fund SICAV-SIF G EUR Share Class	Luxemburg	14
MFS MER-EUROPE SM COS-I1EUR	Luxemburg	14
UBS LUX-CHINA OPPORTUNITY BA	Luxemburg	6
UNIDEUTSCHLAND XS	Germany	21
ASHMORE-EMKT COR DB-I -ACC	Great Britain	10
Investec Emerging Markets Currency I Acc USD	Great Britain	10
INVESTEC GSF-ASIA PACIFIC-I	Great Britain	67
ISHARES CORE S&P 500 INDEX FUND	United States	287
MFS European Value Fund Z	Luxemburg	47

Prosperity Russia Domestic Fund	Guernsey	14
The Forest Company Limited	Guernsey	10
SPDR S&P INSURANCE ETF	United States	16
Total		**1,001**

Foreign unit trusts

Avenue Special Situations Fund VI (C-Feeder), L.P.	Cayman islands	20
Financial Credit Investment I, L.P.	Cayman islands	11
Fortress Credit Opportunities Fund II (C) L.P.	Cayman islands	52
Fortress Credit Opportunities Fund III (C) L.P.	Cayman islands	32
Fortress Life Settlement Fund (C) L.P.	Cayman islands	6
Goldman Sachs Loan Partners I Offshore B, L.P.	Cayman islands	9
Highbridge Liquid Loan Opportunities Fund, L.P	Cayman islands	48
Highbridge Specialty Fund III	Cayman islands	34
Lunar Capital Partners III L.P.	Cayman islands	9
Mount Kellet Capital Partners (Cayman), L.P.	Cayman islands	25
Mount Kellett Capital Partners (Cayman) II, L.P.	Cayman islands	22
Petershill II Offshore LP	Cayman islands	12
Petershill Offshore LP	Cayman islands	22
Russia Partners II, L.P.	Cayman islands	8
Victory Park Capital Fund II (Cayman), L.P.	Cayman islands	19
Capman Buyout IX Fund A L.P.	Guernsey	8
EQT Credit (No.1) L.P.	Guernsey	17
EQT Credit (No.2) L.P.	Guernsey	20
EQT IV ISS Co-investment L.P.	Guernsey	10
EQT V (No.1) L.P.	Guernsey	7
EQT VI (No.1) L.P.	Guernsey	23
Gilde Buy-Out Fund III	Guernsey	6
Permira IV L.P. 2	Guernsey	6
M&G Debt Opportunities Fund II	Ire	13
Activa Capital Fund II FCPR	France	8
Verdane Capital VII K/S	Denmark	14
Broad Street Loan Partners 2013 Europe L.P.	Great Britain	15
M&G Debt Opportunities Fund	Great Britain	22
HRJ Global Buy-out III (Asia) L.P.	United States	6
Total		**506**

Other share and participations	155
Total foreign shares and participations	**1,694**
Life insurance, total shares and participations	**2,693**

Holding

	Country	Holding %	Carrying amount / Fair value
Listed companies			
Aktia Plc	Finland	5,73%	37
Other	Finland		3
Domestic other than listed companies			
Varma Mutual Pension Insurance Company	Finland	80,28%	14
Other	Finland		28
Total domestic shares and participations			**82**
Foreign unit trusts			3
Holding, total shares and participations			**85**

Holdings exceeding EURm 5 and holdings in listed companies exceeding five per cent specified.

The table does not include investments related to unit-linked insurance contracts.

41 Events after the balance sheet date

In the meeting of 11 Feb. 2015, the Board of Directors decided to propose at the Annual General Meeting on 16 April 2015 a dividend distribution of EUR 1.95 per share, or total EUR 1.092.000.000, for 2014. The dividends to be paid will be accounted for in the equity in 2015 as a deduction of retained earnings.

Sampo plc's Financial Statements

Sampo plc's income statement

EURm	Note	2014	2013
Other operating income	1	15	15
Staff expenses			
Salaries and remunerations		-17	-20
Social security costs			
Pension costs		-2	-3
Other		-0	-1
Depreciation and impairment			
Depreciation according to plan		-0	-0
Other operating expenses	2	-13	-12
Operating profit		**-18**	**-20**
Financial income and expense	4		
Income from shares in Group companies		697	585
Income from other shares		372	294
Other interest and financial income			
Group companies		17	15
Other		5	1
Other investment income and expense		1	-10
Other interest income		41	45
Interest and other financial expense			
Group companies		0	0
Other		-87	-97
Exchange result		22	20
Proft before taxes		**1,050**	**832**
Income taxes			
Tax from previous years		-0	-0
Deferred taxes		0	-3
Profit for the financial year		**1,050**	**829**

Sampo plc's balance sheet

EURm	Note	2014	2013
ASSETS			
Non-current assets			
Intangible assets		0	0
Property, plant and equipment			
Buildings		1	1
Equipment		0	0
Other		2	2
Investments			
Shares in Group companies		2,370	2,370
Receivables from Group companies	5	325	321
Shares in participating undertakings		5,557	5,557
Receivables from participating undertakings		110	-
Other shares and participations	6	85	28
Other receivables	7	35	388
Short-term receivables			
Deferred tax assets	14	13	14
Other receivables	8	19	17
Prepayments and accrued income	9	65	71
Cash at bank and in hand		768	280
TOTAL ASSETS		**9,351**	**9,051**
LIABILITIES			
Equity	10		
Share capital		98	98
Fair value reserve		7	4
Invested unrestricted equity		1,527	1,527
Other reserves		273	273
Retained earnings		4,060	4,146
Profit for the financial year		1,050	829
		7,014	**6,877**
Liabilities			
Long-term liabilities			
Bonds		1,888	1,720
Short-term liabilities			
Debt securities		305	308
Other liabilities	12	84	81
Accruals and deferred income	13	61	66
TOTAL LIABILITIES		**9,351**	**9,051**

Sampo plc's statement of cash flows

EURm	2014	2013
Operating activities		
Profit before taxes	1,050	832
Adjustments:		
Depreciation and amortisation	0	0
Unrealised gains and losses arising from valuation	1	0
Realised gains and losses on investments	-3	-6
Other adjustments	-394	-285
Adjustments total	**-396**	**-290**
Change (+/-) in assets of operating activities		
Investments *)	193	-113
Other assets	-1	1
Total	**192**	**-113**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-7	-1
Other liabilities	6	-23
Paid interests	-23	-52
Paid taxes	-1	-0
Total	**-25**	**-76**
Net cash from operating activities	**821**	**354**
Investing activities		
Investments in group and associated undertakings	391	293
Net investment in equipment and intangible assets	0	-0
Net cash from investing activities	**391**	**293**
Financing activities		
Dividends paid	-913	-747
Issue of debt securities	1,199	1,214
Repayments of debt securities in issue	-1,012	-1,307
Net cash used in financing activities	**-725**	**-839**
Total cash flows	**487**	**-193**
Cash and cash equivalents at 1 January	280	473
Cash and cash equivalents at 31 December	768	280
Net change in cash and cash equivalents	**487**	**-193**

**) Investments include both investment property and financial assets.*

Additional information to the statement of cash flows:

EURm	2014	2013
Interest income received	61	61
Interest expense paid	-87	-95
Dividend income received	1,068	878

Summary of Sampo plc's significant accounting policies

The presentation of Sampo Plc's financial statements together with the notes has been prepared in accordance with the Finnish Accounting Act and Ordinance. The accounting principles applied to the separate financial statements of Sampo plc do not materially differ from those of the Group, prepared in accordance with the International Financial Reporting Standards (IFRSs). The financial assets are measured at fair value derived from the markets.

Notes to Sampo plc's Financial Statements

Notes to the income statement

1 Other operating income

EURm	2014	2013
Income from property occupied for own activities	0	0
Other	15	15
Total	**15**	**15**

2 Other operating expenses

EURm	2014	2013
Rental expenses	-1	-1
Expense on property occupied for own activities	-0	-0
Other	-11	-10
Total	**-13**	**-12**

Item Other includes e.g. administration and IT expenses and fees for external services.

3 Auditors' fees

EURm	2014	2013
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.2	-0.2
Other fees	-0.0	-0.0
Total	**-0.2**	**-0.2**

4 Financial income and expense

EURm	2014	2013
Received dividends in total	1,068	878
Interest income in total	63	61
Interest expense in total	-87	-97
Gains on disposal in total	4	6
Losses on disposal in total	-1	-0
Exchange result	22	20
Other	-2	-16
Total	**1,067**	**852**

Notes on the assets

5 Receivables from Group companies

EURm	2014	2013
Cost at beginning of year	321	225
Additions	34	101
Disposals	-30	-5
Carrying amount at end of year	**325**	**321**

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated note 29 Financial liabilities.

6 Other shares and participations

	2014	Fair value changes		2013	Fair value changes	
EURm	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Avalaible-for-sale equity securities	85	1	4	28	4	-4

Changes in property shares

EURm	2014	2013
Cost at beginning of year	0	4
Disposals	0	-4
Carrying amount at end of year	**0**	**0**
Difference between current cost and carrying amount	0	0

7 Other investment receivables

	2014	Fair value changes		2013	Fair value changes	
EURm	Fair value	Recognised in p/l	Recognised in fair value reserve	Fair value	Recognised in p/l	Recognised in fair value reserve
Market money	0	0	0	350	0	-0
Bonds	35	1	-3	39	0	4
Total	**35**	**1**	**-2**	**388**	**0**	**4**

8 Other receivables

EURm	2014	2013
Trading receivables	9	7
Derivatives	6	6
Other	4	4
Total	**19**	**17**

9 Prepayments and accrued income

EURm	2014	2013
Accrued interest	37	36
Derivatives	28	35
Total	**65**	**71**

Notes on the liabilities

10 Movements in the parent company's equity

	Restricted equity			Unrestricted equity		
EURm	**Share capital**	**Fair value reserve**	**Invested unrestricted capital**	**Other reserves**	**Retained earnings**	**Total**
Carrying amoun at 1 Jan. 2013	**98**	**0**	**1,527**	**273**	**4,895**	**6,793**
Dividends					-756	-756
Recognition of undrawn dividends					7	7
Financial assets available-for-sale						
- recognised in equity		-0				-0
- recognised in p/l		3				3
Profit for the year					829	829
Carrying amount at 31 Dec. 2013	**98**	**4**	**1,527**	**273**	**4,976**	**6,877**

	Restricted equity			Unrestricted equity		
EURm	**Share capital**	**Fair value reserve**	**Invested unrestricted capital**	**Other reserves**	**Retained earnings**	**Total**
Carrying amount at 1 Jan. 2014	98	4	1,527	273	4,976	6,877
Dividends					-924	-924
Recognition of undrawn dividends					8	8
Financial assets available-for-sale						
- recognised in equity		2				2
- recognised in p/l		2				2
Profit for the year					1,050	1,050
Carrying amount at 31 Dec. 2014	**98**	**7**	**1,527**	**273**	**5,110**	**7,014**

Distributable assets

EURm	**2014**	**2013**
Parent company		
Profit for the year	1,050	829
Retained earnings	4,060	4,146
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Total	**6,909**	**6,775**

11 Share capital

Information on share capital is disclosed in Note 34 in the consolidated financial statements.

12 Other liabilities

EURm	2014	2013
Unredeemed dividends	30	26
Derivatives	5	7
Guarantees for derivate contracts	47	47
Other	2	0
Total	**84**	**81**

13 Accruals and deferred income

EURm	2014	2013
Deferred interest	34	34
Derivatives	6	10
Other	22	21
Total	**61**	**66**

Notes on the income taxes

14 Deferred tax assets and liabilities

EURm	2014	2013
Deferred tax assets		
Losses	15	15
Deferred tax liabilities		
Fair value reserve	-2	-1
Total, net	**13**	**14**

Notes on the liabilities and commitments

15 Pension liabilities

The basic and suplementary pension insurance of Sampo plc's staff is handled through insurances in Varma Mutual Insurance Company and in Mandatum Life Insurance Company Limited.

16 Future rental commitments

EURm	2014	2013
Not more than one year	1	1
Over one year but not more than five years	1	2
Total	**2**	**3**

17 Off-balance sheet items

EURm	2014	2013
Underwriting commitments	**1**	**1**
Off-balance sheet items total	**1**	**1**
To or on behalf of Group companies	-	-
To or on behalf of associates	-	-

Notes on the staff and management

18 Staff numbers

EURm	2014 Average during the year	2013 Average during the year
Full-time staff	52	51
Part-time staff	5	2
Temporary staff	2	3
Total	**59**	**56**

19 Board fees and management remuneration

EUR thousand		2014	2013
Managing Director	Kari Stadigh	3,653	3,530
Members of the Board of Directors			
Björn Wahlroos		160	160
Anne Brunila		80	80
Jannica Fagerholm		80	80
Adine Grate Axén		80	80
Veli-Matti Mattila		80	80
Eira Palin-Lehtonen		80	80
Per Arthur Sørlie		80	80
Matti Vuoria		100	100

In addition to the above, the company has in accordance with the decision of the Annual General Meeting in 2014 compensated transfer tax of in total EUR 4,628.24 related to the acquisition of the company shares (EUR 1,277.27 pertaining to the Chairman, EUR 797.86 pertaining to the Vice Chairman and EUR 2,553.11 pertaining to the other Finnish members of the Board).

Pension liability

The retirement age of the Managing Director is 60 years, when the pension benefit is 60% of the pensionable salary.

20 Pension contributions to the CEO, deputy CEO and the members of the board

EUR thousand	Supplementary pension costs	Statutory pension costs	Total
Pension contributions paid during the year			
Chairman of the Board	-	-	-
Other Members of the Board	-	-	-
President/CEO 1)	1,001	139	1,139
Deputy CEO	-	-	-
Former Chairmen of the Board			
Kalevi Keinänen 2)	18	-	18
Former Presidents/CEO:s			
Harri Hollmen 3)	38	-	38
	1,057	**139**	**1,196**

1) According to his current agreement the Group CEO is entitled to retire in December 2015 when he turns 60. The pension benefit is 60 per cent of his pensionable salary. The pensionable salary includes fixed salary, fringe benefits, holiday pay and short-term incentives and is calculated as an average of two out of the four last full years, where the best and the worst year are left out. To replace the defined benefit supplementary pension agreement stipulated in the service contract for the Group CEO currently in force, a new defined contribution pension agreement will be signed as of 1 January 2016. The annual cost of the agreement for Sampo will be 400,000 euros.

2) Group pension agreement with a retirement age of 60 years and a pension benefit of 66 per cent of the pensionable TyEL-salary (TyEL: Employee's Pension Act). The supplementary cost pertains to a yearly index adjustement.

3) Group pension agreement with a retirement age of 60 and a pension benefit of 60 per cent of the pensionable TyEL-salary. The supplementary cost pertains to a yearly index adjustement.

Notes on the shares held

21 Shares held as of 31 Dec, 2014

Company name	Percentage of share capital held*)	Carrying amount EURm
Group undertakings		
P&C insurance		
If Skadeförsäkring Holding AB, Stockholm Sweden	100.00	1,886
Life insurance		
Mandatum Life Ltd, Helsinki Finland	100.00	484
Other		
Sampo Capital Oy, Helsinki Finland	100.00	1

Approval of the Financial Statements and the Board of Directors' Report

Sampo plc

Board of Directors

Anne Brunila	Adine Grate Axén	Jannica Fagerholm
Eira Palin-Lehtinen	Per Arthur Sørlie	Veli-Matti Mattila
	Matti Vuoria	

Björn Wahlroos	Kari Stadigh
Chairman of the Board	Group CEO and President

Auditor's report

To the Annual General Meeting of Sampo plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Sampo plc for the financial period 1.1. - 31.12.2014. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinions based on the assignment of the Audit Committee

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, February 25, 2015

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

Calendar and Contacts

Financial Information and Annual General Meeting in 2015

Sampo will publish three Interim Reports in 2015. The Interim Reports and related supplementary materials are published on Sampo's website at www.sampo.com/result. Press and stock exchange releases, the monthly updated list of shareholders and other investor information published by Sampo are available on the site as well.

Sampo plc's Annual General Meeting will be held in April.

Annual General Meeting

The record date for the Annual General Meeting

2 April 2015

Shareholder who is registered on the record date for the Annual General Meeting in the company's Shareholder Register kept by Euroclear Finland Ltd has the right to participate in the General Meeting. Shareholders whose shares are registered on their personal Finnish book-entry accounts are registered in the company's Shareholder Register.

The registration for the Annual General Meeting ends at 4 pm (CET+1)

9 April 2015

Shareholder may register for the General Meeting

- www.sampo.com/agm
- by telephone to +358 10 516 0028 from Monday to Friday, 9 am-4 pm (CET+1)
- by fax to +358 10 516 0719 or
- by mail to the address Sampo plc, Shareholder services, Fabianinkatu 27, 00100 Helsinki, Finland.

Annual General Meeting

16 April 2015

Sampo plc's Annual General Meeting will be held on 16 April, 2015 at 2 pm, at the Helsinki Exhibition and Convention Centre , address Messuaukio 1, Helsinki. The listing of persons who have registered for the meeting will commence at 12.30 pm.

Read more about the AGM at www.sampo.com/agm.

Dividend

Ex-dividend date

17 April 2015

After the ex-dividend date, the dividend from any shares traded is paid to the seller of the shares.

Dividend record date

20 April 2015

The right to the dividend is held by the shareholder who is marked in the Shareholders Register on the dividend record date.

Dividend payment date

28 April 2015

Interim Report

Interim Report January – March 2015

7 May 2015

Interim Report January – June 2015

12 August 2015

Interim Report January – September 2015

5 November 2015

The Interim Reports are published on Sampo's website at www.sampo.com/result. You can subscribe to Sampo's stock exchange releases and press releases at www.sampo.com/subscription.

Please note that you can find the latest information regarding events and dates at www.sampo.com/calendar.

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