

Equity and Spread Risks

Most of Sampo Group's investments in fixed income securities and listed equities are tradable and hence subject to daily mark-to-market valuation. Moreover, Sampo Group has also some illiquid investments – loan instruments and private equity – for which market

prices are not frequently available, but whose fair values can change adversely when the financial strength or future prospects of the issuer deteriorates or the value of collaterals decreases.

Exposures in Fixed Income and Equity Instruments

Exposures in fixed income and equity instruments are shown in the tables Exposures by Sectors, Asset Classes and Rating, If P&C, Mandatum Life and Sampo Group, 31 December 2016. The tables also include 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 2016

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 2015
Basic Industry	0	0	20	38	26	0	37	120	40	0	0	160	11
Capital Goods	0	23	64	48	0	0	21	156	541	0	0	698	100
Consumer Products	0	126	176	184	33	0	64	582	386	0	0	968	206
Energy	0	45	96	0	41	0	231	413	9	0	0	421	86
Financial Institutions	0	1,234	1,371	380	55	0	38	3,078	35	0	1	3,114	-268
Governments	123	0	0	0	0	0	0	123	0	0	0	123	-19
Government Guaranteed	78	78	0	0	0	0	0	156	0	0	0	156	-2
Health Care	7	0	42	30	0	0	8	86	57	0	0	143	52
Insurance	0	0	41	61	4	0	5	111	0	0	106	217	30
Media	0	0	2	0	0	0	33	35	0	0	0	35	14
Packaging	0	0	0	0	0	0	6	6	0	0	0	6	0
Public Sector, Other	781	171	0	0	0	0	0	952	0	0	0	952	-127
Real Estate	0	6	58	32	0	0	485	581	0	22	0	603	110
Services	0	0	0	67	101	0	21	189	0	0	0	189	73
Technology and Electronics	0	38	21	0	0	0	38	97	7	0	0	104	40
Telecommunications	0	0	80	27	0	0	42	149	62	0	0	211	18
Transportation	0	107	51	55	11	0	144	368	11	0	0	379	73
Utilities	0	0	0	327	51	0	62	441	0	0	0	441	87
Others	0	15	0	0	0	0	0	15	0	1	0	17	14
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	2,873	94	0	0	0	0	0	2,967	0	0	0	2,967	315
Funds	0	0	0	0	0	0	0	0	380	22	0	402	-21
Clearing House	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	3,861	1,938	2,022	1,249	322	0	1,234	10,625	1,526	44	108	12,303	792
Change 31 Dec 2015	153	-302	370	457	41	0	53	772	28	-2	-5	792	

Exposures by Sectors, Asset Classes and Rating

Mandatum Life, 31 December 2016

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 2015
Basic Industry	0	0	0	2	81	0	35	118	151	0	0	269	-43
Capital Goods	0	10	39	7	5	0	69	129	143	0	0	272	-34
Consumer Products	0	49	135	87	46	0	10	327	258	0	0	584	8
Energy	0	33	19	0	14	0	8	74	6	0	0	80	-35
Financial Institutions	0	682	962	316	51	0	0	2,012	27	1	22	2,062	161
Governments	18	0	0	0	0	0	0	18	0	0	0	18	-12
Government Guaranteed	0	0	0	0	0	0	0	0	0	0	0	0	0
Health Care	0	15	24	4	45	0	51	139	50	0	0	189	-19
Insurance	0	0	1	49	0	0	6	56	3	20	0	78	24
Media	0	0	9	0	12	0	21	42	0	0	0	42	-17
Packaging	0	0	0	0	61	0	7	68	1	0	0	68	-17
Public Sector, Other	0	27	44	0	0	0	0	70	0	0	0	70	2
Real Estate	0	0	0	26	0	0	55	81	0	230	0	311	-16
Services	0	0	0	26	66	0	58	151	80	0	0	231	1
Technology and Electronics	4	6	15	30	7	0	20	81	151	0	0	232	47
Telecommunications	0	0	7	16	40	0	16	79	29	0	0	108	13
Transportation	0	0	0	2	12	0	5	20	24	0	0	44	9
Utilities	0	2	1	140	23	0	0	166	0	0	0	166	2
Others	0	0	0	0	19	0	2	21	0	58	0	79	-3
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	154	12	0	11	0	0	0	178	0	0	0	178	-20
Funds	0	0	0	0	0	0	108	108	816	598	0	1,521	-117
Clearing House	0	0	0	0	0	0	0	0	0	0	5	5	5
Total	177	836	1,256	716	483	0	471	3,938	1,737	907	27	6,609	-61
Change 31 Dec 2015	-31	103	56	187	-319	0	-3	-7	5	-85	25	-61	

Exposures by Sectors, Asset Classes and Rating

Sampo Group, 31 December 2016

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 2015
Basic Industry	0	0	20	40	107	0	72	239	191	0	0	429	-32
Capital Goods	0	32	103	55	5	0	90	285	685	0	0	970	57
Consumer Products	0	176	311	271	78	0	74	909	643	0	0	1,553	214
Energy	0	78	115	0	55	0	239	487	15	0	0	502	51
Financial Institutions	0	3,128	2,561	959	106	0	38	6,793	98	1	24	6,917	508
Governments	141	0	0	0	0	0	0	141	0	0	0	141	-30
Government Guaranteed	78	78	0	0	0	0	0	156	0	0	0	156	-2
Health Care	7	15	66	34	45	0	59	225	107	0	0	438	35
Insurance	0	0	42	110	4	0	100	256	3	37	106	295	54
Media	0	0	11	0	12	0	54	77	0	0	0	77	-2
Packaging	0	0	0	0	61	0	12	73	1	0	0	74	-17
Public Sector, Other	781	198	44	0	0	0	0	1,022	0	0	0	1,022	-124
Real Estate	0	6	58	58	0	0	541	663	0	253	0	916	94
Services	0	0	0	93	168	0	79	340	109	0	0	449	81
Technology and	4	44	36	30	7	0	58	178	158	0	0	336	87

Electronics													
Telecommunications	0	0	87	43	40	0	58	228	90	0	0	318	31
Transportation	0	107	51	57	23	0	169	407	35	0	0	442	90
Utilities	0	2	1	467	75	0	62	607	0	0	0	607	88
Others	0	15	0	0	19	0	2	36	0	59	0	96	11
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Covered Bonds	3,027	107	0	11	0	0	0	3,145	0	0	0	3,145	295
Funds	0	0	0	0	0	0	108	108	1,217	622	0	1,946	-118
Clearing House	0	0	0	0	0	0	0	0	0	0	5	5	5
Total	4,038	3,986	3,505	2,228	805	0	1,813	16,375	3,351	973	135	20,833	1,375
Change 31 Dec 2015	122	687	240	699	-277	0	55	1,526	-80	-88	16	1,375	

The largest holdings are in financial institutions and covered bonds. Most of these investments are in the Nordic countries as can be seen in the table Fixed

Income Investments in Financial Sector, Sampo Group, 31 December 2016. These exposures increased by EUR 965 million during 2016.

Fixed Income Investments in Financial Sector Sampo Group, 31 December 2016

EURm	Cash and money covered bonds	market securities	Long-term senior debt	Long-term subordinated debt	Total	%
Sweden	1,998	352	798	458	3,606	36.3%
Finland	132	2,207	251	6	2,596	26.1%
Norway	651		396	224	1,272	12.8%
Denmark	207	7	312	71	597	6.0%
United States		5	356		361	3.6%
United Kingdom	12	282	24	2	321	3.2%
France	22	194	62	14	292	2.9%
Canada	72		142		214	2.2%
Netherlands		0	201		201	2.0%
Switzerland			178	11	189	1.9%
Iceland			91		91	0.9%
Germany	19	6	52	0	78	0.8%
Australia	19		28		48	0.5%
Guernsey			28		28	0.3%
Estonia		23			23	0.2%
Luxembourg	11				11	0.1%
Cayman Islands			7		7	0.1%
Italy		5			5	0.1%
Latvia		0			0	0.0%
Total	3,145	3,083	2,924	786	9,938	100.0%

The public sector exposure includes government bonds, government guaranteed bonds and other public sector investments as shown in the table Fixed Income Investments in Public Sector, Sampo Group, 31

December 2016. The public sector has had a 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 2016

EURm	Governments	Government guaranteed	Public sector, other	Total market value
Sweden	100		679	779
Norway			250	250
Finland		78	75	153
Germany		67		67
United States	41			41
Japan			19	19
Denmark		11		11
Total	141	156	1,022	1,319

The exposures in non-investment grade fixed income instruments are significant, because a relatively small number of Nordic companies are rated; further, of rated companies many have a rating lower than triple-B (high yield). 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 2016.

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

Sampo Group, 31 December 2016

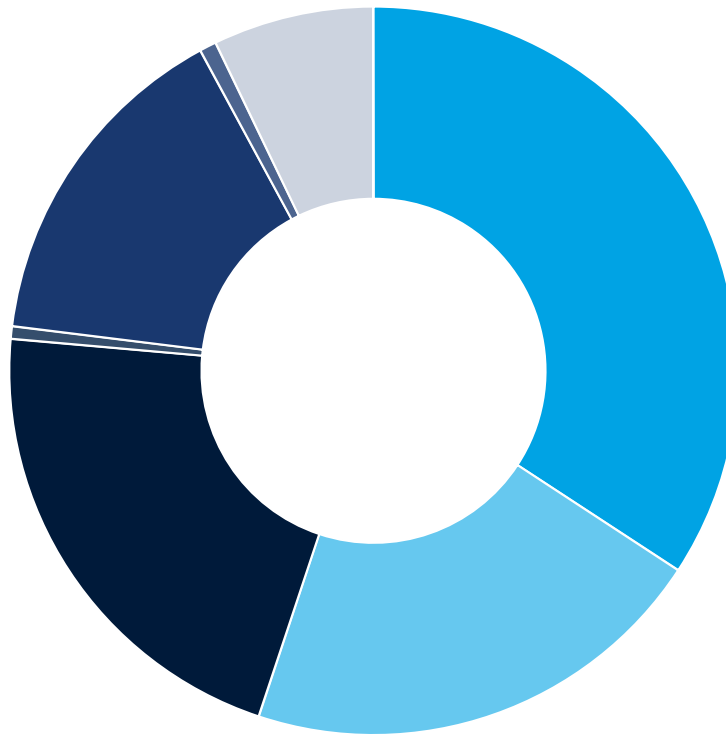
Largest direct high yield and non-rated fixed income investments	Rating	Total fair value, EURm	% of total direct fixed income investments
High Street Shopping	NR	127	0.8%
Teollisuuden Voima	BB+	125	0.8%
Topdanmark	NR	89	0.5%
Eksportfinans	BB-	60	0.4%
IVG Polar	NR	57	0.4%
Sponda	NR	53	0.3%
Nassa Midco	B	50	0.3%
Storebrand	BB+	49	0.3%
Aker	NR	46	0.3%
YIT	NR	45	0.3%
Total top 10 exposures		702	4.3%
Other direct fixed income investments		15,565	95.7%
Total direct fixed income investments		16,267	100.0%

The listed equity investments of Sampo Group totaled EUR 3,352 million (3,431) at the end of year 2016. At the end of year 2016, the listed equity exposure of If P&C was EUR 1,527 million (1,498). The proportion of listed equities in If P&C's investment portfolio was 12.5 per cent. In Mandatum Life, the listed equity exposure was EUR 1,737 million (1,732) at the end of year 2016 and the proportion of listed equities was 26.4 per cent

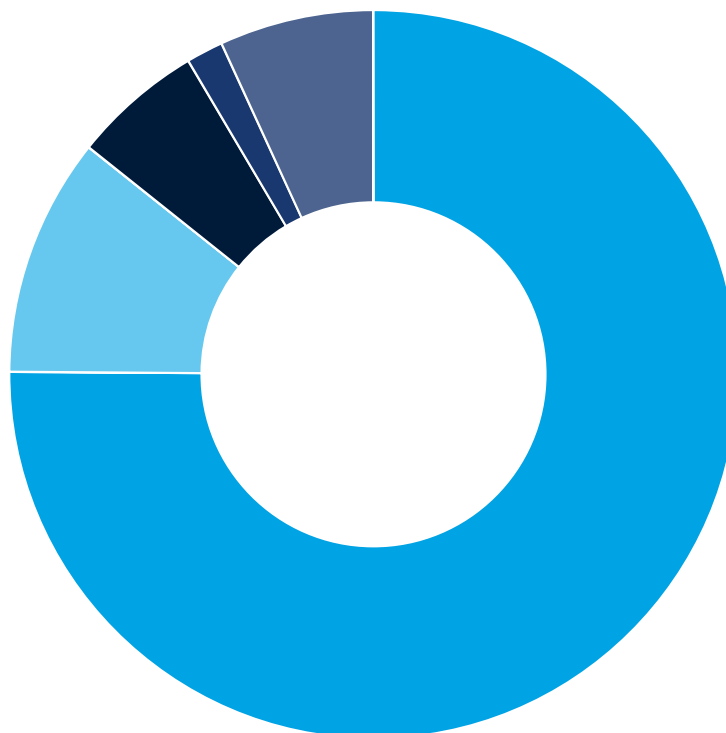
of the investment portfolio.

A 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 2016.

Breakdown of Listed Equity Investments by Geographical Regions
 Sampo Group, 31 December 2016, total EUR 3,352 million

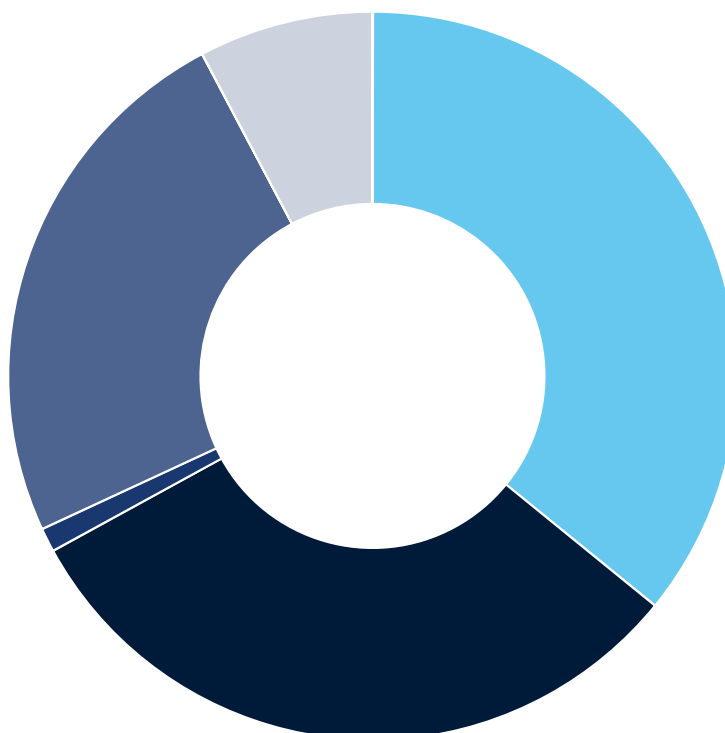


Breakdown of Listed Equity Investments by Geographical Regions
 If P&C, 31 December 2016, total EUR 1,527 million



Breakdown of Listed Equity Investments by Geographical Regions

Mandatum Life, 31 December 2016, total EUR 1,737 million



The geographical core of Sampo Group's equity investments is in the Nordic companies. The proportion of Nordic companies' equities corresponds to 55 per cent of the total equity portfolio. This is in line with Sampo Group's investment strategy of focusing on Nordic companies. Moreover, Group's insurance liabilities are mostly denominated in euro or 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 strategic 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 the tables [Exposures by Sectors, Asset Classes and Rating, If P&C, Mandatum Life and Sampo Group, 31 December 2016](#). The largest allocations are to capital goods, consumer products and basic industry. Listed equity investments made through mutual funds and ETF investments accounted for 36.3 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 2016](#).

Ten Largest Direct Listed Equity Investments

Sampo Group, 31 December 2016

Top 10 listed equity investments	Total fair value, EURm	% of total direct equity investments
Nobia	157	7.4%
Veidekke	127	5.9%

Volvo	110	5.1%
Amer Sports	96	4.5%
Hennes & Mauritz	94	4.4%
ABB	89	4.1%
UPM-Kymmene	86	4.0%
Sandvik	65	3.0%
TeliaSonera	62	2.9%
Husqvarna	60	2.8%
Total top 10 exposures	946	44.3%
Other direct equity investments	1,190	55.7%
Total direct equity investments	2,136	100.0%

In addition, Sampo Group's largest listed equity holdings are disclosed in the Notes to the Financial Statements ([Note 41](#)).

The largest exposures by individual issuers and counterparties are presented in the table Largest Exposures by Issuer and by Asset Class, Sampo Group, 31 December 2016.

Largest Exposures by Issuer and Asset Class Sampo Group, 31 December 2016

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	2,307	11%	1,214	1,081	0	652	109	320	0	12
Danske Bank	1,060	5%	645	405	0	101	255	49	0	9
Skandinaviska Enskilda Banken	1,021	5%	553	466	0	235	159	72	0	2
Svenska Handelsbanken	872	4%	150	721	0	620	86	15	0	0
DnB	599	3%	0	599	0	252	234	114	0	0
Sweden	557	3%	0	557	0	0	557	0	0	0
BNP Paribas	549	3%	477	72	0	0	62	10	0	0
Swedbank	520	3%	1	518	0	295	211	13	0	0
Norway	411	2%	44	367	0	0	257	110	0	0
Landshypotek	216	1%	0	216	0	194	0	22	0	0
Total Top 10 Exposures	8,110	39%	3,085	5,002	0	2,348	1,930	724	0	23
Other	12,617	61%								
Total investment assets	20,727	100%								