The Book of Results for 2008

Annual Report 2008

SAMPO GROUP

Sampo Group comprises

— *If,* the leading P&C insurer in the Nordic region, with operations in Finland, Sweden, Norway, Denmark, the Baltic countries and Russia,
— *Mandatum Life*, a life insurance company operating in Finland and the Baltic countries, and
— *Sampo plc,* the parent company, which owns and administers the insurance subsidiaries and manages a significant investment portfolio.

Sampo Group is one of the largest investors in the Nordic countries. In the beginning of February 2009, Sampo Group's investment assets totalled approximately EUR 17 billion.

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Prologue

CEO'S REVIEW
STRATEGY
HISTORY

Dear Reader,

On a number of occasions during the latter half of 2007 I commented on stock market developments and warned that the party was likely to be over. In my CEO's review for the Sampo Annual Report of 2007 I expected 2008 to become an interesting year for Sampo with turbulent capital markets. Looking back I think we got more than we bargained for.

Reality has been worse than anybody could reasonably have expected. Not only are most of the main stock exchange indices down by about 50 per cent in 2008, but the real economy has taken a severe beating, too. And the bad news seems to continue. It is difficult to find an economist or an executive with a positive view on the near future. At times one gets the feeling that there is a competition on who can come up with the scariest scenario for the next few years.

As an economist I find it difficult to see how this development could last for an extended period of time. Central banks, particularly the Fed, have been pushing interest rates down to put a cost on risk aversion. Interest rates approaching zero per cent, maybe even entering negative territory, are bound to increase the willingness to invest. As I have often repeated in investor meetings, I am more worried about Europe than the United States. ECB's actions and mindset have been difficult to understand. The euro faces huge pressures and must consequently weaken against other currencies. I am expecting to hear some positive news from the US economy by the end of next summer.

We at Sampo Group made preparations for tougher times by significantly reducing our equity exposure in the operating businesses already in 2006 and 2007 and by maintaining high levels of solvency and liquidity. With the benefit of hindsight one can, of course, say that we should have done some things differently. Had we fully understood the situation we would have sold all our equity holdings and postponed our entry into Nordea with a year or so. Our net asset value development reflects the rough ride in the capital markets. In addition we have suffered from the extremely weak development of Swedish krona which depreciated by 15 per cent in the last quarter of 2008. Our largest operating unit, If P&C, is headquartered in Stockholm and reports in Swedish kronas.

But when you look at our reported asset values, please keep in mind that, in sharp contrast to almost any other financial institution, we book all our assets at true market value. In illiquid markets many prices on the screens are absurdly low. We have not made use of any of the relaxed reporting rules that are now available for banks and insurance companies, for the simple reason that we have enough capital to take the hits upfront. Our NAV is hard NAV, in the truest sense of the word.

In the midst of all this gloominess I am looking very positively at Sampo Group's future. We are a unique player among the Nordic financial institutions. Not only are we the biggest P&C insurer and a sizable life insurance provider, but we also have more than EUR 2 billion of excess capital left despite the dents we have taken in 2008. All in all Sampo Group has roughly 3 billion euros in cash. The capital can therefore quickly be leveraged and put to use as opportunities arise.

We already have invested in two Nordic financial stocks. The bigger investment, Nordea, hasn't fared well, as Nordea's share price dropped by 55 per cent in 2008. Our aim is further out and short-term volatility, however extreme, is not significant. To me Nordea is an obvious winner in Nordic banking consolidation. Our smaller investment, Topdanmark, is surprisingly resistant to market turbulence and traded, at least when writing this review, clearly above our acquisition price. At the current share price we will not be investing more into the stock but in times like these, of course, things can change very quickly.

Another fact to keep me in an optimistic mood is the continuing good technical result of our P&C insurance operation, If. It is amazing how stable the combined ratio development has been since we took over the company in 2004. A well-run P&C insurance company can be very resistant to a weak economic environment. If P&C actually reported a higher operating profit in 2008 than in the year before. This has been achieved at the same time when new distribution channels have been opened and significant investments in Internet tools have been made. The cooperation agreement with the largest retail group in Finland, the S Group, is a prime example of this.

Our life insurance operation had a difficult start of the year with distribution problems in its main sales channel, Sampo Bank. Difficult times require new thinking and action was taken to transform the life insurance company from a production facility into a service unit. This was reflected in renaming the company to Mandatum Life Insurance Company Limited in August 2008. The innovative approach and a smart interest rate swap will help Mandatum Life over the worst of 2009.

This is my last CEO's review as I will step down after the AGM on 7 April 2009 and, with its approval, become the chairman of the Board. I wish all the best to my successor, Kari Stadigh. He is, of course, not new to this game as he has acted as my deputy since 2001. Times are challenging and Kari is the right person to take over. I will remain one of the largest shareholders of Sampo and follow developments closely from the Board.

Lastly I wish to thank all those people – investors, analysts, journalists, clients and Group personnel – that I have had the pleasure of working with during my eight years as CEO.

Björn Wahlroos
Group CEO and President (until 7 April 2009)

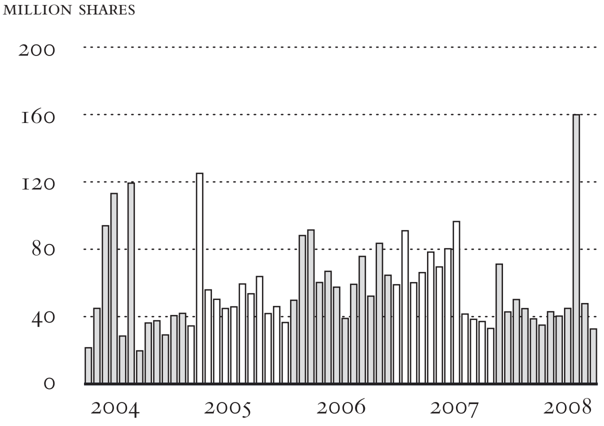
Key Figures

EURm	2008	2007	Change %
Profit before taxes	870	3,833	-77
P&C insurance	549	534	3
Life insurance	140	342	-59
Holding	180	95	89
Profit for the financial year	675	3,573	-81
Earnings per share, EUR	1.18	6.18	-81
EPS (incl. change in FVR), EUR	-3.52	5.89	–
Dividend per share, EUR*	0.80	1.20	-0.33
NAV per share, EUR	8.28	13.49	-39
Average number of staff (FTE)	7,145	6,855	4
Return on equity, %	-32.4	52.6	–
Group solvency ratio, %	433.6	774.6	-44

* Year 2008 figure is the Board of Directors' dividend proposal.

Sampo's monthly share price performance 2004–2008

Sampo's monthly trading volume 2004–2008



Strategy

Sampo Group aims to create value for its shareholders. The Group utilizes flexibly opportunities arising in the market to create shareholder value through transactions such as disposals and acquisitions.

Sampo Group's business areas are P&C insurance and life insurance. The Group is also a significant investor on the Nordic scale, with investment assets of approximately EUR 17 billion. The business areas have well-defined strategies, based on return on equity targets. Synergies between P&C insurance and life insurance are minor.

P&C insurance operates under the If brand. If is the largest Nordic P&C insurer with a market share of more than 20 per cent. Operations are focused on maintaining high profitability rather than increasing market share. The company also commands a strong position in the rapidly growing Baltic insurance markets. If's market position and size offer it advantages, which are reflected in cost efficiency, superior underwriting and geographical diversification.

Mandatum Life operates in Finland and, via its subsidiary, in all the Baltic countries. Mandatum Life's operations are divided into two different kinds of businesses. New sales are focused on unit-linked insurance. Most of the technical reserves, however, relate to with-profit policies. The objective is to manage the assets covering the with-profit reserves in a way that produces high investment yield. Mandatum Life has a 19 per cent market share in Finland and approximately 11 per cent of the Baltic life insurance market.

Sampo plc manages the investment portfolios on behalf of the insurance subsidiaries and has significant investment assets itself. Sampo plc is also a major shareholder in the Nordic banking group Nordea. On 31 December 2008 Sampo Group held 12 per cent of Nordea's shares.

{ *Return Targets* }

	P&C insurance	Life insurance	Group
Target 2008	RoE > 17.5%	RoE > 17.5%	–
Year 2008	RoE -0.8%	RoE -68.8%	RoE -32.4%

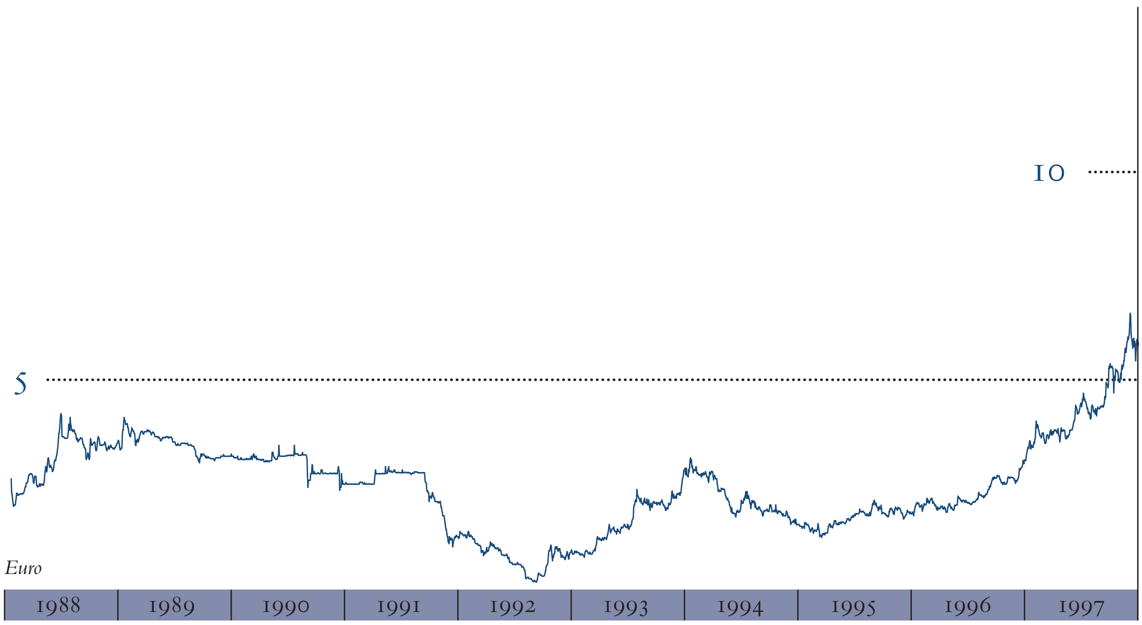
RoE = Return on Equity

Distribution Policy

The Board of Sampo plc adopted a distribution policy on 9 November 2006 according to which the company aims to distribute to the shareholders an annual dividend corresponding to a dividend yield of 4-6 per cent. However, the dividend shall not exceed the reported profit after taxes for the calendar year for which the dividend is payable. Share buy-backs can be used to complement dividends.

History

Year 2008 was the twentieth anniversary for the quotation of Sampo's A shares on the Helsinki Stock Exchange (currently NASDAQ OMX Helsinki). The figure shows the development of the share price and key changes in the Group during its 20-year history as a listed company.



1988

Sampo's A shares are listed on the Helsinki Stock Exchange on 14 January 1988. Sampo also carries out two successful share issues, accumulating a total of FIM 1.8 billion (currently approx. EUR 460 million) of capital.

1991 & 1992

Sampo pays no dividend to its shareholders for years 1991 and 1992.

1993

Sampo and Industrial Insurance are merged into a new P&C insurance group as of 1 January 1994. Sampo Group becomes Finland's leading P&C insurer.

1994

The P&C insurance company Kansa becomes a fully-owned subsidiary of Sampo in spring 1994. Kansa is merged with Sampo in late 1995.

1997

Sampo Life Insurance Company Limited (currently Mandatum Life) is established. The new company launches its operations at the beginning of 1997, when the company begins to sell life and pension insurance policies.

Sampo's share is included in the book-entry securities system in summer 1997. Almost 27,000 shareholders register their holdings in the system.

Sampo's share is split in October 1997 so that each old share equals four new shares.

1998

Sampo Life, a subsidiary of Sampo, and Nova Life Insurance Company Limited merge in December 1998. The new company is called Sampo Life and it is a subsidiary of Sampo.

2000

As the completion of a process commenced in 1999, Sampo Insurance Company and Leonia Bank are merged into Sampo-Leonia financial group on 31 December 2000.

2001

Mandatum Bank becomes part of Sampo-Leonia Group.

The Group takes on a holding company structure. The Group's P&C insurance business is transferred to the Group subsidiaries.

The name of the Group and the parent company is abbreviated to Sampo. The company's A share is split so that each old share equals five new shares. Sampo pays its shareholders a record dividend of EUR 1.60 per share.

2002

Sampo's P&C insurance business becomes part of If. Following the arrangement, Sampo holds 38 per cent of If's total stock.

2004

If becomes a fully owned subsidiary of Sampo.

2006

In November 2006, Sampo plc announces the divestment of Sampo Bank Group to Danske Bank A/S of Denmark. The transaction takes place in February 2007.

2008

In February 2008, Sampo plc announces that it has increased its holding in the Swedish bank Nordea to over 10 per cent.

Chapter I

CORPORATE GOVERNANCE
LEGAL STRUCTURE
ORGANISATION
BOARD OF DIRECTORS
GROUP EXECUTIVE COMMITTEE

Corporate Governance

Sampo complies with the Finnish Corporate Governance Code, which was issued by the Securities Market Association and entered into force on 1 January, 2009. Sampo's Board of Directors has also approved internal rules concerning corporate governance, internal control and reporting in Sampo Group.

Corporate Governance Statement

Acting in compliance with Recommendation 51 of the Corporate Governance Code, Sampo has published a separate Corporate Governance Statement on its website at *www.sampo.com* in fulfilment of the requirement referred to in the Finnish Securities Markets Act, chapter 2, section 6, paragraph 3.

Board of Directors

BOARD OF DIRECTORS' DUTIES

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

The Board of Directors decides on Sampo Group's business strategy, approves the budget and the principles governing the Group's risk management and internal control, and is responsible for the proper management of the Group's operations. The Board also decides, within the limits of the company's field of activities, on 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 Group's management.

The Board elects the Group CEO, the executives of Sampo Group and the Group Chief Audit Executive, releases them from their duties, and 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 fulfilment, determines the grounds for the Group's compensation system and decides on other far-reaching matters concerning the staff.

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. The Annual General Meeting of 2008 decided to elect nine members to the Board until the close of the Annual General Meeting to be held in 2009. The term of office of the Board members ends at the close of the Annual General Meeting that first follows their election. The members of the Board annually elect a Chairman and Vice Chairman from among their members at their first meeting following the Annual General Meeting.

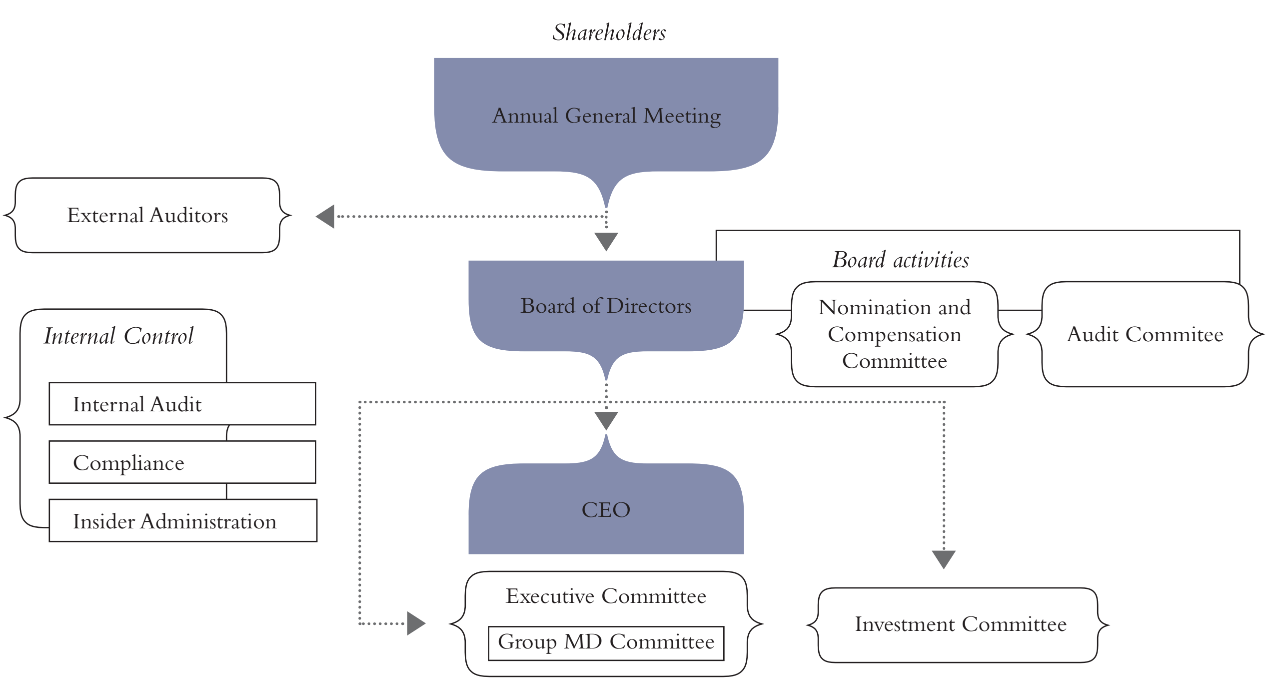
The composition of the Board of Directors of Sampo plc in 2008 was as follows:

Georg Ehrnrooth, *Chairman*
Matti Vuoria, *Vice Chairman*
Tom Berglund, *Member*
Anne Brunila, *Member*
Lýdur Gudmundsson, *Member*
Eira Palin-Lehtinen, *Member*
Jukka Pekkarinen, *Member*
Christoffer Taxell, *Member*
Björn Wahlroos, *Member*

The following Board members are independent of the company and its major shareholders: Tom Berglund, Georg Ehrnrooth, Eira Palin-Lehtinen and Christoffer Taxell. During their term of office, Anne Brunila and Jukka Pekkarinen also became independent of the company and its major shareholders by the criteria laid down in the Corporate Governance Code.

The Board of Directors of Sampo plc convened 11 times in 2008. The average attendance of Board members at meetings was 94.95 per cent.

Governance Structure (→ *Order of election*)



Board-Appointed Committees and Executive Committee

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 Executive Committee, and also the guidelines and authorisations given to other bodies appointed by the Board.

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

NOMINATION AND COMPENSATION COMMITTEE

The Nomination and Compensation Committee is entrusted to prepare proposals for Sampo's Annual General Meeting on the composition of the Board, the compensation of Board members and the principles on which this compensation 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 composition and chairmen of the Board's committees and the composition of the Group MD Committee, on the appointment of Sampo Group's CEO and the composition of Sampo Group's Executive Committee, and on the principles by which the members of the Executive Committee are to be compensated and their compensation.

As authorised by the Board of Directors, the Committee also decides on the compensation of the members of the Executive Committee, excluding the Group's CEO and Deputy CEO. Furthermore, the Committee prepares a proposal for the Board on the appointment, employment conditions and other compensation of the Sampo Group's Chief Audit Executive, and on the principles by which the 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 good corporate governance and confirming the criteria and processes used for the Board's self-evaluation.

In 2008, 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 one member elected from among the members of the Board. The Chairman of the Nomination and Compensation Committee was Georg Ehrnrooth, and the other members were Matti Vuoria and Christoffer Taxell. The Committee met five times in 2008. Each member of the committee participated in every meeting.

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 authenticity of Sampo Group's financial statements and the financial reporting process. Furthermore, the Audit Committee is responsible for evaluating the auditors' and auditing firm's professional competence and independence and particularly the provision of related services to Sampo Group, and for preparing proposals to be made to the Annual General Meeting concerning the election of the auditors and the auditing fees. The Committee also oversees the Sampo Group's internal audit and the actions of the auditors under the laws of Finland, monitors the auditors' invoicing for audit and non-audit services in the way it sees fit, monitors the efficiency of the company'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 the internal audit action plan, monitors the internal audit's reporting, monitors in the various business areas the fulfilment of risk policies, the use of limits and the development of profit, oversees the preparation of and compliance with risk management policies and other related guidelines, 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 and carries out any other tasks that may be bestowed upon it by the Board.

The Board of Directors' Audit Committee comprises at least three members elected from among those Board members who do not hold management positions in Sampo and are independent of the company. Also participating in the meetings of the Committee are the Responsible Auditor, the Group CEO, the Group CFO, the Group Chief Counsel, the Group Chief Audit Executive, the Chairman of the Group Investment Committee, the member of the Group Executive Committee responsible for risk control and the Group Chief Risk Officer.

In 2008, the Chairman of the Audit Committee was Christoffer Taxell, and the other members were Anne Brunila, Tom Berglund and Jukka Pekkarinen. Also participating in the meetings in 2008 were Tomi Englund, Björn Wahlroos, Kari Stadigh, Peter Johansson, Ilona Ervasti-Vaintola, Knut Arne Alsaker and Gunilla Werner Carlsson. The Audit Committee met four times in 2008. Each member of the committee participated in every meeting.

THE SAMPO GROUP EXECUTIVE COMMITTEE

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

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

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

The composition of the Group Executive Committee in 2008 was as follows:

Björn Wahlroos, *Group CEO and President*
Kari Stadigh, *Group Deputy CEO*
Ilona Ervasti-Vaintola, *Group Chief Counsel, Principal Attorney*
Line Hestvik, *Group Executive Vice President, Head of BA Private, If P&C*
Peter Johansson, *Group CFO*
Patrick Lapveteläinen, *Group CIO*
Torbjörn Magnusson, *President & CEO of If P&C Insurance Holding Ltd (publ)*
Ivar Martinsen, *Group Executive Vice President, Head of BA Commercial, If P&C*
Petri Niemisvirta, *Managing Director, Mandatum Life Insurance Company Limited*
Morten Thorsrud, *Group Executive Vice President, Head of BA Industrial, If P&C*
Ricard Wennerklint, *CFO, If P&C*

The Group MD Committee comprised Björn Wahlroos, Kari Stadigh, Torbjörn Magnusson and Patrick Lapveteläinen. Ilona Ervasti-Vaintola acted as the Group MD Committee's secretary.

In 2008, the Executive Committee convened five times at the request of the CEO. The Group MD Committee, which assists the Executive Committee, normally met twice a month – except when the Executive Committee convened in its entirety – and altogether 25 times.

Other Committees

INVESTMENT COMMITTEE

The Board appoints the Investment Committee to manage Sampo's investment assets. The Investment Committee comprises the Group Deputy CEO, the Group CIO and two other members appointed by Sampo's Board.

The Investment Committee is responsible for preparing the Group's investment policy for approval by the Board, preparing investment decision authorisations for the Boards of the Group companies, and monitoring the use of limits and authorisations.

In 2008, the Chairman of the Investment Committee was Kari Stadigh, and the other members were Patrick Lapveteläinen, Sirpa Mannila and Vesa Nurminen.

Chief Executive Officer

The company has a Managing Director who is simultaneously the CEO of Sampo Group. The Board of Directors elects and releases the CEO, and decides on the terms of employment and other compensation. The Managing Director of the company and the CEO of Sampo Group is Björn Wahlroos until 7 April, 2009. The company's Board of Directors has appointed Kari Stadigh as the new Managing Director and CEO of Sampo Group as of 8 April, 2009.

The CEO of Sampo Group 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 authorisation by the Board of Directors. The Group CEO ensures the legal compliance of Sampo's accounting and the trustworthy organisation of asset management.

The period of notice for terminating the service contract of the CEO of Sampo Group is six months. In addition to receiving salary for the period of notice, the CEO will be entitled to severance compensation of 18 months' full salary, provided that the service contract has been terminated by Sampo. The retirement age of the Group CEO and President is 60 years of age, in which case the pension benefit is 60 per cent of the pensionable salary.

Compensation

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 a decision of the Annual General Meeting in 2008, the members of the Board were paid the following annual fees for their Board and committee work until the close of the Annual General Meeting in 2009: the Chairman EUR 160,000, the Vice Chairman EUR 100,000, and the other members of the Board EUR 80,000, with 30 per cent of the annual fee being paid in Sampo A shares. Board members employed by the company do not receive separate compensation for Board work.

Members of the Board of Directors did not receive any other benefits, nor did they participate in Sampo's incentive systems. However, in accordance with a decision of the Annual General Meeting held in spring 2007, the Group CEO, Björn Wahlroos, is included in the Sampo 2006 long-term share incentive system for the company's management. Group CEO Wahlroos has given notice that his participation in the Sampo 2006 share incentive system will terminate when he gives up his duties as Group CEO.

COMPENSATION OF THE MANAGING DIRECTOR AND OTHER EXECUTIVES

The Board of Directors decides on the terms of employment and compensation of the 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 can decide, upon authorisation by the Board of Directors, on the salaries of the members of the Group Executive Committee, excluding the Group CEO and Deputy.

PRINCIPLES OF THE COMPENSATION SYSTEM

In addition to receiving monthly salaries, executives who are members of the Group Executive Committee are participants in the Group's profit bonus system which is decided upon separately each year. The criteria used in determining the profit bonus are the Group's result, the business area's result and the individual performance of the person in question. The maximum profit bonus that can be paid for 2008 to executives who are members of the Executive Committee is an amount corresponding to nine months' salary.

With the exception of the Group CEO, the members of the Group Executive Committee are also participants in the long-term incentive systems 2006 II, 2008 I and 2008 II for Sampo's executive management. The members of the Executive Committee, including the Group CEO, are also participants in the long-term share incentive system for the Sampo Group's key management, entitled Sampo 2006. The terms of the incentive systems are available on Sampo's website at *www.sampo.com*.

The Group CEO will be paid long-term compensation based on his employment contract, the payment of which the Board will decide separately in compliance, as applicable, with the principles of the long-term incentive system for Sampo's executive management.

The Group CEO was paid a total of EUR 1,805,553 in salaries and bonuses for 2008, of which the fixed salary and benefits made up EUR 780,553 and performance-based and incentive bonuses EUR 1,025,000. The Group Deputy CEO was paid a total of EUR 1,103,502 in salaries and profit bonuses, of which the fixed salary and benefits made up EUR 500,002 and performance-based and incentive bonuses EUR 603,500.

The members of the Group Executive Committee participate in the local retirement programs applicable to employees in their respective countries of residence. As part of their service contract, they also participate in supplementary retirement programs. The retirement ages are 60 or 65 years.

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 CEO. The Internal Audit has been organised to correspond with the business organisation.

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 CEO and the Audit Committee. Company-specific audit observations are reported to the respective companies' executive bodies and management.

In its auditing work, the Internal Audit complies with the international professional standards approved by the IIA (the Institute of Internal Auditors).

Insider Administration

Sampo's Board of Directors has approved Sampo Group's Guidelines for Insiders. These comply with the NASDAQ OMX Helsinki's Guidelines for Insiders and the Standards of the Financial Supervision 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 ask for separate written permission in advance for each share-related securities transaction they make.

External Auditors

Ernst & Young Oy
Authorised Public Accountants

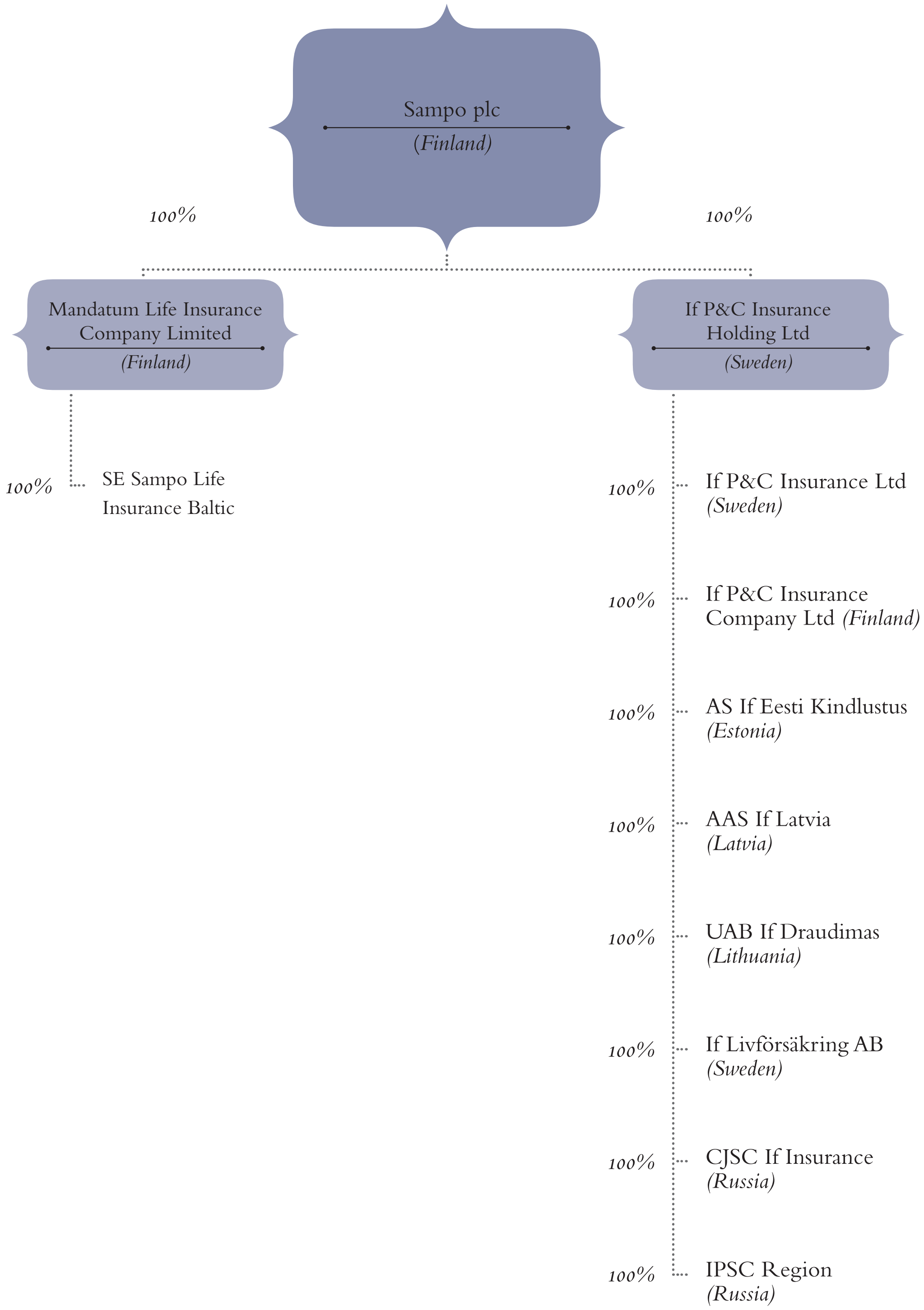
Responsible auditor
Tomi Englund, APA

The total fees paid to the auditor for services rendered and invoiced were EUR 1,994,281. In addition, Ernst & Young Oy were paid fees for non-audit services rendered and invoiced totalling EUR 473,373.

i { Sampo Group's insider guidelines and insider register may be viewed on the Internet at *www.sampo.com*.

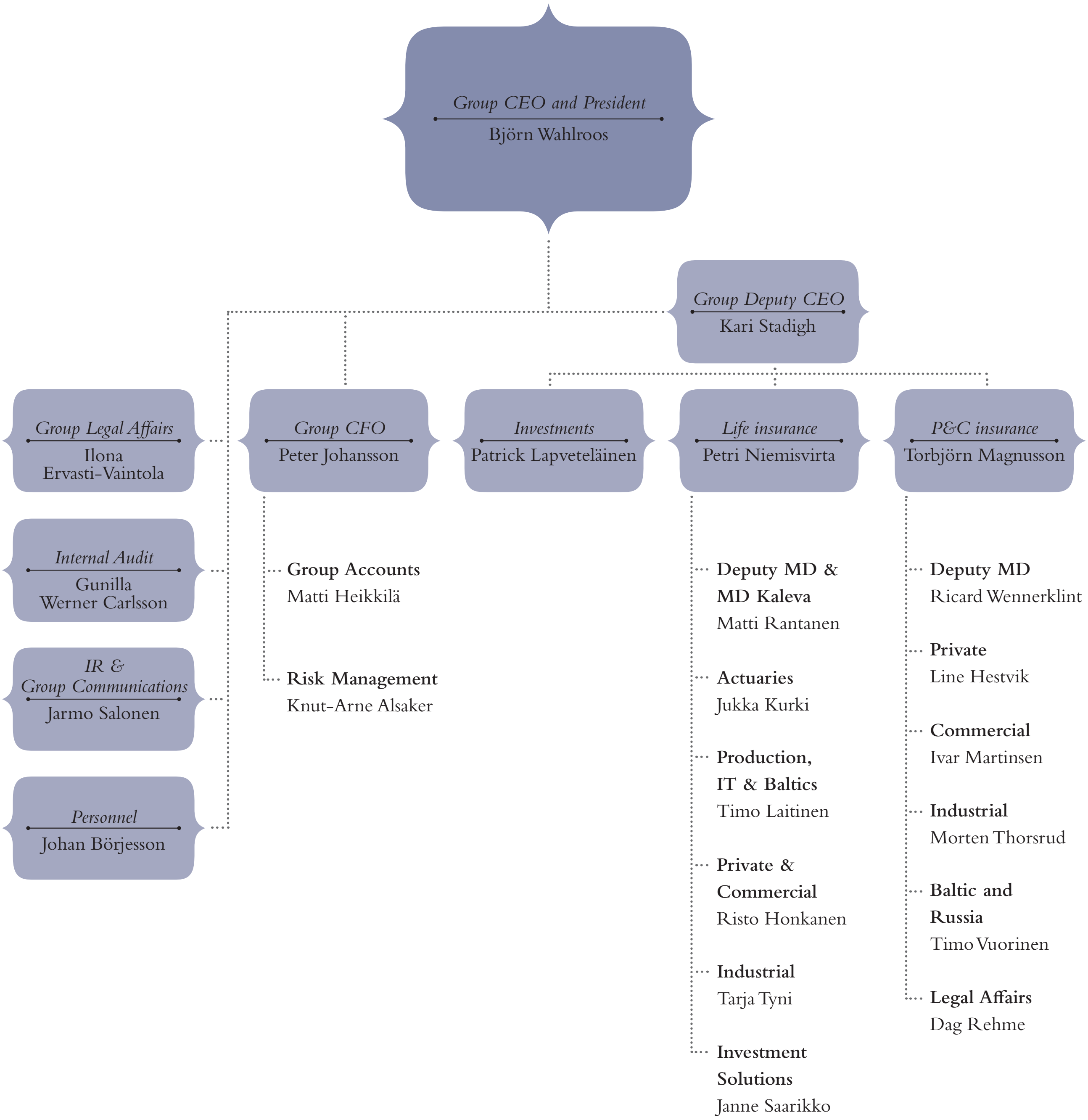
Legal Structure

31 December 2008

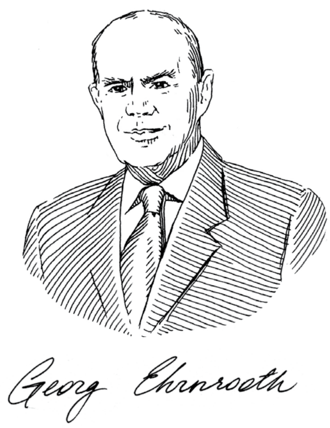


Organisation

31 December 2008



Board of Directors



CHAIRMAN

Georg Ehrnrooth, born 1940

Positions of Trust: *Oy Karl Fazer Ab,* Board Member, *Sandvik AB (publ.),* Board Member, *Nokia Corporation,* Board Member, *Finnish Business and Policy Forum EVA,* Vice Chairman of the Board, *Research Institute of the Finnish Economy ETLA,* Vice Chairman of the Board
–Member of the Board of Directors of Sampo plc since 26 June 1992.
–Ehrnrooth holds 26,024 Sampo plc shares directly or through a controlled company.

VICE CHAIRMAN

Matti Vuoria, born 1951

CEO, PRESIDENT OF VARMA MUTUAL PENSION INSURANCE COMPANY

Positions of Trust: *Stora Enso Oyj,* Board Member, *Wärtsilä Corporation,* Vice Chairman, *Danisco A/S (Denmark),* Board Member, *The Finnish Pension Alliance TELA,* Board Member, *Securities Markets Association (Finland),* Chairman, *Federation of Finnish Financial Services,* Board Member, *Finnish-Russian Chamber of Commerce,* Chairman
–Member of the Board of Directors of Sampo plc since 7 April 2004.
–Vuoria holds 29,325 Sampo plc shares directly or through a controlled company.

Tom Berglund, born 1951

PROFESSOR, SWEDISH SCHOOL OF ECONOMICS AND BUSINESS ADMINISTRATION (HELSINKI)

Positions of Trust: *European Financial Management (Wiley-Blackwell),* Member of Editorial Board, *The European Shadow Financial Regulatory Committee,* Member
–Member of the Board of Directors of Sampo plc since 25 May 2000.
–Berglund holds 3,586 Sampo plc shares directly or through a controlled company.

Anne Brunila, born 1957
PRESIDENT AND CEO, FINNISH FOREST INDUSTRIES FEDERATION
Positions of Trust: *Confederation of European Paper Industries CEPI,* Member, *The Research Institute of the Finnish Economy ETLA,* Board Member, *Finnish Business and Policy Forum EVA,* Board Member, *The Finnish Innovation Fund Sitra,* Board Member, *Economic Information Office,* Board Member, *Aalto University Foundation,* Board Member
–Member of the Board of Directors of Sampo plc since 9 April 2003.
–Brunila holds 3,520 Sampo plc shares directly or through a controlled company.

Jukka Pekkarinen, born 1947
DIRECTOR GENERAL, MINISTRY OF FINANCE
Positions of Trust: *European Union, Economic Policy Committee,* Vice Chairman, *Incomes Policy Information Committee,* Chairman, *Advisory Board to the Government Institute for Economic Research,* Chairman, *The Local Government Pensions Institution, Investments Advisory Board,* Chairman –Member of the Board of Directors of Sampo plc since 5 April 2006.
–Pekkarinen holds 3,521 Sampo plc shares directly or through a controlled company.

Lýdur Gudmundsson, born 1967
Positions of Trust: *Exista hf.,* Executive Chairman of Board, *Bakkavör Group,* Chairman of the Board, *Skipti hf.,* Chairman of the Board
–Member of the Board of Directors of Sampo plc since 15 April 2008.
–Gudmundsson holds no Sampo plc shares.

Christoffer Taxell, born 1948
Positions of Trust: *Åbo Akademi University,* Chancellor, *Stiftelsen för Åbo Akademi,* Chairman of the Board, *Finnair plc,* Chairman of the Board, *Stockmann plc,* Chairman of the Board, *Nordkalk Corporation,* Board Member, *Luvata Oy,* Board Member, *Föreningen Konstsamfundet (Finland),* Chairman of the Board, *Society of Swedish Literature in Finland, Investment Committee,* Member
–Taxell was transferred to the Board of Directors of Sampo plc from the Supervisory Board on 1 January 1998.
–Taxell holds 4,524 Sampo plc shares directly or through a controlled company.

Eira Palin-Lehtinen, born 1950
Positions of Trust: *Elisa Corporation,* Board Member, *Sigrid Jusélius Foundation,* Deputy Board Member and Member of Finance Committee, *Nordea funds (Nordea Alternative Investment, Nordea Funds of Funds, Nordea I Sicav),* Board Member
–Member of the Board of Directors of Sampo plc since 15 April 2008.
–Palin-Lehtinen holds 2,329 Sampo plc shares directly or through a controlled company.

Björn Wahlroos, born 1952
GROUP CEO AND PRESIDENT, MANAGING DIRECTOR OF SAMPO PLC (UNTIL 7 APRIL 2009)
Positions of Trust: *UPM-Kymmene Corporation,* Chairman of the Board, *Nordea Bank AB,* Board Member, *Finnish Business and Policy Forum EVA,* Board Member, *The Research Institute of the Finnish Economy ETLA,* Board Member
–Wahlroos was appointed to the Board of Directors of Sampo plc on 5 April 2001.
–Wahlroos holds 11,839,890 Sampo plc shares directly or through a controlled company.

i { Information as on 31 December 2008.The CVs of members of the Board of Directors can be viewed on the Internet at *www.sampo.com*.

Group Executive Committee

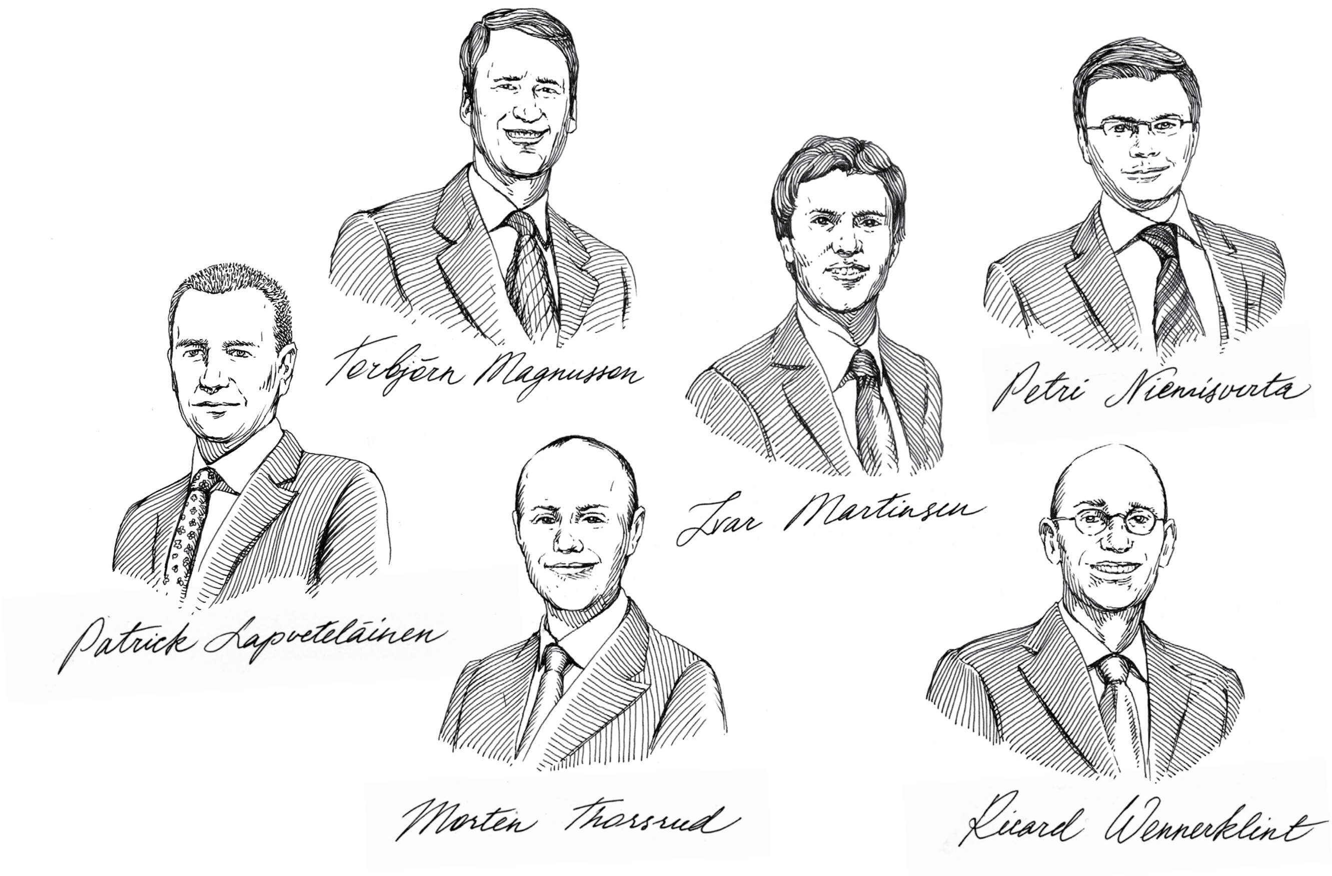
Björn Wahlroos, born 1952
GROUP CEO AND PRESIDENT, MANAGING DIRECTOR OF SAMPO PLC (UNTIL 7 APRIL 2009)
Positions of Trust: *Sampo plc,* Board Member, *UPM-Kymmene Corporation,* Chairman of the Board, *Nordea Bank AB,* Board Member, *Finnish Business and Policy Forum EVA,* Board Member, *The Research Institute of the Finnish Economy ETLA,* Board Member
–Wahlroos holds 11,839,890 Sampo plc shares directly or through controlled company.

Kari Stadigh, born 1955
GROUP DEPUTY CEO (UNTIL 7 APRIL 2009), GROUP CEO AND PRESIDENT, MANAGING DIRECTOR OF SAMPO PLC (FROM 8 APRIL 2009)
Positions of Trust: *If P&C Insurance Holding Ltd,* Chairman of the Board, *Mandatum Life Insurance Company Limited,* Chairman of the Board, *Kaleva Mutual Insurance Company,* Chairman of the Board, *Aspo plc,* Chairman of the Board (until 31.12.2008), Board Member (from 1.1.2009), *Alma Media Corporation,* Chairman of the Board, *Federation of Finnish Financial Services,* Board Member, *Varma Mutual Pension Insurance Company,* Board Member
–Stadigh holds 217,498 Sampo plc shares directly or through controlled companies.

Ilona Ervasti-Vaintola, born 1951
GROUP CHIEF COUNSEL, PRINCIPAL ATTORNEY
Positions of Trust: *Fiskars Corporation,* Board Member, *Fortum Corporation,* Board Member, *NASDAQ OMX Oy (Finland),* Board Member (until 16 May 2008), *Finnish Literature Society,* Board Member, *The Panel on Takeovers and Mergers at the Central Chamber of Commerce of Finland,* Member, *Central Chamber of Commerce of Finland, Legal Committee,* Chairman
–Ervasti-Vaintola holds 309,131 Sampo plc shares directly or through controlled companies.

Line Hestvik, born 1969
GROUP EXECUTIVE VICE PRESIDENT, HEAD OF BA PRIVATE, IF P&C INSURANCE
Positions of Trust: *If Life Insurance Ltd (Sweden),* Chairman of the Board, *FNH Norway (the organisation for the Financial Sector in Norway),* Board Member
–Hestvik holds 10,260 Sampo plc shares directly or through controlled companies.

Peter Johansson, born 1957
GROUP CFO
Positions of Trust: *If P&C Insurance Holding Ltd,* Board Member, *Mandatum Life Insurance Company Limited,* Vice Chairman of the Board
–Johansson holds 40,356 Sampo plc shares directly or through controlled companies.



Patrick Lapveteläinen, born 1966
GROUP CIO
Positions of Trust: *If P&C Insurance Holding Ltd,* Board Member, *Mandatum Life Insurance Company Limited,* Board Member
–Lapveteläinen holds 211,045 Sampo plc shares directly or through controlled companies.

Torbjörn Magnusson, born 1963
PRESIDENT AND CEO, IF P&C INSURANCE HOLDING LTD
Positions of Trust: *If P&C Insurance Ltd (Sweden),* Chairman of the Board, *If P&C Insurance Company Ltd (Finland),* Chairman of the Board, *Swedish Insurance Federation,* Chairman, *Swedish Insurance Employer Association,* Chairman
–Magnusson holds 17,401 Sampo plc shares directly or through controlled companies.

Ivar Martinsen, born 1961
GROUP EXECUTIVE VICE PRESIDENT, HEAD OF BA COMMERCIAL, IF P&C INSURANCE
Positions of Trust: *If Life Insurance Ltd (Sweden),* Board Member, *FNH Norway (the organisation for the Financial Sector in Norway),* Member of the Executive committee of P&C Insurance
–Martinsen holds 10,283 Sampo plc shares directly or through controlled companies.

Petri Niemisvirta, born 1970
PRESIDENT AND HEAD OF LIFE INSURANCE, MANAGING DIRECTOR OF MANDATUM LIFE INSURANCE COMPANY
Positions of Trust: *Amanda Capital Plc,* Board Member, *Consumers' Insurance Office,* Board Member, *Nordben Life and Pension Insurance Co. Limited (Guernsey),* Board Member, *Federation of Finnish Financial Services, Life Insurance Executive Committee,* Chairman, *Silta Oy,* Board Member
–Niemisvirta holds 29,579 Sampo plc shares directly or through controlled companies.

Morten Thorsrud, born 1971
GROUP EXECUTIVE VICE PRESIDENT, HEAD OF BA INDUSTRIAL, IF P&C INSURANCE
Positions of Trust: *If Livförsäkring AB (Sweden),* Board Member, *CJSC If Insurance (Russia),* Board Member, *IPSC Region (Russia),* Board Member, *Forsikring & Pension (Denmark),* Board Member
–Thorsrud holds 6,250 Sampo plc shares directly or through controlled companies.

Ricard Wennerklint, born 1969
DEPUTY MD, IF P&C INSURANCE HOLDING LTD; MD, IF P&C INSURANCE
Positions of Trust: *If P&C Insurance Company Ltd (Finland),* Board Member, *AS If Eesti Kindlustus (Estonia),* Board Member, *UAB If Draudimas (Lithuania),* Board Member, *AAS If Latvia (Latvia),* Board Member, *SOS International a/s (Denmark),* Board Member, *CJSC If Insurance (Russia),* Board Member, *IPSC Region (Russia),* Board Member
–Wennerklint holds 11,370 Sampo plc shares directly or through controlled companies.

i { Personal information as on 31 December 2008 unless otherwise stated.

Chapter II

Board of Directors' Report

Sampo plc – Board of Directors' Report for 2008

Sampo Group's profit before taxes for 2008 amounted to EUR 870 million (3,833). The profit for the comparison year contains the sales gain of EUR 2,830 million from the Sampo Bank transaction closed on 1 February 2007. Earnings per share amounted to EUR 1.18 (6.18). The comparable earnings per share for 2007 were EUR 1.25. Earnings per share, including the change in the fair value reserve, amounted to EUR -3.52 per share (5.89). Net asset value per share amounted to EUR 8.28 (13.49). The fair value reserve after tax on the Group level decreased to EUR -2,364 million (316). The return on equity for the Group was -32.4 per cent for 2008 (52.6).

The Board proposes to the AGM on 7 April 2009 a dividend of EUR 0.80 per share and an authorisation to repurchase a maximum of 50 million Sampo A shares.

Sampo Group's P&C insurance operation, If P&C, had another year of sound insurance technical performance with a combined ratio of 91.8 per cent for the full year 2008 (90.6). The profit before taxes rose to EUR 549 million (534). Return on equity was -0.8 per cent (19.2). Fair value reserve in P&C insurance decreased to EUR -414 million (0).

Reported profit before taxes for Sampo Group's life insurance operation, Mandatum Life, decreased significantly due weakened investment returns and amounted to EUR 140 million (342). The fair value reserve decreased to EUR -192 million on 31 December 2008 (289). Return on equity at market value was -68.8 per cent (9.1).

Profit before taxes for the segment 'Holding' amounted to EUR 180 million (95). The fair value reserve decreased to EUR -1,759 million (26) because of the fall in the market value of the Nordea holding.

Sampo Group's total investment assets at the end of the reporting period amounted to EUR 17 billion (21), of which 80 per cent was invested in fixed income instruments (74), 16 per cent in equities (23), two per cent in private equity (2) and two per cent in other assets (1). Investment income was EUR 275 million (974).

The Group's equity on 31 December 2008 amounted to EUR 4,631 million (7,733). Equity was strengthened by EUR 675 million in profit and was reduced by the dividends and share buy-backs of EUR 853 million, the change in the fair value reserve by EUR 2,681 million and the exchange rate changes of EUR 249 million.

At the end of 2008 Sampo Group's own funds exceeded the minimum solvency requirements by EUR 2,656 million (5,969) and the solvency ratio was 433.6 per cent (774.6). Sampo Group had on 31 December 2008 approximately EUR 2.1 billion of excess capital calculated as the difference between group equity and the economic capital required to manage the operations.

Sampo Group's balance sheet total amounted to EUR 21,205 million (25,424). On the asset side the total amount of financial assets decreased by EUR 3,436 million to EUR 16,139 million. Unit-linked investments decreased by approximately 20 per cent to EUR 1,637 million (2,072). On the liability side of the balance sheet, in addition to equity, the unit-linked liabilities decreased to EUR 1,637 million (2,071).

Key Figures

EURm	2008	2007	Change-%
Group profit before taxes*)	870	3,833	-77
P&C insurance	549	534	3
Life insurance	140	342	-59
Other	180	95	89
Profit (loss) for the financial year	675	3,573	-81
Return on equity, %	-32.4	52.6	-
Group solvency ratio, %	433.6	774.6	-44
Average number of staff (FTE)	7,145	6,855	4
Earnings per share, euro**)	1.18	1.25	-6
EPS including change in fair value reserve, euro**)	-3.52	0.95	-
NAV per share, euro	8.28	13.49	-39
Adjusted share price, high, euro	19.30	24.79	-22
Adjusted share price, low, euro	11.42	17.95	-36
Market capitalization, EURm	7,433	10,382	-28

*) Comparison figures include the sales gain from Sampo Bank of EUR 2,830 million and Sampo Bank Group's January 2007 profit of EUR 29 million (pre-tax).

**) Comparison figures exclude the sales gain from Sampo Bank.

Business Areas in 2008

P&C INSURANCE

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

Profit before taxes for P&C insurance for the full year 2008 increased to EUR 549 million (534). Technical result was EUR 548 million (565). Of the technical result, business area Private accounted for 53 per cent, Commercial for 30 per cent, Industrial for 12 per cent and Baltic and Russia for 3 per cent. Insurance margin (technical result in relation to net premiums earned) decreased slightly from previous year and was 14.3 per cent (14.8). Return on equity (RoE) was -0.8 per cent (19.2). Fair value reserve decreased to EUR -414 million (0).

Combined ratio for 2008 was significantly better than the long-term target of below 95 per cent and ended at 91.8 per cent (90.6). Combined ratios increased somewhat in both business areas Private and Commercial to 91.3 per cent (90.1) in Private and 92.4 per cent (90.8) in Commercial. The increase was mainly due to higher large claims as well as increased claims frequency cost mainly in Norway. In business area Industrial combined ratio improved to 93.4 per cent (94.1) due to more positive large claims outcome. In Baltic and Russia combined ratio increased to 92.6 per cent (90.8). The increase was mainly due to the inclusion of the Russian SOAO Region to If resulting in increased cost ratio.

Key Figures

EURm	2008	2007	Change-%
Premiums	**3,821**	3,840	0
Net income from investments	**268**	211	27
Other operating income	**26**	29	-10
Claims incurred	**-2,592**	-2,541	2
Change in insurance liabilities	**-14**	-43	-67
Staff costs	**-460**	-441	4
Other expenses	**-473**	-493	-4
Finance costs	**-29**	-29	0
Profit (loss) before taxes	**549**	534	3
Combined ratio, %	**91.8**	90.6	1
Risk ratio, %	**68.1**	66.9	2
Cost ratio, %	**23.7**	23.7	0
Expense ratio, %	**17.4**	17.2	1
Return on equity, %	**-0.8**	19.2	-
Average number of staff (FTE)	**6,655**	6,415	4

Gross written premiums decreased by 1 percent to EUR 4,057 million (4,085). Growth adjusted for currency was, however, 1 per cent and compared to the previous year, premiums increased in all business areas except in Industrial. The strongest growth was again seen in business area Baltic and Russia.

Continued cost efficiency resulted in cost ratio remaining at the previous year's level of 23.7 per cent (23.7). The total costs remained at EUR 962 million (963). The inclusion of SOAO Region affected the cost ratio with 0.2 percentage points.

Claims incurred increased to EUR 2,592 million (2,541) and risk ratio ended at 68.1 per cent (66.9) mainly due to a higher large claims cost during the first half of 2008. EUR 90 million (76) was released from the technical reserves relating to prior year claims. Reserve ratio was 177 percent (170) of net premiums written and 250 per cent (261) of claims paid.

Net income from investments increased to EUR 268 million (211). Investment income includes EUR 76 million of impairment of financial assets. On 31 December 2008 total investment assets amounted to EUR 9.0 billion (10.0) of which a record high 95 per cent (89) was invested in fixed income instruments, five per cent (10) in equity and one per cent (1) in other assets. Investment return for year 2008 was -3.1 per cent (2.6). Duration for interest bearing assets was 3.1 years (2.2).

To achieve a uniform accounting practice in all of Sampo Group's reporting segments, equity and fixed income investments acquired as financial assets in P&C insurance as of 1 January 2008 have been from February 2008 on treated as assets available for sale (AFS). Assets are valued, as before, at market value in the balance sheet but differing from earlier practice, the valuation changes are recognized directly into the fair value reserve, which is part of the equity capital. The tax effect will be taken into account in the fair value reserve. At the time of sale of an asset, the valuation changes accumulated in equity capital and the sales gain or loss are recognised in the profit.

On 31 December 2008 solvency capital amounted to EUR 2,221 million (2,681). Solvency ratio (solvency capital in relation to net premiums written) was 66 per cent (71).

The cooperation agreement between If P&C and SOK, the Finnish central organisation of the S Group, came into force starting from the beginning of June 2008. If P&C and SOK agreed on the cooperation in October 2007. Under the agreement, If's customers will be eligible for the S Group's customer bonus for P&C insurance policies offered to households by If. The agreement is long-term and significant in scope and has started out successfully for both parties.

LIFE INSURANCE

Mandatum Life Group consists of Mandatum Life, a wholly-owned subsidiary of Sampo plc, operating in Finland, and of its subsidiary Sampo Life Insurance Baltic SE, which has the form of a European company and is headquartered in Estonia. It operates in the other Baltic countries through branches.

Profit before taxes in life insurance for 2008 was EUR 140 million (342). Net investment income, excluding income on unit-linked contracts, amounted to EUR 263 million (543). Net income from unit-linked investments was EUR -485 million (57). The reduction in the fair value reserve from the beginning of the year was EUR 481 million as the fair value reserve totalled at the end of December EUR -192 million. Return on equity (RoE) in life insurance fell below its target and was -68.8 per cent (9.1).

Excluding the assets of EUR 1.6 billion (2.1) covering unit-linked liabilities, Mandatum Life Group's investment assets amounted to EUR 4.7 billion (5.7) at market values on 31 December 2008. Fixed income covered 78 per cent (72), equity 12 per cent (19), private equity 5 per cent (5), real estate 3 per cent (3) and other assets 2 per cent (2) of the total assets.

Key Figures

EURm	2008	2007	Change-%
Premiums written	**529**	618	-14
Net income from investments	**-222**	600	-
Other operating income	**0**	0	0
Claims incurred	**-763**	-653	17
Change in liabilities for inv. and ins. contracts	**681**	-145	-
Staff costs	**-23**	-20	17
Other operating expenses	**-51**	-50	2
Finance costs	**-11**	-10	9
Profit (loss) before taxes	**140**	342	-59
Expense ratio, %	**113.1**	101.6	12
Return on equity, %	**-68.8**	9.1	-
Average number of staff (FTE)	**437**	384	14

In order to mitigate the interest rate risk, Mandatum Life has entered into interest rate swap agreements with nominal amounts of EUR 1.6 billion in 2008. Within these swaps, Mandatum Life pays short-term floating rate and receives fixed interest rate (average 4.6 per cent). The fair value of these swaps was EUR 75 million and they have a maturity of 2-10 years.

Return on investments in 2008 was -7.8 per cent (5.0) due to the collapse of the equity markets. At the end of December 2008 the duration of fixed income assets was 3.6 years (1.9).

Mandatum Life Group's solvency amounted EUR 384 million (846) on 31 December 2008 exceeding minimum requirements. Solvency ratio was 7.9 per cent (16.5). Total technical reserves were EUR 6.1 billion (6.7), of which unit-linked reserves accounted for 1.6 billion (2.1). The share of unit-linked reserves of total technical reserves decreased to 27 per cent (31).

The company adopted a new name, Mandatum Life Insurance Company, in August 2008. In connection with name change the company began using the marketing brand of Mandatum Life and extended its business model to 'asset management under insurance wrapper'.

The concept is based on launching savings and investment solutions linked to insurance and capital redemption policies. An asset management unit was set up and first new products were launched.

Investments made into new business concept and into the proprietary sales organisation – some of them being one-time items – burdened the expense ratio. Mandatum Life Group's expense ratio was 113.1 per cent (101.6). The ratio does not take into account all fees intended to cover the operating expenses. If all fees are taken into account, the ratio decreases to 91.0 per cent (81.1).

Mandatum Life Group's premium income on own account decreased to EUR 529 million (618). Premiums in the main focus area, unit-linked insurance, fell to EUR 287 million (404) and the share of unit-linked premiums was 54 per cent of total premiums (65). Especially unit-linked endowment policy sales lagged behind the previous year.

Sales through Sampo Bank, the main retail distribution channel, decreased significantly during the year due to the Bank's information technology related problems. Especially private pension and loan insurance policies lagged behind the previous year and industry in general. Sales in the bank distribution channel recovered somewhat during the last quarter of the year.

During the latter part of the year, life insurance sales were affected by the general economic uncertainty. There was, however, positive development in pure risk premium income. The positive development was partly due to increased risk awareness, partly to sales and marketing efforts made into corporate segment. Corporate customer segment developed during 2008 better than private customer segment and the market share in corporate segment is estimated to remain at the previous year's level.

In Finland Mandatum Life's overall market share measured by premium income was 19.3 per cent (19.8). The market share in its focus area unit-linked business was 21.5 per cent (22.4) due to difficult conditions on the market. Sampo Life Baltic's market share in the Baltics decreased to 11 per cent (15).

HOLDING

Sampo plc owns and controls its subsidiaries engaged in P&C and life insurance. In addition Sampo plc held on 31 December 2008 approximately 12 per cent of the share capital of Nordea, the largest bank in the Nordic countries, and had more than a billion euros in cash or equivalent on its balance sheet.

Key Figures

EURm	2008	2007	Change-%
Net investment income	**232**	168	38
Other operating income	**8**	8	0
Staff costs	**-11**	-18	-39
Other operating expenses	**-13**	-26	-50
Finance costs	**-37**	-38	-3
Profit before taxes	**180**	95	89
Average number of staff (FTE)	**53**	56	-5

The segment's profit before taxes amounted to EUR 180 million (95). The fair value reserve decreased during 2008 to EUR -1,759 million (26) as a result of the fall in Nordea's share price.

The assets on Sampo plc's balance sheet on 31 December 2008 comprise investment assets of EUR 2.8 billion (4.9), of which fixed income instruments covered 39 per cent (44) and equities 61 per cent (56).

On 6 February 2008 Sampo plc received a permission from the Swedish supervisory authorities to increase its holding above 10 per cent in Nordea, which is Sampo plc's largest equity holding. The market value of the holding was EUR 1.6 billion on 31 December 2008. Sampo plc held 313,202,100 Nordea shares and, in addition, Mandatum Life held 5,150,000 Nordea shares. Sampo Group's average acquisition price of Nordea share was EUR 10.60 per share. Closing price for Nordea on 30 December 2008 was EUR 5.07. Sampo plc's assets also include holdings in subsidiaries for EUR 2.4 billion (2.4).

Balance sheet liabilities include a subordinated note with face value of EUR 600 million which can be called in April 2009 at the earliest.

Changes in Group Structure

The ownership of If Livförsäkring AB was transferred on 1 January 2008 from Sampo Life to If P&C Insurance Holding Ltd. If Livförsäkring AB offers life insurance products in Sweden, Norway and Denmark to complement If P&C's other services.

If P&C signed in March 2008 an agreement to acquire SOAO Region, a Russian insurance company. SOAO Region's main focus is motor insurance with approximately EUR 23.7 million of premium income. The acquisition was completed on 5 June 2008.

On 10 June 2008 If P&C announced a plan to combine its subsidiaries operating in Estonia, Latvia and Lithuania into one legal entity. The rearrangement will simplify and strengthen the structure of the Baltic property and casualty insurance operations and will improve efficiency. AS If Eesti Kindlustus, operating in Estonia, UAB If Draudimas, operating in Lithuania, and AAS If Latvia will be merged into one company to be domiciled in Tallinn, Estonia. The transactions are conditional on the receipt of necessary official permits by the authorities of the Baltic countries. The plan is to complete the transactions in first quarter of 2009.

Administration

ANNUAL GENERAL MEETING AND GOVERNANCE

The Annual General Meeting of Sampo plc held on 15 April 2008 adopted the financial accounts for 2007 and discharged the Board of Directors and the Group CEO and President from liability for the financial year. Ernst & Young Oy was elected as Auditor.

The AGM re-elected Tom Berglund, Anne Brunila, Georg Ehrnrooth, Jukka Pekkarinen, Christoffer Taxell, Matti Vuoria and Björn Wahlroos to the Board of Directors. Lýdur Gudmundsson and Eira Palin-Lehtinen were elected as new Board members. Jussi Pesonen left the Board of Directors. At its organisational meeting, the Board elected Georg Ehrnrooth as Chairman and Matti Vuoria as Vice Chairman.

The AGM decided to pay the following fees to the members of the Board of Directors until the close of the AGM of 2009: 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. An amount equivalent to 30 per cent of the annual fee will be paid in Sampo plc A shares. Board members employed by the company will not be paid a separate fee for Board work.

Georg Ehrnrooth, Chairman of the Board, announced at the that he will leave Sampo's Board of Directors at the end of the AGM of 2009. In order to ensure continuity in the management of Sampo Group, the Board's Nomination and Compensation Committee proposes to the AGM in the spring of 2009, having consulted the major shareholders, that Björn

Group Quarterly Income Statement

EURm	10–12/2008	7–9/2008	4–6/2008	1–3/2008	10–12/2007
Continuing operations					
Premiums written	872	892	1,033	1,552	974
Net income from investments	-6	36	243	2	75
Other operating income	11	5	1	6	8
Claims incurred	-761	-865	-825	-904	-789
Change in liabilities for insurance and investment contracts	367	443	97	-241	180
Staff costs	-120	-127	-127	-119	-117
Other operating expenses	-140	-127	-130	-135	-155
Finance costs	-16	-16	-12	-22	-17
Share of associates' profit/loss	0	0	0	2	1
Profit from continuing operations before taxes	206	242	279	142	160
Taxes	-53	-67	-39	-37	-46
Profit from continuing operations	153	175	241	106	113
Discontinued operations					
Profit from discontinued operations	-	-	-	-	0
Profit for the period	153	175	241	106	113
Attributable to					
Equity holders of parent company	153	175	241	106	113
Minority interest	0	0	0	0	0

Wahlroos be re-elected to Sampo's Board of Directors and that he would be elected Chairman of the Board. Wahlroos would then leave his position as Group CEO and President of Sampo plc at the end of the AGM of 2009. According to the plan, Group Deputy CEO Kari Stadigh will be nominated as the new CEO and President of Sampo Group.

Sampo's Board of Directors confirmed the change in the Sampo Group's administration by nominating on 5 November 2008 Kari Stadigh as Group CEO and President starting on 8 April 2009.

The Annual General Meeting of If P&C Insurance Holding Ltd elected the company's managing director Torbjörn Magnusson as a new member of the Board on 28 March 2008. Mr Magnusson replaces Markku Hyvärinen who will leave the Board of Directors. The Board of Directors of the company consists of Kari Stadigh, the Chairman of the Board, Patrick Lapveteläinen, Peter Johansson and Torbjörn Magnusson.

Timo Vuorinen was nominated as Managing Director of If Group's Finnish subsidiary If P&C Insurance Co. on 12 August 2008. He is responsible for the Baltic and Russian operations of If and a member of If's Executive Management Team.

Ricard Wennerklint was nominated as Deputy Managing Director of If Group's parent company If P&C Insurance Holding Ltd starting from 1 October 2008. He acted previously as CFO of If P&C Insurance. Johan Dahlgren, Head of Accounting, was nominated as CFO of If P&C Insurance.

Jukka Kurki was appointed as CFO and deputy for the Managing Director for Sampo plc's subsidiary Mandatum Life starting from 1 March 2009. Kurki has previously acted as Chief Actuary for Mandatum Life. Matti Rantanen, Deputy Managing Director, will retire from Mandatum Life in February 2009. Rantanen will continue as Managing Director for Mutual Insurance Company Kaleva. Kaleva cooperates closely with Mandatum Life.

Sampo Group follows Finnish Corporate Governance Code approved by The Board of the Securities Market Association in October 2008. The Code will replace the Corporate Governance Recommendation for Listed Companies issued in 2003. A more detailed description of the Group's governance systems is available in the Annual Report and on the Group's homepage *www.sampo.com*.

CORPORATE RESPONSIBILITY

As a listed company, Sampo plc has the responsibility to act in the best interests of its shareholders, in compliance with legislation and in accordance with sound business practices. Sampo Group shares the values of ethicality, loyalty, openness and entrepreneurship. Sampo Group aims to follow these values in all business operations and with all stakeholders.

Sampo Group is managed according to healthy and sound business principles. It aims at anticipating changes in society and the capital market, and adapting its operations to them. Sampo Group also aims to provide a non-discriminative, agreeable and open work environment. Through its services, Sampo Group, for its part, aims to contribute to well-being and safety in society. Sampo Group is aware of its corporate responsibility and commits to developing its operations to further economic, social and environmental sustainability.

More detailed information about corporate responsibility in the day-to-day business of Sampo Group is available in the internet at *www.if-insurance.com*.

STAFF

The number of full-time equivalent staff increased in 2008 to 7,458 employees on 31 December 2008 from 6,974 employees a year earlier. In P&C insurance the number of staff increased mostly in the Baltic and Russian operations. In life insurance the number of staff increased in Finland.

Approximately 93 per cent of the staff worked in P&C insurance, 6 per cent in life insurance and 1 per cent in the holding company. Geographically, 30 per cent worked in Finland, 25 per cent in Sweden, 22 per cent in Norway and 23 per cent in the Baltic countries and Russia, Denmark and other countries. The average number of employees during 2008 was 7,145 compared with 6,855 during 2007.

Sampo Group continued to emphasise competence development among the staff by further developing the leadership and competence development program If Academy that was launched in 2007. Special emphasis was also furthermore paid on preventive health care.

MANAGEMENT INCENTIVE SCHEMES

The management incentive schemes in Sampo Group are of two types; long-term management incentive schemes and a share-based incentive scheme.

Majority of covered executives are members of long-term management incentive schemes, the outcome of which 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, and ceilings for maximum bonuses. Furthermore the programs are subject to rules requiring part of the paid bonus to be used to acquire Sampo shares and hold them for a certain period of time.

The long-term management incentive schemes 2006 II – 2008 II extend to 2010. The incentive schemes increased staff costs in 2008 by EUR 2 million (1) and on 31 December 2008 the total provision for the schemes was EUR 1 million (20).

In 2006 Sampo's Annual General Meeting decided on a share-based incentive scheme for the Executive Management. Under the program, the participants are granted the right to receive up to a pre-determined number of Sampo shares, if Sampo's share price has outperformed a predefined threshold value and insurance margin targets have been exceeded. Furthermore the programs are subject to rules requiring part of the paid bonus to be used to acquire Sampo shares and hold them for a certain period of time.

The 'Sampo 2006' share-based incentive scheme increased staff costs by EUR 3 million in 2008 (5) and on 31 December 2008 the provision for the scheme was EUR 5 million (5).

The terms of the share-based incentive scheme and other incentive schemes are available on Sampo's web pages at *www.sampo.com*.

RISK MANAGEMENT

The key objectives of the risk management process are to ensure capital adequacy in relation to the risks inherent in business activities, and to limit fluctuations in financial results. The risks in Sampo Group are aggregated internally through an economic capital framework, which describes the amount of capital needed to bear different types of risks. The economic capital tied up in the Group's operations was EUR 2,585 million (3,395), which is well covered by the Group's capital base.

Insurance risks are governed with Underwriting Policies which set principles for risk selection and limits for insured sums. In addition, the adequacy of liabilities is tested on a regular basis.

Market risks are managed by diversifying the investment portfolio and by constant monitoring of the composition of the investments in relation to the characteristics of the insurance liabilities. Investment risks are controlled through Investment Policies, which define target allocations for the investment portfolios and limits for the allocations and investment concentrations. The Investment Policies also include guidelines on the use of derivatives.

Sampo Group is continuously working with improving internal control, core processes and systems, as well as monitoring and analysing impacts from changes in the Group's external operating environment to reduce the impact of operational and business risks.

A more detailed description of Sampo Group's risk management organisation and activities is available in the Risk Management section of the 2008 Annual Report.

Shares, Share Capital and Shareholders

SHARES AND SHARE CAPITAL

On 31 December 2008 Sampo plc had 561,372,390 shares, divided into 560,172,390 A shares and 1,200,000 B shares. According to company's Articles of Association A Shares number at least 179,000,000 and at most 711,200,000 and B shares number at least 0 and at most 4,800,000. Each A share entitles the holder to one vote and each B share to five votes at the General Meeting of Shareholders. Sampo A shares have been quoted on the main list of the Helsinki Stock Exchange since 1988. All the B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into an A shares at the request of the holder. Sampo plc's share capital amounted to EUR 98 million (98) on 31 December 2008.

At the end of the financial year, Sampo plc did not hold any of its own A shares and the other Group companies held no shares in the parent company.

AUTHORISATIONS GRANTED TO THE BOARD

Based on the authorisation of Annual General meeting of 2007, Sampo plc repurchased 2,393,000 A shares during the first quarter of 2008. Together with the shares acquired in 2007 Sampo plc held 6,715,000 A shares corresponding to 1.2 per cent of all shares and related votes. All in all EUR 125 million was used to repurchase these shares at an average price of EUR 18.64. On 7 May 2008 Sampo plc's Board of Directors decided to cancel these shares. The cancellation reduced the number of Sampo A shares with the corresponding amount but had no effect on the share capital. The cancellation was entered into the Trade Register on 16 May 2008.

The Annual General Meeting of 15 April 2008 authorised the Board to acquire in one or several lots a maximum of 50,000,000 Sampo A shares. The shares can also be acquired in a proportion differing from the proportions of shares owned by the shareholders. The share price will be no higher than the highest price paid for Sampo shares in public trading at the time of purchase. The authorisation will be valid until the close of the next Annual General Meeting, nevertheless not more than 18 months after AGM's decision.

Based on the above authorisation, Sampo plc's Board of Directors decided on 7 May 2008 to repurchase Sampo's A shares with distributable capital and reserves. Maximum amount to be repurchased is 50,000,000 A shares, corresponding to approximately 8.6 per cent of the total number of shares. Repurchases shall decrease the distributable capital and reserves.

The shares were to be acquired through public trading on the OMX Nordic Exchange at market price prevailing at the time of repurchase. Weighty financial reasons for repurchases exist as they are to be carried out in order to follow the company's distribution policy.

In the third quarter of 2008 Sampo plc repurchased 443,500 of its own A shares from the market, corresponding to 0.08 per cent of the total amount of shares and votes. A total of EUR 7.4 million was used for the purchases at an average price of EUR 16.66 per share. Repurchases decreased the distributable capital and reserves.

On 7 October 2008 Sampo received a disclosure according to which the Board of Directors of Exista hf. had decided on 6 October 2008 to engage Citigroup Global Markets Limited and Morgan Stanley & Co. International plc to conduct an accelerated book built offering of 114,257,867 Sampo A shares held by Exista hf. and its subsidiaries. The shares represented 19.98 per cent of the share capital of Sampo plc.

Sampo plc's Board of Directors decided on 7 October 2008 to repurchase 10 million Sampo A shares with distributable capital and reserves by participating in the afore-mentioned book built offering. The amount repurchased corresponded to approximately 1.7 per cent of the total number of shares. Repurchases decreased the distributable capital and reserves.

The shares were not acquired in the proportion in which the shareholders' shareholdings are distributed. The price paid was 11.50 euros per share, all in all EUR 115 million was paid for the shares. Shares were purchased from Exista hf. and its subsidiaries, because of the low transaction costs and the price lower than in public trading.

At the time of the decision the situation in the financial markets was exceptionally uncertain. In the Board's opinion the above purchase was in the interest of all shareholders. The purchase also prevented an overliquidity situation in the markets. On the basis of the above weighty financial reasons for repurchases referred to in the Companies Act existed.

On 10 November 2008 the cancellation of Sampo A shares purchased from Exista's book built and the A shares purchased earlier, totalling 10,443,500 shares, was entered into the Trade Register. The shares represented 1.8 per cent of the total amount of shares and votes in the company. The cancellation reduced the number of Sampo A shares with the corresponding amount but had no effect on the share capital.

In 2008 Sampo plc repurchased a total of 12,836,500 of its own A shares corresponding to 2.2 per cent of the total number of shares and voting rights. The shares were purchased at an average price of EUR 13.02 per share. The total amount paid for the shares was EUR 167 million.

After the end of the reporting period Sampo has not purchased its own shares.

SHAREHOLDERS

On 31 December 2008 Sampo plc had 67,322 shareholders, representing an increase of 5 per cent from the previous year. 1.3 per cent of shares had not been transferred to the book-entry system. The holdings of nominee-registered and foreign shareholders decreased to 53.3 per cent (54.5) of the shares and 52.9 per cent of the votes (54.4).

At the end of 2008, the members of Sampo plc's Board of Directors, including the Chief Executive Officer, owned directly or indirectly 11,912,719 Sampo A shares. Their combined holdings constituted 2.1 per cent of the share capital and of the related votes.

During the year 2008, Sampo received the following notifications of changes in holdings pursuant to Chapter 2, Section 9 of the Securities Markets Act:

– On 12 February 2008 Sampo plc received a disclosure according to which Exista Trading ehf. had extended the agreement of 9 August 2007 regarding 100,000 A shares in Sampo plc until 11 August 2008. The agreement, if consummated through delivery of the shares, would have resulted in Exista hf. and companies controlled by Exista hf. holding shares in Sampo plc in excess of the flagging threshold of 20 per cent of the number of shares as set forth in Chapter 2, Section 9 of the Securities Markets Act. According to the disclosure Exista hf. and its group companies held 19.98 per cent of the total number of shares and 19.82 per cent of the voting rights in the Sampo plc.

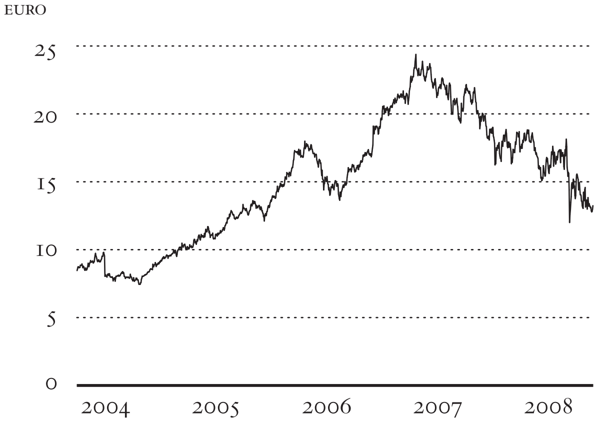
– On 16 May 2008 Sampo received a further disclosure from Exista. According to the disclosure Exista hf. and companies controlled by Exista hf. held shares in Sampo plc below of the flagging threshold of 20 per cent of the number of shares as set forth in Chapter 2, Section 9 of the Securities Market Act. According to the disclosure Exista Trading ehf. had also cancelled the equity swap agreement regarding 100,000 A shares in Sampo plc referred to in Exista hf.'s previous flagging notification. According to the disclosure Exista hf. and its group companies held 19.98 per cent of the total number of shares and 19.82 per cent of the voting rights in the Sampo plc.

– On 8 October 2008 Exista hf. notified Sampo in accordance with Chapter 2 Section 9 of the Securities Market Act that Exista hf.'s holding in Sampo plc had fallen below 5 per cent of the shares and votes of Sampo plc and was 0 per cent on 7 October 2008.

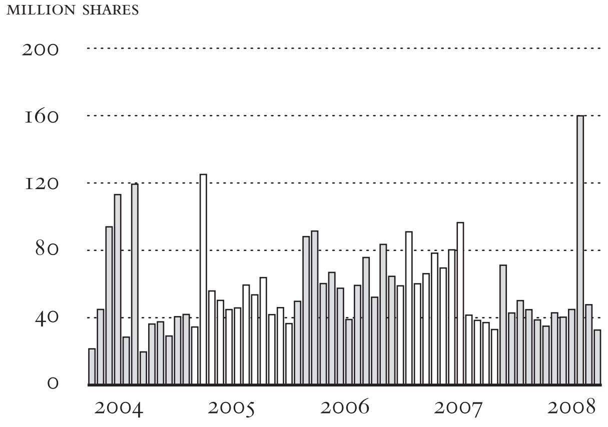
– On 22 October Sampo received a disclosure in accordance with Chapter 2 Section 9 of the Securities Market Act regarding Sampo plc's shares. The State of Finland and the entirely state-owned Solidium Oy announced an arrangement which lead to a situation in which the holding of the State of Finland decreased below and the holding of Solidium Oy increased above the thresholds in Chapter 2, Section 9 of the Securities Markets Act. The transaction was completed on 11 December 2008 and Sampo plc received a disclosure, according to which the total number of Sampo A shares and related voting rights owned by the State of Finland fell on 11 December 2008 below one twentieth (1/20) and the total number of Sampo A shares and related voting rights owned by Solidium Oy rose above one tenth (1/10) of Sampo plc's entire stock and voting rights. After the transfer of the shares was completed on 11 December 2008 the State of Finland does not directly hold any Sampo shares and Solidium Oy owns 14.1 per cent of all Sampo shares and 14.0 per cent of related voting rights.

Complete disclosures are available at *www.sampo.com*.

Sampo's monthly share price performance 2004–2008



Sampo's monthly trading volume 2004–2008



Shareholder Groups on 31 December 2008 (A and B shares)

Group	Number of shares	%
Companies	92,834,610	16.5
Financial Institutions and Insurance Companies	19,937,531	3.6
Public Corporations	74,949,740	13.4
Non-profit Corporations	10,667,407	1.9
Households	56,146,616	10.0
Foreign Ownership and Nominee Registered	299,442,936	53.3
On Joint Account	7,393,550	1.3
Total	561,372,390	100.0

Shareholders by Number of Shares Owned on 31 December 2008

	Shareholders		Shares		Votes	
Number of shares	Number	%	Number	%	Number	%
1–100	17,683	26.266	1,137,124	0.203	1,137,124	0.201
101–500	30,690	45.587	8,159,136	1.453	8,159,136	1.441
501–1,000	9,041	13.429	7,095,694	1.264	7,095,694	1.253
1,001–5,000	8,087	12.012	17,577,610	3.131	17,577,610	3.105
5,001–10,000	986	1.465	7,204,531	1.283	7,204,531	1.272
10,001–50,000	662	0.983	13,372,074	2.382	13,372,074	2.362
50,001–100,000	65	0.097	4,764,609	0.849	4,764,609	0.842
100,001–500,000	78	0.116	16,936,555	3.017	16,936,555	2.991
500,001–99,999,999	30	0.045	477,731,507	85.101	482,531,507	85.227
Total	67,322	100	553,978,840	98.683	558,778,840	98.694
Nominee registered	18		294,719,439	52.5	294,719,439	52.055
On waiting list, total	0		0	0	0	0
On joint account			7,393,550	1.317	7,393,550	1.306
Total			0	0	0	0
Total shares issued			561,372,390	100	566,172,390	100

Shareholders on 31 December 2008

A and B shares	Number of shares	% of share capital	% of votes
Solidium Oy*)	79,280,080	14.12	14.00
Varma Mutual Pension Insurance Company	47,709,421	8.50	8.43
Ilmarinen Mutual Pension Insurance Company	14,035,664	2.50	2.48
Wahlroos Björn	11,739,890	2.09	2.07
Kaleva Mutual Insurance Company**)	6,127,855	1.09	1.93
The State Pension Fund	4,880,000	0.87	0.86
OP-Delta Fund	2,820,108	0.50	0.50
Etera Mutual Pension Insurance Company	2,152,000	0.38	0.38
Folketrygdfondet	2,056,311	0.37	0.36
Wärtsilä Oyj Abp	1,901,000	0.34	0.34
The Local Government Pensions Institution	1,616,677	0.29	0.29
Mutual Insurance Company Pension-Fennia	1,150,000	0.20	0.20
Odin Norden c/o Odin Forvaltning AS	1,063,000	0.19	0.19
SEB Gyllenberg Finlandia Fund	910,000	0.16	0.16
Danske Fund Finnish Institutional Equity	831,145	0.15	0.15
Nordea Fennia Fund	799,334	0.14	0.14
OMX Helsinki 25 Exchange Traded Fund	711,424	0.13	0.13
OP Finland Value Fund	708,000	0.13	0.13
OP Focus Non-UCITS Fund	685,000	0.12	0.12
Nordea Life Assurance Finland Ltd.	615,000	0.11	0.11
Nominee registered total	294,719,439	52.50	52.05
Other	84,861,042	15.12	14.99
Total	561,372,390	100.00	100.00

*) Entirely owned by the Finnish government.
**) 4,927,855 A shares and 1,200,000 B shares.

Increases and Decreases in Share Capital 2004–2008

Mode of increase/decrease	Subscription period/registration	Terms of subscription or subscriber or reason for decrease	Number of new shares	Share capital after increase/ decrease (EURm)
Bond with Warrants, 1998 A shares	One conversion in 2004	Warrant conversion	281,250	93.21
Bond with Warrants, 1998 and Options 2000 A shares	Seven conversions in 2004	Warrant and option conversion	9,561,200	94.82
Bond with Warrants, 1998 A shares	One conversion in 2005	Warrant conversion	2,018,850	95.16
Bond with Warrants, 1998 and Options 2000 A shares	Six conversions in 2005	Warrant and option conversion	7,555,900	96.09
Bond with Warrants, 2000 A shares	One conversion in 2006	Warrant conversion	382,200	96.15
Decrease in share capital	15 April 2006	Cancellation of shares bought back (7,000,000 A shares)	-7,000,000	94.98
Bond with Warrants, 2000 A shares	Five conversions in 2006	Warrant conversion	2,917,630	95.47
Bond with Warrants, 2000 A shares	Three conversions in 2007	Warrant conversion	15,740,245	98.11
Decrease in share capital	23 February 2007	Cancellation of shares bought back (4,827,500 A shares)	-4,827,500	98.11
Decrease in share capital	16 May 2008	Cancellation of shares bought back (6,715,000 A shares)	-6,715,000	98.11
Decrease in share capital	10 November 2008	Cancellation of shares bought back (10,443,500 A shares)	-10,443,500	98.11

Financial Standing

INTERNAL DIVIDENDS

Sampo plc received in 2008 a total of EUR 381 million in dividends from its subsidiary companies.

If P&C Insurance Holding Ltd	EUR 181 million (SEK 2,000 million)
Mandatum Life Insurance Company Ltd	EUR 200 million

RATINGS

In November 2008 Moody's changed If P&C's and Sampo plc's outlooks from positive to stable. All the other main ratings for Sampo Group companies remained unchanged in 2008.

	Moody's		Standard and Poor's	
Rated company	Rating	Outlook	Rating	Outlook
Sampo plc	Baa1	Stable	Not rated	-
If P&C Insurance (Sweden)	A2	Stable	A	Stable
If P&C Insurance Co. (Finland)	A2	Stable	A	Stable

GROUP SOLVENCY

The Group solvency is based on adjusted solvency calculations for insurance groups according to the Decree of the Ministry of Social Affairs and Health (1106/2000), Chapter 7.1 §. The adjusted solvency is determined on the basis of the Group financial statements as permitted by the Insurance Supervisory Authority.

The Group's solvency ratio (own funds in relation to minimum requirements for own funds) on 31 December 2008 was 433.6 per cent (774.6).

Sampo Group Solvency

EURm	31 Dec 2008	31 Dec 2007
Group capital	4,631	7,733
Sectoral items	391	855
Intangibles and other deductibles	-1,571	-1,733
Group's own funds, total	3,452	6,854
Minimum requirements for own funds, total	796	885
Group solvency	2,656	5,969
Group solvency ratio (Own funds % of minimum requirements)	433.6	774.6

In Sampo Group, and in its insurance subsidiaries, risks are measured and aggregated internally using an economic capital framework, which quantifies the amount of capital required to protect the economic solvency over a one year time horizon at a confidence level equalling the historic bond defaults of AA-rated issuers.

The economic capital tied up in Group's operations on 31 December 2008 was EUR 2,585 million (3,395) at 99.97 per cent's confidence level. The upcoming Solvency II regulations will use a confidence level of 99.5 per cent. This would reduce the Economic Capital requirement in Sampo Group to EUR 1,895 million.

Outlook for 2009

2009 is likely to be a difficult year for the global economy. Due to the recessionary trends it may even turn out to be one of the weakest years for the global economy since the Second World War. Governments and central banks have set up plans to guarantee bank liabilities and injected significant amounts of capital into the financial system. It will take some time for these policies to have the desired effect.

Inevitably the capital market conditions will leave their mark on Sampo Group's investment assets and the returns achieved. Sampo Group's result for 2009 will largely depend on the proceeds of the P&C insurance operation. The volatility of capital markets makes it impossible to estimate the return on investments at any level of accuracy. Profitability is expected to remain on a good level, however, because of the steady performance of the P&C insurance operations and the high yields expected on our fixed income portfolios.

The macroeconomic situation will have a slight negative impact on premium growth in P&C insurance. As claims costs are also forecast to trend down, the insurance technical result of If P&C is not expected to suffer in 2009 from the economic downturn. If P&C is as usual expected to reach its long-term combined ratio target of below 95 per cent.

Under current capital market conditions Mandatum Life Group is not expected to achieve the exceptionally high profits of the years 2006 and 2007.

Sampo plc's profit will mostly consist of the dividends expected from Nordea in the second quarter of 2009. With its current asset composition Sampo plc's profit contribution will be small in the Group context.

The Most Significant Risks to Operations

Sampo as a diverse financial institution is exposed to variety of different risks, both financial and non-financial. The major risks associated with Sampo Group's activities in 2008 were insurance risks arising from P&C and Life insurance business areas, as well as market and credit risks arising from the Group's investment portfolios, including the investment assets of Sampo plc.

Insurance businesses are based on the bearing of risks resulting from the randomness of insured events. Insurance risk is the risk that the cost of future insurance claims will be higher than anticipated. During 2008, Sampo Group's business risk profile in the insurance businesses remained relatively stable.

The main risks related to Sampo Group's investment activities in 2008 were equity risk, interest rate risk and credit risk. Equity risk arises from the Group's equity portfolio amounting to EUR 2.7 billion (4.8), with a large concentration in the shares of Nordea. Interest rate risk is related to the Group's fixed income investments and insurance liabilities. The amount of the Group's fixed income investments decreased to EUR 13.2 billion (15.2) during 2008. Fixed income investments are exposed to interest rate risk as a rise in interest rates would decrease their value. On the other hand, a major interest rate risk in the life insurance business is that fixed income investments will not over a long period of time generate a return at least equal to the guaranteed return of technical provisions. This risk increases when market interest rates fall and remain at a low level. Fixed income investments also expose the Group to credit risks, the significance of which has increased during the year.

Currency risk is the risk that Sampo Group will incur losses due to changes in foreign currency exchange rates. Market risk relating to foreign currency in Sampo plc consists of the translation risk linked to the net asset value and dividends of If P&C, and the currency risk related to Sampo plc's investment portfolio.

Operational risks, such as failures in internal processes and systems, and business risks, such as changes in the economic environment or business cycle, are inherent in all business areas. The perceived risks in the businesses and operating environment did not change significantly during 2008.

Board's Dividend Proposal

According to its dividend policy, Sampo plc aims to distribute an annual dividend corresponding to a dividend yield of 4–6 per cent. Dividends cannot, however, exceed reported profit after tax (excl. extraordinary items) for the calendar year for which the dividend is paid. Share buy-backs can be used to complement dividends.

Parent company's distributable capital and reserves totalled EUR 3,061,299,568.16 of which profit for the financial year was EUR 554,584,670.63.

The Board proposes to the Annual General Meeting a dividend of EUR 0.80 per share to company's 561,372,390 shares. The dividends to be paid are EUR 449,097,912 in total. Rest of the funds are left in the equity capital.

The dividend will be paid to shareholders registered in the Register of Shareholders held by Finnish Central Securities Depository Ltd on the record date 14 April 2009. The Board proposes that the dividend will be paid on 21 April 2009.

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 the proposed distribution does not, in the Board's view, jeopardise the company's ability to fulfil its obligations.

Sampo plc

Board of Directors

Key Figures

GROUP KEY FIGURES[1)]		2008	2007	2006	2005	2004
Profit before taxes	EURm	**870**	3,833	1,353	1,295	948
Return on equity (at fair values)	%	**-32.4**	52.6	22.6	28.4	26.5
Return on assets (at fair values)	%	**-7.4**	11.5	4.0	4.4	4.0
Equity/assets ratio	%	**21.9**	30.5	10.9	10.1	9.1
Group solvency[2)]	%	**2,656**	5,969	2,443	2,124	1,504
Group solvency ratio[2)]	EURm	**433.6**	774.6	202.7	196.1	170.6
Average number of staff	%	**7,145**	6,855	11,657	11,730	11,898

PROPERTY & CASUALTY INSURANCE[*)]						
Premiums written before reinsurers' share	EURm	**4,057**	4,085	4,019	3,962	2,427
Premiums earned	EURm	**3,807**	3,797	3,765	3,709	2,697
Profit before taxes	EURm	**549**	534	730	800	427
Return on equity (at fair values)	%	**-0.8**	19.2	22.0	24.1	20.3
Risk ratio[3)]	%	**68.1**	66.9	65.9	66.2	64.6
Cost ratio[3)]	%	**23.7**	23.7	24.0	24.3	25.2
Loss ratio[3)]	%	**76.0**	74.9	73.9	74.1	72.6
Loss ratio excl. unwinding of discount[3)]	%	**74.4**	73.4	72.5	72.7	71.1
Expense ratio[3)]	%	**17.4**	17.2	17.4	17.8	18.7
Combined ratio	%	**93.4**	92.1	91.3	91.9	91.2
Combined ratio excl. unwinding of discount	%	**91.8**	90.6	89.9	90.5	89.8
Solvency capital[**)]	EURm	**2,221**	2,681	2,841	3,216	2,499
% of technical provisions[**)]	%	**29.8**	33.3	36.8	43.9	34.2
Solvency ratio[**)]	%	**65.7**	71.3	73.6	87.5	69.8
Average number of staff		**6,655**	6,415	6,428	6,592	6,776

*) Comparison figures of P&C insurance for the year 2004 are for 9 months from April to December.

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

LIFE INSURANCE						
Premiums written before reinsurers' share	EURm	**536**	622	662	655	528
Profit before taxes	EURm	**140**	342	295	234	142
Return on equity (at fair values)	%	**-68.8**	9.1	30.0	39.0	32.2
Expense ratio	%	**113.1**	101.6	101.9	93.4	100.6
Solvency capital (IFRS)	EURm	**382**	844	1,031	1,075	854
% of technical provisions (IFRS)	%	**7.8**	16.4	20.1	21.3	17.7
Average number of staff		**437**	384	365	370	372

HOLDING[4)]						
Profit before taxes	EURm	**180**	95	-27	-49	106
Average number of staff		**53**	56	435	567	648

PER SHARE KEY FIGURES						
Earnings per share	EUR	**1.18**	6.18	1.73	1.68	1.46
Earnings per share, continuing operations	EUR	**-**	1.25	1.27	-	-
Options diluted earnings per share	EUR	**-**	-	1.69	1.65	1.44
Options diluted earnings per share, continuing operations	EUR	**-**	-	1.24	-	-
Earnings per share, incl. change in fair value reserve	EUR	**-3.52**	5.89	1.89	1.97	1.58
Earnings per share, incl. change in fair value reserve, continuing operations	EUR	**-**	0.95	1.44	-	-
Capital and reserves per share	EUR	**8.25**	13.47	9.18	7.65	6.11
Net asset value per share	EUR	**8.28**	13.49	9.21	7.67	6.16
Dividend per share[5)]	EUR	**0.80**	1.20	1.20	0.60	0.20
Dividend per earnings	%	**67.8**	19.4	69.4	35.7	13.7
Effective dividend yield	%	**6.0**	6.6	5.9	4.1	2.0
Price/earnings ratio		**11.2**	2.9	11.7	8.8	7.0
Adjusted number of shares at 31 Dec.[6)]	1,000	**561,372**	574,209	562,791	564,701	563,762
Average adjusted number of shares[6)]	1,000	**569,442**	577,802	563,092	564,864	558,077
Weighted average number of shares, incl. dilutive potential shares[6)]	1,000	**569,442**	577,802	576,341	575,268	566,391
Market capitalisation	EURm	**7,433**	10,382	11,413	8,312	5,728

A SHARES:		2008	2007	2006	2005	2004
Adjusted number of shares at 31 Dec.[6]	1,000	**560,172**	573,009	561,591	563,501	562,562
Average adjusted number of shares[6]	1,000	**568,242**	576,602	561,892	563,664	556,877
Weighted average number of shares, incl. dilutive potential shares[6]	1,000	**569,442**	576,602	575,141	574,068	562,562
Weighted average share price	EUR	**15.96**	21.43	16.78	11.97	8.72
Adjusted share price, high	EUR	**19.3**	24.79	20.74	14.95	10.24
Adjusted share price, low	EUR	**11.42**	17.95	13.58	9.83	7.20
Adjusted closing price	EUR	**13.24**	18.08	20.28	14.72	10.16
Share trading volume during accounting period	1,000	**650,816**	750,748	592,839	663,491	648,086
Relative share trading volume	%	**114.5**	130.2	105.5	117.7	116.4

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] Sampo plc's sales gain (EURm 2,830) arising from the disposal of the share stock of Sampo Bank plc to Danske Bank A/S is included in the Group key figures for the year 2007. The comparison average numbers of staff between the years 2004 and 2006 include the average staff number of the Banking and investment services (discontinued operations).

[2] The group solvency for the years 2008 and 2007 is based on adjusted solvency calculations for insurance groups according to the Decree of the Ministry of Social Affairs and Health (1106/2000), Chapter 7.1 §. The adjusted solvency is determined on the basis of the Group financial statements as permitted by the Insurance Supervisory Authority. For the years 2004–2006, the solvency was calculated according to the consolidation method defined in Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates entered into force on 1 January 2005.

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

[4] The income of the Holding business includes the income from If Group, accounted for by the equity method, for the first quarter of 2004. The comparison average numbers of staff for the years 2004–2006 include the staff of Primasoft Oy, then consolidated as a subsidiary.

[5] The Board of Director's proposal to the Annual General Meeting for the accounting period 2008.

[6] In the average number of shares for 2008, the treasury shares acquired by Sampo Plc and cancelled during the financial year have been taken into account (17,158,000 shares). The company did not hold any treasury shares at the balance sheet date.

In calculating the key figures the tax corresponding to the result for the accounting period has been taken into account. The valuation differences on investment property and held-to-maturity debt securities have been taken into account in return on assets, return on equity, equity/assets ratio and net asset value per share. Additionally, the change in fair value reserve has been taken into account in return on assets and return on equity. A deferred tax liability has been deducted from valuation differences.

If is consolidated as a subsidiary in Sampo Group's accounts as of April 1, 2004. Between January 1, 2004 and March 31, 2004 If has been treated as an associate.

{ *Calculation of the Key Figures* }

The key figures for the insurance business have been calculated in accordance with the decree issued by the Ministry of Finance and the specifying regulations and instructions of the Insurance Supervisory Authority (The Financial Supervisory Authority from 1 Jan. 2009).

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), %

$$\frac{\begin{array}{l}\text{+ profit before taxes}\\ \pm\text{ change in fair value reserve}\\ \pm\text{ change in valuation differences on investments}\\ \text{- tax (incl. change in deferred tax relating to valuation differences on investments)}\end{array}}{\begin{array}{l}\text{+ total equity}\\ \pm\text{ valuation differences on investments less deferred tax}\\ \text{(average of values on 1 Jan. and 31 Dec.)}\end{array}} \text{ x 100 \%}$$

RETURN ON ASSETS (AT FAIR VALUES), %

$$\frac{\begin{array}{l}\text{+ operating profit}\\ \text{+ interest and other financial expenses}\\ \text{+ calculated interest on technical provisions}\\ \pm\text{ change in fair value reserve}\\ \pm\text{ change in valuation differences on investments}\end{array}}{\begin{array}{l}\text{+ balance sheet total}\\ \text{- technical provisions relating to unit-linked insurance}\\ \pm\text{ valuation differences on investments}\\ \text{(average of values on 1 Jan. and 31 Dec.)}\end{array}} \text{ x 100 \%}$$

EQUITY/ASSETS RATIO (AT FAIR VALUES), %

$$\frac{\begin{array}{l}\text{+ total equity}\\ \pm\text{ valuation differences on investments less deferred tax}\end{array}}{\begin{array}{l}\text{+ balance sheet total}\\ \pm\text{ valuation differences on investments}\end{array}} \text{ x 100 \%}$$

GROUP SOLVENCY

+ total equity
+ sectoral items
- intangible assets and sectoral deductibles
- profit distribution from previous period and proposed profit distribution for current period

---

own funds, total
- minimum requirements for own funds, total

---

group solvency

GROUP SOLVENCY RATIO, %

$$\frac{\text{own funds}}{\text{minimum requirements for own funds}} \times 100\ \%$$

AVERAGE NUMBER OF STAFF

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

Property & Casualty 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, %

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

COST RATIO, %

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

LOSS RATIO, %

$$\frac{\text{claims incurred}}{\text{vakuutusmaksutuotot}} \times 100\ \%$$

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)

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

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, %

$$\frac{\begin{array}{l}\text{+ operating expenses before change in deferred acquisition costs}\\ \text{+ claims settlement expenses}\end{array}}{\text{expense charges}} \times 100\ \%$$

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)

$$\frac{\text{+ solvency capital}}{\begin{array}{l}\text{+ liabilities for insurance and investment contracts}\\ \text{- reinsurers' share of insurance liabilities}\\ \text{- 75 \% technical provisions relating to unit-linked insurance}\end{array}} \times 100\ \%$$

Per Share Key Figures

EARNINGS PER SHARE

$$\frac{\text{profit for the financial period attributable to the parent company's equity holders}}{\text{adjusted average number of shares}}$$

EARNINGS PER SHARE, INCL. CHANGE IN FAIR VALUE RESERVE

$$\frac{\text{profit for the financial period attributable to the parent company's equity holders} \pm \text{change in fair value reserve}}{\text{adjusted average number of shares}}$$

EQUITY PER SHARE

$$\frac{\text{equity attributable to the parent company's equity holders}}{\text{adjusted number of shares at balance sheet date}}$$

NET ASSET VALUE PER SHARE

$$\frac{+\ \text{equity attributable to the parent company's equity holders} \pm \text{valuation differences on investments} \pm \text{deferred tax related to valuation differences on investments}}{\text{adjusted number of shares at balance sheet date}}$$

DIVIDEND PER SHARE, %

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

DIVIDEND PER EARNINGS, %

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

EFFECTIVE DIVIDEND YIELD, %

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

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, %

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

Chapter III

Sampo Group Risk Management 2008

1 Overview of Sampo Group's Risks

Sampo Group has two business areas: P&C insurance (If P&C) and life insurance (Mandatum Life). The insurance businesses are based on the bearing of risks resulting from the randomness of insured events. Insurance businesses are also subject to investment risks as the insurance payments the company receives are invested in the financial markets. Moreover, the holding company (Sampo plc), which owns and administers the insurance subsidiaries, also manages investment assets of approximately EUR 2.8 billion. The total amount of investment assets in Sampo Group is EUR 16.5 billion.

Operational risks, such as failures in internal processes and systems, and business risks, such as changes in the economic environment or business cycle, are inherent in all business areas. Sampo Group is continuously working with improving internal control, core processes and systems, as well as monitoring and analyzing impacts from changes in the Group's external operating environment to reduce the impact of such risks.

Sampo Group's risk profile

The core of P&C insurance is the transfer of risk from insured clients to the insurer. If P&C collects insurance premiums from a large group of policyholders and commits itself to compensate them if an insured event occurs. For P&C insurance, the result depends on both the underwriting result and the return on investment assets. It is of utmost importance for the underwriting result that insurance policies are correctly priced. However, there is a risk of adverse outcomes due to the inherent uncertainty associated with the insurance business. This uncertainty is managed, for example, by reinsurance. Since a major portion of the insurance premium will be paid to policyholders through future claims, it has to be assured that sufficient assets are always available to cover these liabilities.

In life insurance operations the company offers unit-linked and with-profit savings and pension policies as well as policies covering insurance risks. Insurance premiums received from customers are invested in the financial markets until payments are made to customers in the future. In unit-linked policies the customers carry all the risks of the investments. In with-profit policies the company carries the risks from the investments. These are the main risks facing the life insurance operations. In the long run for the business to prevail, at least the guaranteed interest rate and bonuses according to the principle of fairness, as well as the shareholders' return requirement, must be earned on the investments. Life insurance operations are also exposed to biometric risks, the most important of which are related to longevity, mortality and disability.

Sampo plc, the holding segment, manages a substantial investment portfolio. The current investment strategy is to invest in shares of Northern European financial companies or to keep investment assets in cash. The Board actively monitors potential investment targets. Market risks related to Sampo plc's investment portfolio are monitored and regularly reported within the Sampo Group's risk governance framework.

The classification of Sampo Group's risks is depicted in figure 1.

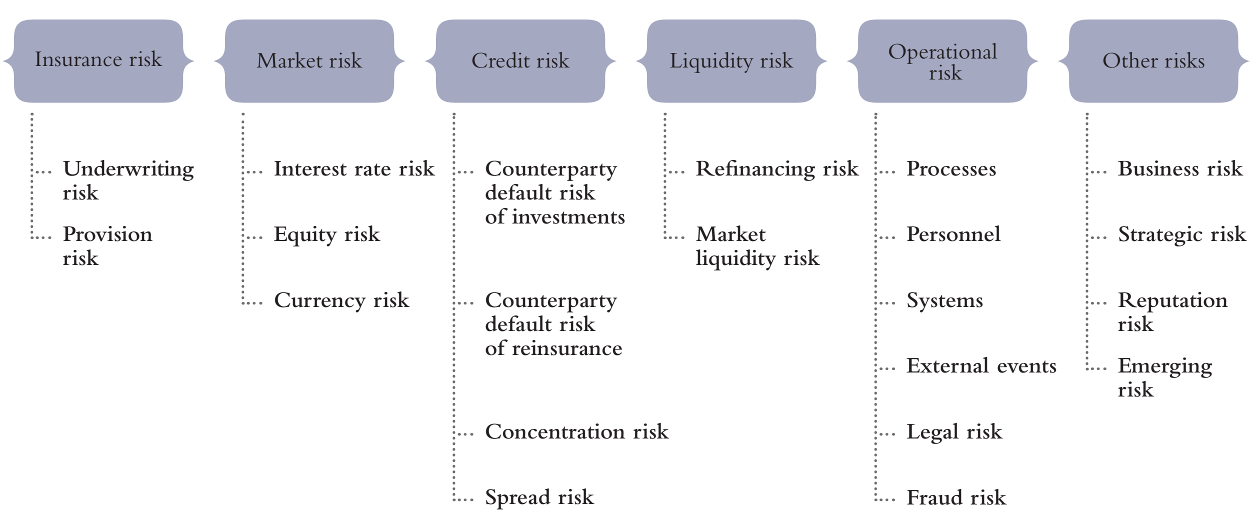
Although the classification of Sampo Group's risks is based on Solvency II QIS 4 technical specifications, the classification does not entirely follow Solvency II. The main difference occurs from the definition of spread risk, which in Sampo Group's case is defined into credit risk instead of market risk.

Developments in 2008

The year 2008 was characterized by the financial crisis which had considerable effects on Sampo Group's business and operating environment. The level of risk related to financial investments is

Figure 1

The classification of risks in Sampo Group



still at an unusually high level. The values of our investment portfolios have decreased due to the fall in equity prices and widened credit spreads in the fixed income portfolios. At year end, the relative weight of equities in the investment portfolios of Sampo Group's insurance subsidiaries was at a historically low level. The developments in the financial markets are further discussed in the CEO's Review section of this annual report.

The solvency of Sampo Group's insurance subsidiaries has decreased during the year due to the weak financial market environment. Solvency capital of If P&C decreased to EUR 2,021 million (EUR 2,481 million) while the regulatory minimum requirement was EUR 570 million (EUR 645 million). Solvency capital in Mandatum Life Group decreased to EUR 384 million (EUR 846 million) while the regulatory minimum capital requirement was EUR 225 million (EUR 239 million). However, Sampo Group's consolidated capital position was very strong. The Group solvency ratio was 434 per cent (775 per cent). The Group's adjusted solvency capital was EUR 4,023 million (EUR 7,757 million) while the economic capital calculated with a confidence level of 99.97 per cent was EUR 2,585 million (3,395 million).

The main change in Sampo Group's risk profile in 2008 was the decline in the proportion of equity in the investment portfolios of Sampo Group's insurance subsidiaries. In contrast, Sampo plc increased its holding in Nordea and Topdanmark. Sampo Group's holding now amounts to over 10 per cent in both of the companies. Moreover, Sampo plc bought back its own shares in connection with the placement of Exista's 20 per cent stake in Sampo plc. However, on the Group level the proportion of equities in the investment portfolio has fallen from 23 per cent to 16 per cent during the year. The investment allocation has shifted towards fixed income instruments and the relative importance of credit risk has therefore increased. The shift in our investment allocation towards fixed income instruments has also resulted in an increased focus on credit and liquidity risk management.

The changes in Sampo Group's risk profile mainly result from the developments in the financial markets which have been unprecedented during 2008. Sampo Group's business risk profile in the insurance subsidiaries has however remained relatively stable. During the year we have also continued to develop our risk and capital management systems and processes as we prepare for Solvency II.

2 Overview of Sampo Group's Risk Management

Risk is an essential and inherent element of Sampo Group's business activities and operating environment. Clearly defined policies and responsibilities, together with a strong commitment to the risk management process, are Sampo Group's tools to manage and mitigate the risks.

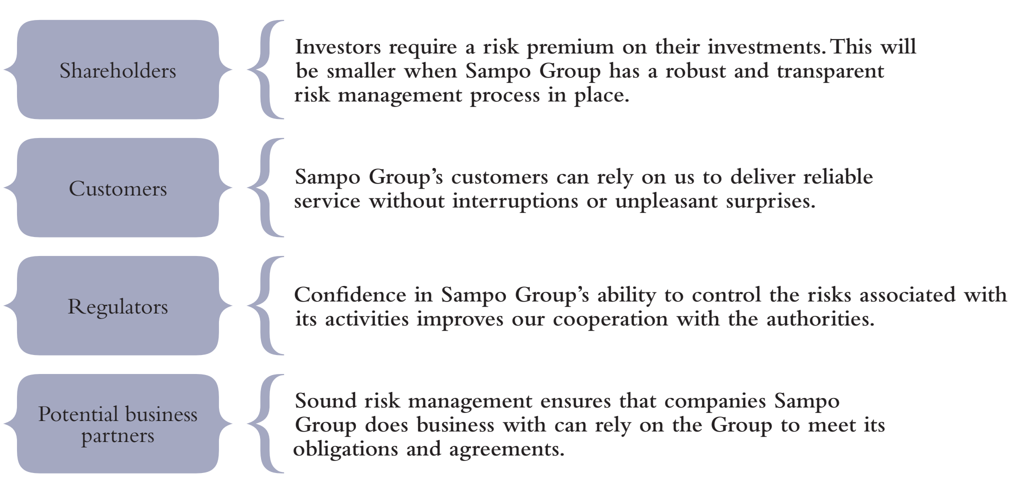
Sampo Group believes that sound risk management is a decisive competitive advantage. Risk awareness and robust risk management increases the attractiveness of Sampo Group from the perspective of investors, customers, regulators and potential business partners, as described in figure 2.

In Sampo Group, risk is defined as uncertainty related to the Group's earnings or financial position. The key objectives for risk management are to ensure capital adequacy in relation to the risks inherent in business activities, and to limit fluctuations in financial results. To meet these objectives, Sampo Group strives to ensure careful capital allocation, a reasonable risk to return ratio and to guarantee efficient and continued business processes under all circumstances. This requires all risks to be properly identified and measured.

Figure 2

Benefits of risk management to Sampo Group's stakeholders

Risk management increases the value of Sampo Group from the perspective of the following stakeholders:



In pursuit of returns exceeding the risk-free rate, the possibility of losses has to be accepted. Sampo Group however strives to ensure that the risks of running the business do not exceed approved levels. The approved levels of risks are determined based on the availability of capital and the selected risk tolerance. Risk taking is restricted through a system of risk limits that are set by top management. Risks are taken into account for example in pricing decisions. In addition, the main protection mechanisms against losses are the Group's well organized risk governance system, a steady flow of income financing from the business operations and a prudent capital buffer.

Risk management deals with the identification of the main risks affecting the businesses. In Sampo Group, the assessment of risks is integrated into the annual business planning process, where the key risks related to the strategic plans are identified. Risk management supports the allocation of capital to businesses with the most attractive risk-return opportunities, as well as decisions regarding which risks to take and how to manage the portfolio of risks as efficiently as possible. Risks are constantly monitored in relation to limits and risk management principles defined in risk policies on different levels in the organization. Risk management is based on consistent measurement and reporting of risks.

RISK GOVERNANCE AND REPORTING STRUCTURE

This chapter describes Sampo Group's governance framework regarding risk control. Sampo Group's overall Corporate Governance and system of internal control is described in the Corporate Governance section of this annual report.

The reporting of Sampo Group is divided into three segments, which are P&C insurance, life insurance and holding. These segments correspond to the legal entities of If P&C, Mandatum Life and Sampo plc, respectively. Sampo plc's Board of Directors and the Audit Committee, together with the Boards of Directors of the subsidiaries, share the overall responsibility for the risk management process. Risk owners within the different business areas are responsible for the day-to-day risk taking decisions. In If P&C, risk owners are represented in the individual committees, e.g. Underwriting and Reinsurance Committees. In Mandatum Life the Investment Control Committee is responsible for the supervision and control of investment risk and the Management team members are responsible for risk management within their own business area or function.

Risk Governance in Sampo Group

The Board of Directors of Sampo plc is responsible for ensuring that the Group's risks are properly managed and controlled. The Board sets the principles of risk management and provides guidance on the organization of risk management and internal control in the business areas. The Board makes decisions on strategies, as well as on general guidelines regarding capital allocations and target returns. Also risk tolerance and capital management decisions are the responsibility of the Board. In addition, the Board of Directors has established and appointed the members of an Investment Committee to control the holding company's investment activities and investment risks.

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. The committee shall also monitor the implementation of risk policies, the use of limits and the development of risks and profit. At least three members of the AC should 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.

Group Chief Risk Officer (CRO) is responsible for supervising risk management on Sampo Group level. The CRO aims to secure a holistic view of the risks Sampo Group is exposed to by monitoring and measuring Sampo Group's aggregated risk exposure and by coordinating and monitoring company specific and group level risk reporting.

The Boards of Directors in each insurance subsidiary have the overall responsibility for the risk management process and they are the ultimate decision making bodies at If P&C and Mandatum Life, respectively. The respective Board ensures that the management and follow-up of the risks are satisfactory, monitors risk reports and approves risk management plan. The Boards of Directors of If P&C, Mandatum Life and Sampo plc appoint the individual risk management committees within each legal entity.

Concentration risks across the Sampo Group are mainly market and credit risks related to the individual segments' investment portfolios. These risks are managed by taking into account the total Group exposure when setting individual limits in the investment policies for the various subsidiaries within the Group. Concentrations of investment risks in If P&C, Mandatum Life and Sampo plc are monitored and controlled by the individual Investment Control Committees in the three respective segments (Investment Committee in Sampo plc), and the total Group exposures are monitored and controlled by Sampo's Chief Investment Officer, Sampo's Chief Risk Officer and Sampo's Audit Committee.

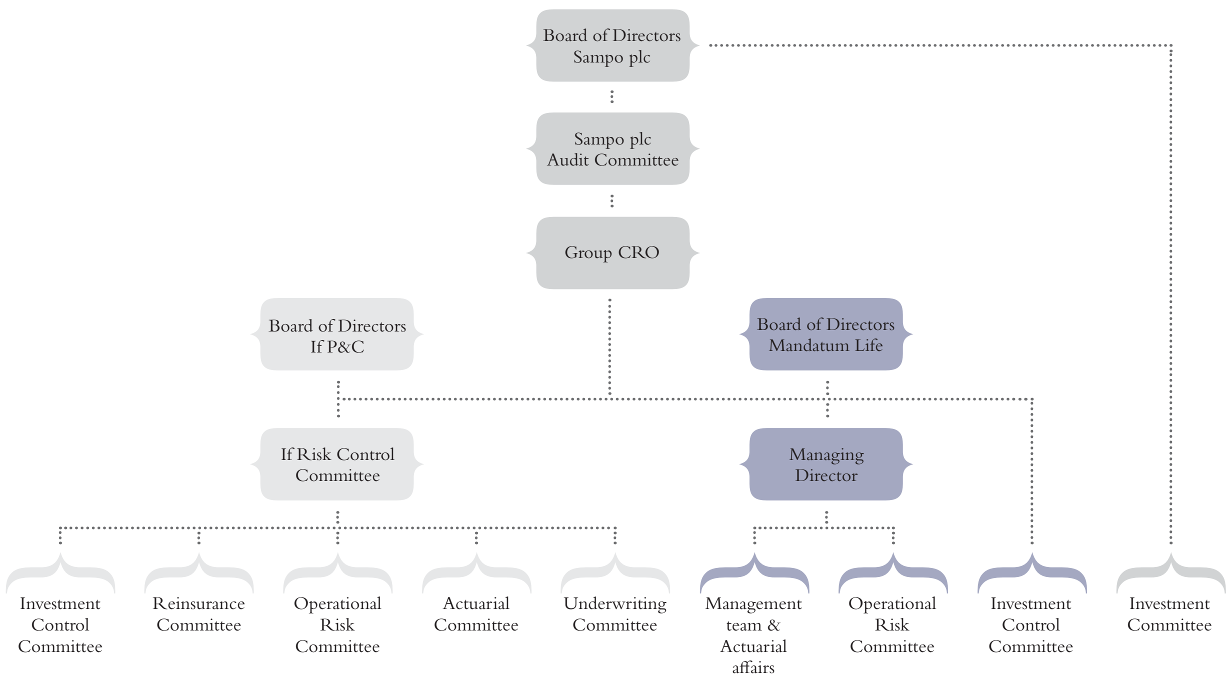
Risk Governance in If P&C

If's Risk Control Committee (IRCC) assists the CEO and the Board of Directors of If P&C in fulfilling their responsibilities relating to the risk management process. IRCC monitors reports from the relevant committees and functions as well as the risk position of If P&C in relation to restrictions and limits given by the Board and in comparison to the capital position. Risk Management department is the responsible function for coordinating risk management work on behalf of the IRCC.

The separate risk committees in If P&C reporting to the IRCC are Investment Control Committee (ICC), Under-

Figure 3

Risk management governance framework



writing Committee (UC), Actuarial Committee (AC), Reinsurance Committee (RC), and Operational Risk Committee (ORC). ICC is responsible for the organization and control of investment activities in If P&C ensuring compliance with the principles and limits specified in the Investment Policy. ICC reports to the Board and meets at minimum once a month. UC is responsible for maintaining the Underwriting Policy and for reporting all deviations from the Underwriting Policy to IRCC. AC monitors the technical provisions and technical calculations and reports on provision risk to the IRCC on a quarterly basis. RC is responsible for approving on deviations from Reinsurance Security Policy and reporting all deviations to IRCC. ORC considers various policies and recommendations concerning operational risk management within If P&C and monitors deviations from these policies. Moreover, the committee is responsible for follow-up of operational risks identified in the operational risk assessment process.

Risk Governance in Mandatum Life

The Managing Director of Mandatum Life has the overall responsibility of risk management in Mandatum Life. Management team members are responsible for risk management within their own business area or functions. Mandatum Life's Investment Control Committee (ICC) controls Mandatum Life's investment operations, which are operated by Sampo plc's investment unit, and solvency. ICC meets at a minimum on a monthly basis. Under normal circumstances, the members of the Board of Directors and managing director get monthly reports on investments and solvency. However, in special cases, e.g. during the financial crisis, the reports on investments and solvency have been submitted on a daily basis. The decisions regarding the biggest investment risks are made by the Board.

The actuarial department in Mandatum Life is responsible for the risk management of underwriting and provision risks. The actuarial department ensures that tariffs and prices are adequate and reports to the Board if changes to the tariffs are needed. The Board approves the tariffs and prices, defines the maximum amount of risk to be retained on company's own account and approves the Reinsurance Policy annually. The actuarial department also monitors on a continuous basis that technical provisions are adequate and reports to the Board if changes in the calculation basis are needed. Any changes to calculation basis of technical provisions are approved by the Board.

Realized operational risk incidents, reported by Mandatum Life's business units and collected and analyzed by the Operational Risk Committee (ORC), are reported to the Management Team, managing director and the Board of Directors quarterly. ORC is also responsible for maintaining and updating the continuity plan and preparedness plan.

3 Valuation Methods of Financial Instruments

A large majority of Sampo Group's financial assets are valued at fair value. The valuation is based on either published price quotations 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 valuation methods of financial assets are shown in table 1.

Table 1

Valuation methods of financial assets

EURm	31 DEC 2008 Published price quotations in an active market[1]	Valuation technique – based on market observable inputs[2]	Valuation technique – not based on market observable inputs[3]	2008 Total
Financial assets				
Available for sale assets	11,771	3,476	26	15,273
Financial assets at fair value through profit or loss	338	51	6	395
Held to maturity	-	1	-	1
Derivates	376	94	0	470

[1] Included in this category are financial assets that are measured in whole or in part by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

[2] Included in this category are financial assets that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions in the same instrument type or based on available market data.

[3] Not based upon market observable input means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument type nor are they based on available market data.

4 Capital Management in Sampo Group

Sampo Group focuses on both capital efficiency and sound risk management while keeping the capital resources at an appropriate level in relation to the risks taken. At a minimum, this means ensuring that available capital exceeds the capital requirements according to Sampo Group's internal measure as well as the measures of external stakeholders such as regulators and rating agencies.

CAPITAL MANAGEMENT APPROACH

One of the roles of capital is to act as a buffer against future losses. It is therefore convenient to define risk in terms of capital. The starting point is the Group's risk appetite, which is implemented through a system of risk limits, policies and authorizations approved by the Board of Directors. Risk exposures are constantly monitored and their implications on the capital position are assessed. The risk and capital position is reported on at least a quarterly basis. If necessary, e.g. during the financial crisis, the reporting frequency is much higher.

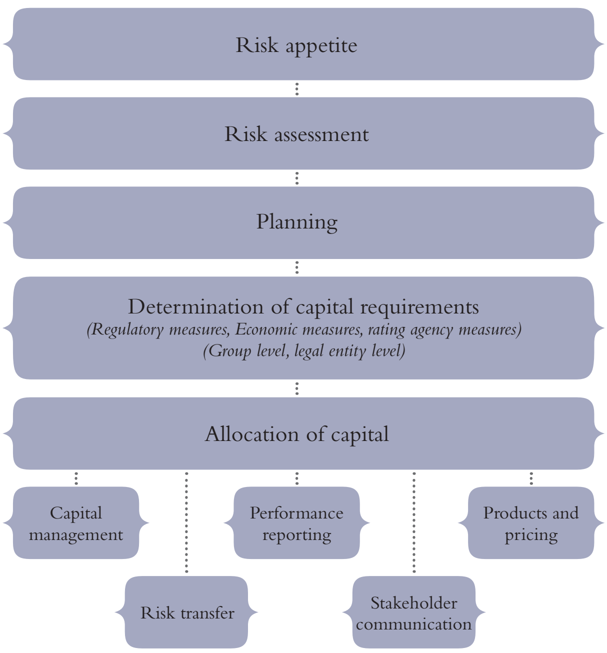
In addition to maintaining capital resources at a sufficient level, we seek to:

- Allocate capital to support growth in profitable businesses,
- Manage the Group's debt to equity structure in order to enhance returns to shareholders while maintaining reasonable financial flexibility,
- Retain at least a single A rating.
- Ensure sustainable dividends in accordance with Group's dividend policy (dividend yield 4-6 per cent, not more than profit for the financial year).

Sampo Group's capital management process is illustrated in figure 4.

Figure 4

Capital management process



CAPITAL AND SOLVENCY

The management of capital is about monitoring the relationship between available capital and required capital. To fulfil the requirements of different stakeholders, the Group uses different measures to describe the capital position: regulatory measures, internal economic measures and rating agency measures.

Regulatory Measures

Insurance is a highly regulated business with formal rules for minimum capital and capital structure. Solvency capital is a measure used to assess an insurance company's ability in fulfilling its liabilities to the policyholders. Solvency capital measures the amount of capital that can be used to cover unexpected losses arising from the insurance or investment operations.

The supervising authorities set minimum requirements for solvency capital. Solvency is reported quarterly to the supervisory authorities monitoring Sampo Group and to the local supervisors of subsidiaries. The regulatory measures, minimum requirement for solvency capital and solvency capital, are presented in table 2.

Table 2

Group solvency on 31 December 2008

EURm	31 DEC 2008	31 DEC 2007
Group capital	**4,631**	7,733
Sectoral items	**391**	855
Valuation differences and deferred taxes	**3**	467
Subordinated loans	**388**	388
Intangibles and other deductables	**-1,571**	-1,733
Intangibles	**-663**	-718
Equalisation reserve (Finland)	**-333**	-289
Contingency reserve (Finland)	**-31**	-30
Other	**-94**	-7
Planned dividends for the current period	**-449**	-689
Solvency capital, total	**3,452**	6,854
Minimum requirements for solvency capital, total	**796**	885
Group solvency	**2,656**	5,969
Group solvency ratio (solvency capital % of minimum requirement)	**434%**	775%

The new early warning solvency rules for life insurers became effective in Finland as of October 2008. The new rules are based on a similar framework as the Solvency II draft, but with different assumptions (zero correlations and 99 per cent confidence level instead of 99.5 per cent).

Sampo Group measures the adequacy of its solvency capital by calculating group solvency ratio, which tells us how much the company has eligible own funds in relation to the minimum requirement for the solvency capital set by the supervising regulators. The group solvency is based on adjusted solvency calculations for insurance groups according to the Decree of the Finnish Ministry of Social Affairs and Health (1106/2000). The adjusted solvency is determined on the basis of the group financial statements as regulated by the Financial Supervisory Authority. The minimum requirement for the solvency capital is the supervisor's view on how much capital is needed to cover the risks taken by the business operations of the Group.

The calculation of group solvency is shown in table 2. The group solvency ratio on 31 December 2008 was 434 per cent (775 per cent).

Internal Economic Measures

Economic capital is an internal measure of Sampo Group which describes the capital required in the Group in order to bear different kinds of risks. Economic capital is defined as the amount of capital required on the Group level to protect the economic solvency over a one year time horizon with a probability of either 99.97 per cent or 99.5 per cent. Economic capital accounts for market, credit, insurance and operational risks, as well as the diversification effect between these risks.

Adjusted solvency capital, which is the Group's internal measure of available capital, is the measure to compare with economic capital. The difference between adjusted solvency capital and solvency capital, the regulatory measure, is mainly the difference between the book value and market value (including a risk margin) of net technical provisions.

The regulatory measures, minimum requirement for solvency capital and solvency capital, as well as the economic measures, economic capital and adjusted solvency capital, are presented in table 3. The main factor in the assessment of the Group's solvency is the relationship between the Group's economic capital and adjusted solvency capital. On the basis of the calculations presented in table 3, Sampo Group is highly solvent. The amount of adjusted solvency capital on the Group level exceeded the economic capital calculated with a confidence level of 99.97 per cent by EUR 1,438 million. All of the Sampo Group companies fulfilled their regulatory minimum capital requirements.

Rating Agency Measures

If P&C Insurance (Sweden) and If P&C Insurance Co. (Finland) are rated by Moody's and Standard & Poor's and Sampo plc by Moody's. The Group's rating objective is to retain at least a single A rating.

Table 3

Minimum requirement for solvency capital, solvency capital, economic capital and adjusted solvency capital on 31 December 2008

	31 DEC 2008				31 DEC 2007			
EURm	If P&C	Mandatum Life	Sampo plc	Sampo Group	If P&C	Mandatum Life	Sampo plc	Sampo Group
Regulatory minimum capital requirement	**570**	**225**	**-**	**796**	645	239	-	885
Solvency capital	**2,021**	**384**	**-**	**3,452**	2,481	846	-	6,854
Economic capital (99.5% confidence level)	**949**	**692**	**534**	**1,895**	1,179	776	870	2,491
Economic capital (99.97% confidence level)	**1,336**	**920**	**711**	**2,585**	1,661	1,031	1,157	3,395
Adjusted solvency capital	**2,351**	**578**	**-**	**4,023**	2,800	1,583	-	7,757

RISK AND CAPITAL MODELLING IN SAMPO GROUP

Economic capital is estimated for insurance, market, credit and operational risks using a set of calculation methods. Internal stochastic models are used for some risks and the approach from Solvency II QIS 4 Solvency Capital Requirement (SCR) methods are used for other. All measures are calculated at the 99.5 per cent confidence level and then calibrated to the 99.97 per cent level. A summary of the calculation methods is shown in figure 5.

Risk and Capital Modelling in P&C Insurance

The economic capital in If P&C for market risk, insurance risk and credit risk relating to reinsurance assets is calculated using If P&C's internal stochastic models. For credit risks related to investment assets and for operational risks, economic capital is estimated based on the standard model used in the fourth Quantitative Impact Study ('QIS 4') in the Solvency II framework and calibrated to the confidence level used in Sampo Group's internal models.

In order to assess the overall risk profile, it is necessary to incorporate the interrelationships between the various risk types, as some of the risks may develop in opposite directions creating natural hedges. For this purpose, If P&C has used an internal dynamic financial analysis (DFA) model for several years. Through simulations of both the investment and insurance operations, the effect on overall capital need of, for example, alternative reinsurance structures and investment allocations can be analyzed.

In addition to the calculation of economic capital, the DFA model is also used for making decisions on:

- Overall capital need for If P&C and its subsidiaries.
- Allocation of capital to the various lines of business in order to achieve consistent profit targets throughout the organization.
- Investment policy and the minimum and maximum weights for each investment class.
- Reinsurance retention levels.

Risk and Capital Modelling in Life Insurance

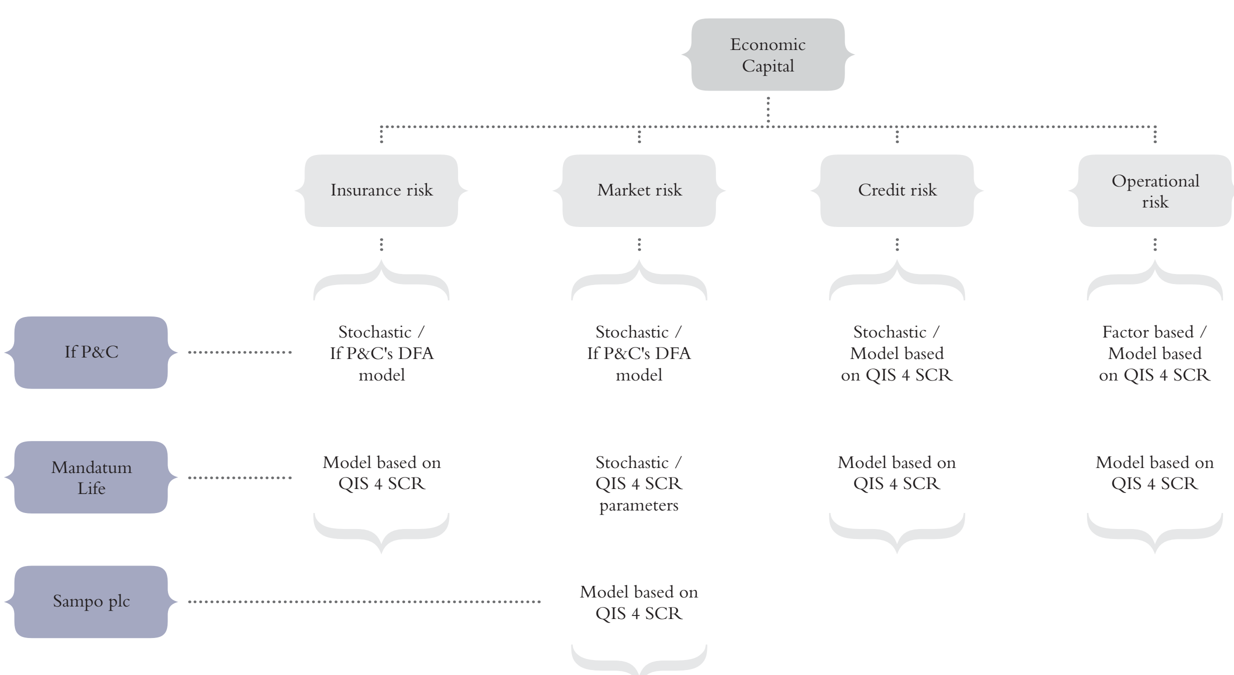
Calculations of economic capital requirements in Mandatum Life are based on a total balance sheet approach, meaning that values and risks of assets and liabilities are recognized market consistently. Market consistent value of liabilities is estimated by using stochastic simulation. The calculation of Mandatum Life's economic capital calculated with the 99.5 per cent confidence level is based on the model and parameters that were used in the QIS 4 in Solvency II. Mandatum Life's economic capital calculated with the 99.97 per cent confidence level is calibrated from the economic capital results calculated with the 99.5 per cent confidence level.

Risk and Capital Modelling in Holding

The economic capital in Holding is estimated based on the QIS 4 method for market risk. Due to the Nordea holding, the holding segment is a significant contributor to economic capital.

Figure 5

Economic capital framework



DISTRIBUTION OF ECONOMIC CAPITAL IN SAMPO GROUP

Economic capital tied up in the Group's operations calculated with a confidence level of 99.5 per cent on December 31, 2008 was EUR 1,895 million compared to EUR 2,491 million on 31 December, 2007. The corresponding economic capital figures on a confidence level of 99.97 per cent were EUR 2,585 million (EUR 3,395 million). The reduction in economic capital is mainly due to the decrease in the economic capital related to market risks particularly in the Holding segment.

Economic capital does not only reflect the capital needed for the different kinds of risks, but also their mutual diversification effect. This gives a more accurate view of the overall capital need as it is very unlikely that all risks in the Group's segments will materialize simultaneously. Figures 6–9 show the distribution of economic capital in the group between different risk areas and in the different business areas.

The biggest risks in the Group are insurance risks related to P&C insurance, market risks in Life insurance operations and the Nordea holding in the Holding segment. This is reflected in the allocation of economic capital.

Figure 6

Breakdown of economic capital calculated with the confidence level of 99.5 per cent by different risks and by segment on 31 December 2008

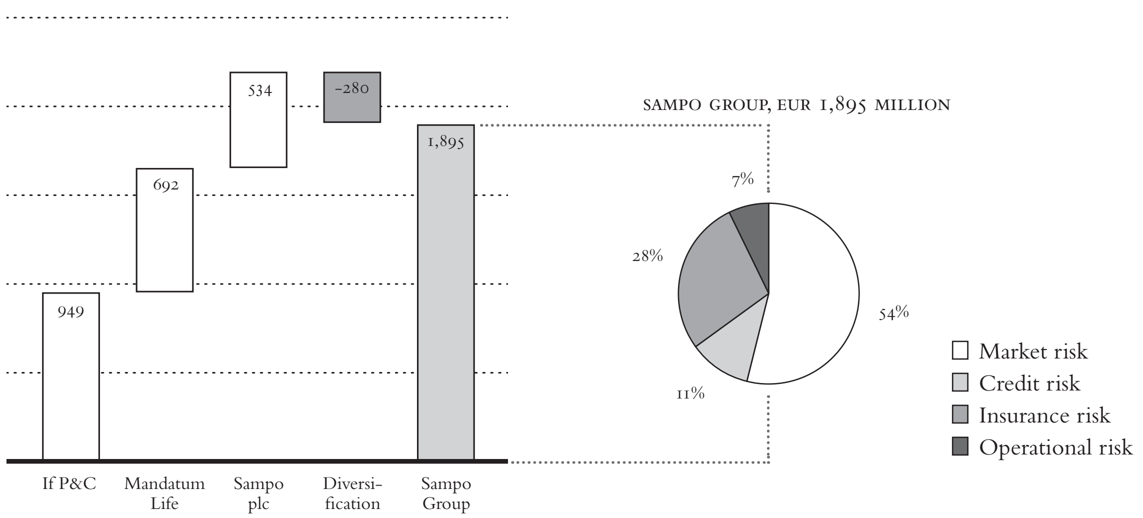


Figure 7

Breakdown of economic capital calculated with the confidence level of 99.97 per cent by different risks and by segment on 31 December 2008

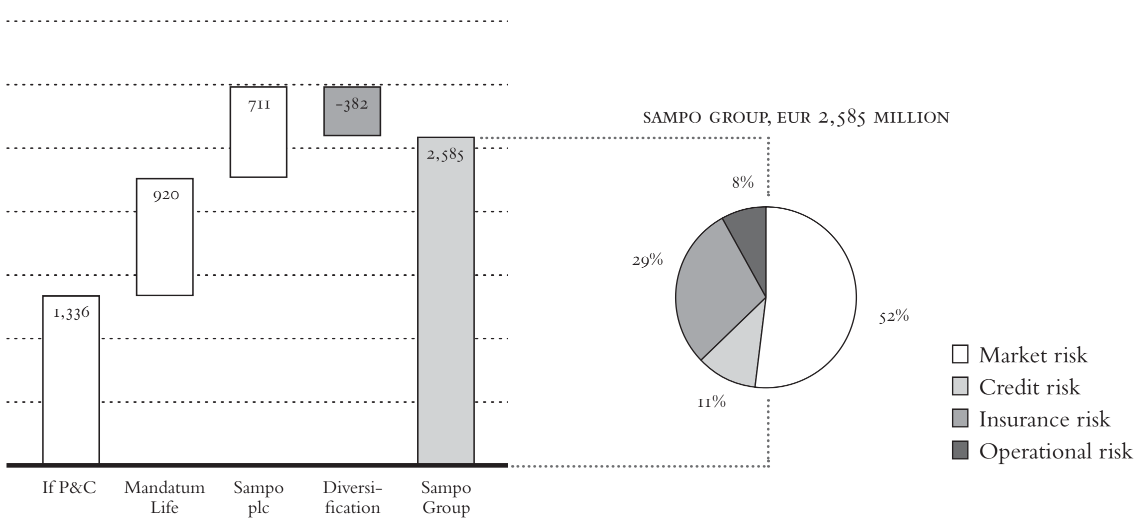


Figure 8

Economic capital calculated with the confidence level of 99.5 per cent, If P&C, Mandatum Life on 31 December 2008

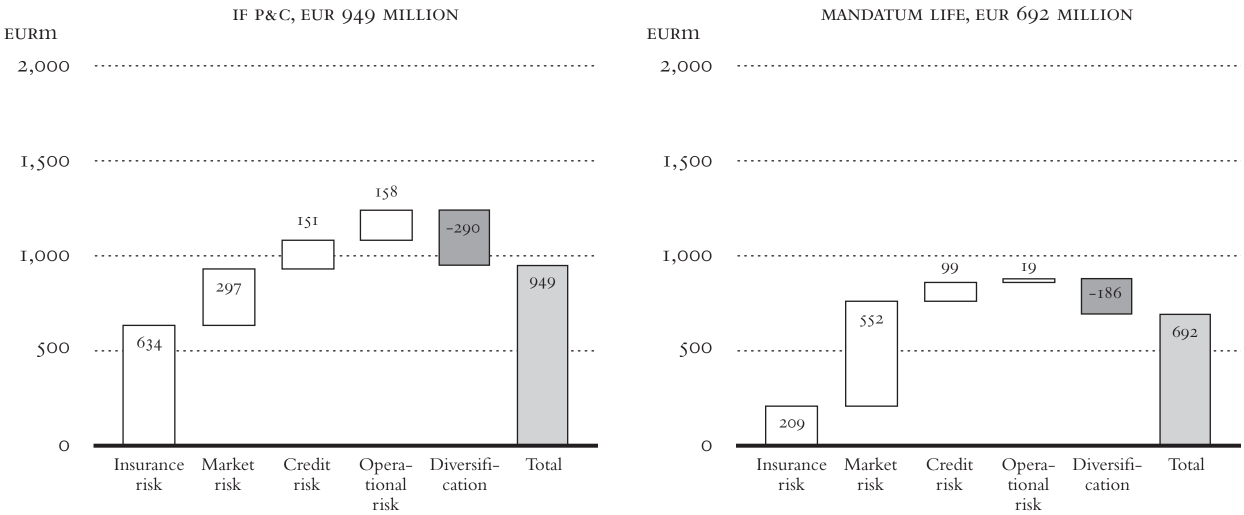
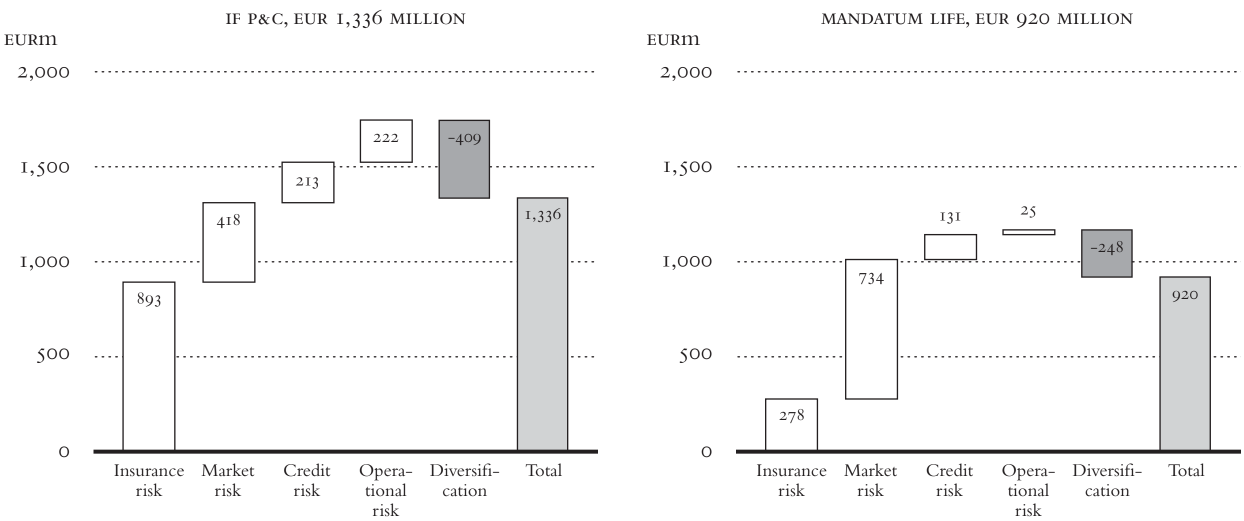


Figure 9

Economic capital calculated with the confidence level of 99.97 per cent, If P&C, Mandatum Life on 31 December 2008



5 Insurance Risks

Insurance risk is the risk that the cost of future insurance claims will be higher than anticipated. Insurance risk is one of the main risks in Sampo Group's business and the assessment and management of insurance risks forms the foundation for all insurance operations.

Insurance risk is divided into underwriting risk and provision risk. Underwriting risk is the risk of losses due to e.g. inadequate pricing, risk concentration, improper reinsurance coverage or random fluctuations in frequency and/or size of claims. Provision risk is the risk of loss due to technical provisions not being sufficient to cover the cost of claims from insurance business already written, e.g. due to higher inflation than expected.

INSURANCE RISKS IN P&C INSURANCE

Underwriting Risk in P&C Insurance

Underwriting risk is the risk due to the inherent uncertainty associated with the pricing of undertaken insurance risks. The core business of P&C insurance is transfer of risk from the insured to the insurer. P&C insurance undertakes the obligation to indemnify the insured in case of claims, in exchange, the insured pay a premium. Naturally a crucial factor contributing to the profitability of P&C insurance operations is the ability to accurately estimate claims and administrative costs and thereby correctly price the insurance contracts.

The underwriting activities are always subject to the P&C insurance underwriting principles. The company should always have the necessary knowledge, expertise and data to understand and quantify the risks. As a rule, If P&C only writes insurance in the Nordic and Baltic countries and in Russia unless the risk is otherwise clearly related to the Nordic countries.

Given the inherent uncertainty of P&C insurance there is a risk that the future claims are unexpectedly high, which will lead to losses. Examples include large industrial fires, natural catastrophes such as severe windstorms and unforeseen increases in the frequency or the average size of small and medium-sized claims.

A sensitivity analysis of the aggregated underwriting risk on 31 December, 2008 is presented in table 4.

Table 4

Sensitivity test, underwriting risk, If P&C

Parameter	Current level (2008)	Change	Effect on pretax profit, EURm 2008	2007
Private's combined ratio	91.3%	+/- 1%	+/- 20	+/- 20
Commercial's combined ratio	92.4%	+/- 1%	+/- 12	+/- 12
Industrial's combined ratio	93.4%	+/- 1%	+/- 5	+/- 5
Baltics' combined ratio	92.6%	+/- 1%	+/- 2	+/- 1
Premium level	3,812	+/- 1%	+/- 38	+/- 38
Claims frequency	2,838	+/- 1%	+/- 28	+/- 28
Ceded reinsurance premium	238	+/- 10%	+/- 24	+/- 25

Governance

The Underwriting Committee is responsible for the monitoring of compliance of the underwriting principles as defined by the Underwriting Policy (UW policy). The UW policy is the principal document for underwriting activities and sets general principles, restrictions, limits and directions for the organization of underwriting activities. The Board of Directors of If P&C approves the UW policy at least annually.

The UW policy is supplemented with detailed underwriting guidelines which outline in more detail how to conduct underwriting within each business area. These guidelines cover, among other things, tariff and rating models for pricing, guidelines in respect of standard conditions and manuscript wordings, as well as underwriting authorities, underwriting limits such as sums insured and, lists risks that are not acceptable to undertake.

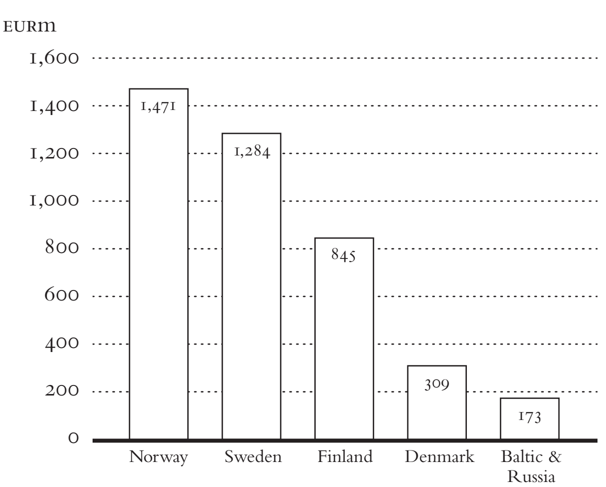
Risk management and control

The business areas manage underwriting risk on a day-to-day basis. Separate underwriting and pricing units within each business area are responsible for the tariffs and pricing of products related to the business area Private and smaller risks in the business area Commercial. In the business area Industrial and for more complex risks in the business area Commercial, the underwriting is based more on general principles and individual underwriting than strict tariffs. In general, pricing is based on statistical analyses of historical claims data and assessments of future developments of for instance claims inflation and claims frequency.

Given the large number of customers in P&C insurance and the fact that business is underwritten in different geographical areas and across several classes of insurance, the portfolio is well diversified. The geographical distribution of premium income in P&C insurance is shown in figure 10.

Figure 10

Premium income per country, If P&C, 2008



However, underwriting risk concentrations may still arise through for example exposures to natural disasters, such as winter storms and floods. The most exposed geographical areas to such disasters are Denmark, Norway and Sweden. In addition, single large claims can potentially have a big impact on the result. The risk of severe outcomes is therefore mitigated by purchasing reinsurance. Since 2003, a Nordic-wide reinsurance program has been in place in If P&C. In 2008 the retentions levels were between SEK 100 million (approximately EUR 9.2 million) and SEK 200 million (approximately EUR 18.4 million) per risk and SEK 200 million per event.

Reinsurance

If P&C's Reinsurance Policy stipulates guidelines for purchase of reinsurance. The need and optimal choice of reinsurance is evaluated through statistical analysis. The remaining net exposure is subject to the capital requirements (regulatory, economic and rating) and the cost of reinsurance must be favourable compared to the cost of capital.

To analyze the exposure to natural catastrophes, the probability of major losses and the need for reinsurance, If P&C cooperates with external advisors. Two different approaches are used for these analyses:

- Statistical models in which historical losses are used to estimate distributions for the frequency and size of losses, and
- Catastrophe models in which catastrophes are simulated based on historical and meteorological data. Subsequently, insurance losses can be calculated taking into account vulnerability, exposure and policy terms.

Provision Risk in P&C Insurance

Provisions for unearned premiums are recognized on the balance sheet at the time contracts are written. These are intended to cover anticipated claims costs and operating expenses during the remaining time of insurance contracts in force. Provisions for claims outstanding on the other hand, are intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company. Technical provisions consist of the sum of provisions for unearned premiums and provisions for claims outstanding.

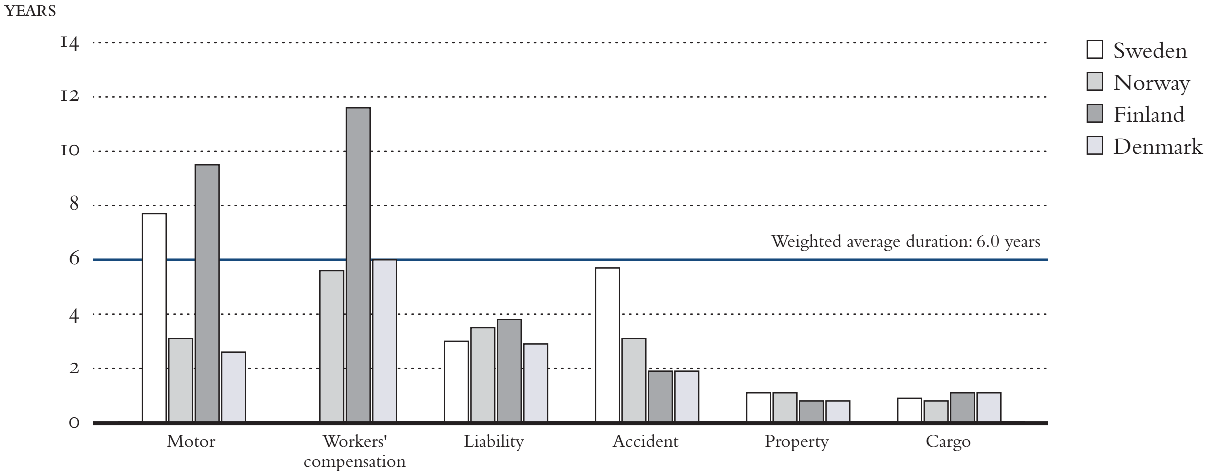
Technical provisions in P&C insurance, which represent the current best estimate, include an element of uncertainty as the size of claim payments and the frequency of unreported claims are not known. Claims are usually reported to If P&C with some delay and in many cases it takes additional time to adjust the claim and determine the actual indemnity. Since the ultimate number of claims and claims size are uncertain it may become evident that provisions are inadequate.

The uncertainty of technical provisions is normally larger for new portfolios for which complete run-off statistics are not yet available, and for long-tailed portfolios, i.e. portfolios that include claims which take a long time to settle. Long-tailed portfolios are Workers' Compensation (WC), Motor Third Part Liability (MTPL), Personal Accident, and Liability insurance.

For insurance lines such as MTPL and WC, legislation differs significantly between countries. Some of the Finnish, Swedish and Danish provisions for these lines include annuities which are sensitive to changes in mortality assumptions and discount rates. The proportion of the technical provisions related to MTPL and WC is 69 per cent.

Figure 11

Durations of technical provisions per product, If P&C, 31 December 2008



The durations of technical provisions for different products are shown in figure 11 and the amount of technical provisions broken down by product and country is shown in table 5.

The technical provisions for many lines of business are sensitive to changes in inflation. The sensitivity of the inflation assumptions differ between countries due to the different national rules. A sensitivity analysis of the provision risk on 31 December, 2008 is presented in table 6.

Governance

The Board of Directors of If P&C approves 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 overall level of provisions are sufficient. The Chief Actuary issues a report on the adequacy of technical provisions at least quarterly, which is submitted to the Board of Directors, If's Risk Control Committee and If P&C's CEO and CFO.

The Actuarial Committee is a preparatory and advisory board for If P&C's Chief Actuary. The committee makes recommendations on policies and guidelines for technical calculations. It also monitors technical provisions and gives advice to If P&C's Chief Actuary regarding their adequacy.

Risk management and control

Analyses of the uncertainty in technical provisions are made by If P&C's actuaries. The actuaries monitor the levels of technical provisions on a continuous basis in order to ensure that they comply with the established guidelines. The actuaries also develop methods and systems to support these processes.

The actuarial estimates are based on the data on historical claims and any other information that is available at the closing date. Factors that are monitored are e.g. loss development trends, the level of unpaid claims, changes in legislation, legal cases and economic conditions. The methods used in general are the Chain Ladder and the Bornhuetter-Fergusson methods combined with projections of number of claims and average claim costs.

Table 5

Technical provisions per product and country (book value), If P&C, 31 December 2008

	Sweden		Norway		Finland		Denmark		Total	
	EURm	Duration	EURm	Duration	EURm	Duration	EURm	Duration	EURm	Duration
Motor	1,931	7.7	691	3.1	776	9.5	115	2.6	3,513	7.0
Workers' compensation	-	-	294	5.6	986	11.6	252	6.0	1,533	9.5
Liability	226	3.0	127	3.5	91	3.8	77	2.9	521	3.3
Accident	177	5.7	229	3.1	72	1.9	46	1.9	524	3.7
Property	339	1.1	476	1.1	220	0.8	82	0.8	1,117	1.0
Cargo	33	0.9	21	0.8	29	1.1	23	1.1	105	0.9
Total	2,706	6.2	1,838	2.9	2,173	8.8	595	3.8	7,312	6.0

Table 6

Sensitivity test, provision risk, If P&C

Portfolio	Risk	Change in risk parameter	Country	Effect EURm 2008
Nominal reserves	Inflation increase	Increase by 1%-point	Sweden	157.0
			Denmark	14.4
			Norway	65.2
			Finland	22.1
Discounted reserves (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1%-point	Sweden	43.6
			Denmark	8.1
			Finland	146.2
Annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	7.5
			Denmark	0.4
			Finland	16.4

Inflation risk

Inflation risk refers to the risk that technical provisions increase due to higher inflation than estimated. The anticipated inflation trend is observed in all provisions but is of highest importance for claims settled over a long period of time. For long-tailed business, such as MTPL and WC, assessments are made regarding the expected claims inflation. These are based on external assessments of the inflation trend (e.g. consumer price index and payroll index) combined with If P&C's own evaluation of cost increases for various types of claims. Inflation risk in the technical provisions is an important consideration underlying the investment strategy of P&C insurance.

INSURANCE RISKS IN LIFE INSURANCE

Similarly to P&C insurance, insurance risk in life insurance can be split into underwriting and provision risks. In addition to insurance risk, interest rate risk is a very important element in the risk of losses due to pricing and inadequate provisions. The pricing of a single policy for many products is made for decades, and pricing cannot be easily changed. This means that in long-term policies pricing may turn out to be inaccurate. In such cases technical provisions have to be supplemented. In both disability and medical expenses policies, the company has the right to raise insurance premiums for existing policies if the claims experience deteriorates.

Underwriting Risk in Life Insurance

With respect to life insurance, underwriting risk is mostly related to biometric risks, i.e. the mortality rate and the incidence of disability and illness. These risks are limited through careful risk selection, by pricing to reflect the risks and costs, by setting upper limits for the protection granted and by reinsurance.

Table 7 shows the result of underwriting risks in Mandatum Life's Finnish life insurance policies. The ratio of the actual claims costs assumed was 84 per cent in 2008 (112 per cent in 2007). Excluding the group pension longevity supplement provision the ratio was 84 per cent in 2007.

More than half of Mandatum Life's mortality risk premium comes from the Employees' Group Life Insurance pool. However, the mortality risk of this business is smaller than any other mortality business because it is re-priced annually.

The amount of individual risks is limited by reinsurance. The Board of Directors annually determines the maximum amount of risk to be retained for the company's own account, which for Mandatum Life is EUR 0.5 million per insured. To mitigate the effects of possible catastrophes, Mandatum Life participates in the catastrophe reinsurance taken by Finnish life insurance companies. Possible pandemics are not covered by the reinsurance. At this stage, no reliable predictions of mortality in the case of a pandemic are available. As an indication of the risk, the effect of doubling normal mortality in the insurance portfolio would mean around EUR 15 million in additional cost for Mandatum Life.

Governance

Risk selection is part of the day-to-day business routines in Mandatum Life. Mandatum Life's Underwriting Policy sets principles for risk selection and limits for insured sums. Compliance with the principles and limits set in the Underwriting Policy is monitored continuously.

Actuarial department conducts thorough analyses of underwriting result annually. It measures that risk selection is efficient and tariffs are adequate by collecting 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. In addition, adequacy of liabilities is tested quarterly. Tariffs are set, the underwriting policy is updated and changes are made to the provisions relating to existing business if necessary. Tariffs and prices, as well as the reinsurance principles and reserving principles are reviewed and approved annually by the Board of Directors.

Table 7

Claim ratios of Mandatum Life after reinsurance, the figures of employees' group life excluded

	2008			2007		
EURm	Risk income	Claim expense	Claim ratio	Risk income	Claim expense	Claim ratio
Life insurance	**25.2**	**13.8**	**55%**	24.1	13.3	55%
Mortality	**12.2**	**5.3**	**44%**	11.8	4.6	39%
Morbidity	**13.0**	**8.5**	**65%**	12.3	8.7	70%
Pension	**51.7**	**50.7**	**98%**	51.1	70.7	138%
Individual pension	**9.1**	**9.7**	**106%**	8.3	8.8	105%
Group pension	**42.6**	**41.1**	**96%**	42.8	61.9	145%
Mortality*)	**36.7**	**37.1**	**101%**	37.2	57.4	154%
Disability	**5.9**	**4.0**	**68%**	5.6	4.5	80%
Mandatum Life	**76.9**	**64.6**	**84%**	75.2	83.9	112%

*) The mortality claim expense of the group pension in 2007 contains the provision made (EUR 20.6 million)

Provision Risk in Life Insurance

In life insurance, the main provision risks are the discount rate risk within with-profit policies and risk of increase in life expectancy (longevity risk) within group pension policies. Provision risk also contains the same risks as underwriting risk, such as random fluctuations in the claims. Provision risk is managed by analyzing and annually reviewing the assumptions related to the liabilities.

The provisions related to each product type and guaranteed interest rates are shown in table 8. The table also shows the change in each category during 2008.

In most with-profit policies, the guaranteed interest rate used in the premium basis is 3.5 per cent. In individual policies sold in Finland before 1999, the guaranteed interest rate is 4.5 per cent, this being also the statutory maximum discount rate of these policies. With respect to these policies, the maximum discount rate used when discounting liabilities has been decreased to 3.5 per cent. In addition, EUR 21 million has been reserved to lower the rate of the return requirement during 2008 to 3.0 per cent. Reserve for deceased discount rate, including the preceding EUR 21 million, is EUR 119 million (EUR 143 million in year 2007).

Expected maturity of insurance and investment contracts of Mandatum Life in presented in table 9.

Longevity risk

Duration of outgoing pension payments (longevity risk) is the most critical biometric risk in Mandatum Life. Most of longevity risk arises from the Group Pension portfolio. The main uncertainties of group pension's mortality are the effect of socio-economical structure of the insured and future trend among the relatively old insured. In individual pension portfolio the longevity risk is less significant because most individual pension policies are fixed term annuities including death cover compensating the longevity risk.

The longevity risk is analyzed regularly. So far the annual result, excluding supplement to liabilities, has been close to zero in group pension portfolio. The assumed life expectancy in all group pension premiums and liabilities was raised in 2002 and in part of the portfolio in 2007.

Table 8

Analysis of the change in provisions in Mandatum Life, 2008

Liabilities arising from insurance and investment contracts of Mandatum Life group*)

EURm	Liability 2007	Premiums	Claims paid***)	Expense charges	Guaranteed interest	Bonuses	Other	Liability 2008	Share %
MANDATUM LIFE PARENT COMPANY									
Group pension	2,422	129	-175	-9	82	21	-21	2,450	40%
Guaranteed rate 3.5%	2,402	122	-173	-8	81	21	-22	2,423	40%
Guaranteed rate 2.5% or 0.0%	20	8	-2	0	1	0	1	28	0%
Individual pension insurance	1,395	45	-109	-8	61	2	16	1,400	23%
Guaranteed rate 4.5%	1,250	32	-100	-7	56	0	3	1,234	20%
Guaranteed rate 3.5%	127	9	-8	-1	5	1	9	142	2%
Guaranteed rate 2.5% or 0.0%	18	3	-2	0	1	0	4	24	0%
Individual life insurance	444	35	-120	-10	14	3	2	367	6%
Guaranteed rate 4.5%	155	9	-76	-2	5	0	1	91	1%
Guaranteed rate 3.5%	250	12	-37	-5	8	2	0	230	4%
Guaranteed rate 2.5% or 0.0%	40	15	-7	-3	1	1	1	46	1%
Capital redemption operations)**	103	0	-38	0	3	1	-6	62	1%
Guaranteed rate 4.5%	48	0	-38	0	2	0	-7	5	0%
Guaranteed rate 3.5%	45	0	0	0	2	0	1	48	1%
Guaranteed rate 2.5% or 0.0%	9	0	0	0	0	0	0	9	0%
Unit linked liabilities	1,957	262	-163	-24	0	0	-454	1,579	26%
Individual pension insurance	584	99	-4	-11	0	0	-245	424	7%
Individual life	1,180	85	-146	-10	0	0	-172	937	15%
Capital redemption operations**)	63	47	-12	0	0	0	1	99	2%
Group pension	130	31	-1	-3	0	0	-39	119	2%
Future bonus reserves	40	0	0	0	0	0	-23	17	0%
Reserve for decreased discount rate	143	0	0	0	0	0	-24	119	2%
Assumed reinsurance	5	2	-1	0	0	0	-2	4	0%
Other liabilities	48	31	-13	-11	1	0	-7	48	1%
MANDATUM LIFE PARENT COMPANY TOTAL	6,556	505	-620	-62	161	26	-520	6,046	99%
SUBSIDIARY SE SAMPO LIFE INSURANCE BALTIC	136	31	-33	-3	1	0	-54	77	1%
Unit linked liabilities	114	25	-30	-3	0	0	-49	58	1%
Other liabilities	21	6	-2	-1	1	0	-6	19	0%
MANDATUM LIFE GROUP TOTAL	6,692	536	-652	-65	161	26	-574	6,123	100%

*) Before reinsurers' share

**) Investment contracts

***) Operating expenses not included

Table 9

Expected maturity of insurance and investment contracts, Mandatum Life, 31 December 2008

Maturity of insurance and investment contracts of Mandatum Life group*)

EURm	Duration	2009–2010	2011–2012	2013–2017	2018–2022	2023–2027	2028–2032	2033–
MANDATUM LIFE PARENT COMPANY								
Group pension	10.1	376	362	789	640	489	354	584
Guaranteed rate 3.5%	10.1	370	357	781	635	485	351	578
Guaranteed rate 2.5% or 0.0%	8.5	6	5	7	5	4	3	5
Individual pension insurance	6.8	308	320	543	314	188	98	83
Guaranteed rate 4.5%	6.7	280	288	483	277	162	80	66
Guaranteed rate 3.5%	8.0	24	27	52	32	22	15	14
Guaranteed rate 2.5% or 0.0%	8.1	4	5	8	5	4	2	3
Individual life insurance	5.3	114	126	92	36	23	16	33
Guaranteed rate 4.5%	7.1	26	18	33	15	9	7	15
Guaranteed rate 3.5%	4.3	76	100	42	15	9	7	16
Guaranteed rate 2.5% or 0.0%	6.1	12	8	17	5	4	3	3
Capital redemption operations)**	1.8	44	18	1	2	1	0	0
Guaranteed rate 4.5%	0.5	5	0	0	0	0	0	0
Guaranteed rate 3.5%	1.3	36	14	0	0	0	0	0
Guaranteed rate 2.5% or 0.0%	5.0	2	4	1	2	1	0	0
Unit linked liabilities	6.8	331	356	444	210	152	113	153
Individual pension insurance	10.8	30	42	111	99	84	62	60
Individual life	4.8	262	262	287	74	41	33	30
Capital redemption operations**)	6.2	31	41	15	6	0	0	32
Group pension	12.1	7	12	31	31	26	18	31
Future bonus reserves	1.0	17	0	0	0	0	0	0
Reserve for decreased discount rate	5.1	39	17	29	16	9	4	4
Assumed reinsurance	0.7	4	0	0	0	0	0	0
Other liabilities	0.9	42	4	1	0	0	0	0
MANDATUM LIFE PARENT COMPANY TOTAL	7.9	1,276	1,203	1,900	1,219	861	585	856
SUBSIDIARY SE SAMPO								
LIFE INSURANCE BALTIC		15	24	26	25	7	2	1
Unit linked liabilities		12	7	6	9	1	0	0
Other liabilities		3	17	20	17	6	2	1
MANDATUM LIFE GROUP TOTAL		1,291	1,228	1,927	1,244	867	587	858

*) Before reinsurers´ share
**) Investment contracts

Surrender risk

The effect of clients interrupting their policies (surrender risk) is a less significant risk in Mandatum Life. In pension liabilities surrender risk is insignificant, because in pension insurance surrender is possible only in exceptional cases. In life insurance and capital redemption policy operations surrender risk is present. However, this risk is reduced by the relatively short maturity of such contracts and by ensuring that the values of liabilities recognized in the balance sheet are always at least equal to the surrender values. The surrender risk is analyzed regularly. The supplements to liabilities are not paid out at surrender.

6 Market Risks

Market risk is defined as the risk of loss, or of adverse change in the financial position, resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets and liabilities. Loss in the investment portfolio might occur due to adverse changes in the levels or volatility of interest rates, equity prices, currencies, commodities and real estate.

MARKET RISK MANAGEMENT AND CONTROL IN SAMPO GROUP

The investment operations of Sampo Group's insurance companies aim at achieving the highest possible returns at acceptable levels of risk, and to ensure that both If P&C and Mandatum Life will exceed the required solvency ratio. The structure of the investment assets should be in line with regulations and they should cover the companies' technical provisions.

Market risks are managed by diversifying the investment portfolio and by constant monitoring of the composition of the investments in relation to the characteristics of the insurance liabilities. The duration gap between the technical provisions and fixed income investments as well as the currency distribution of assets and liabilities is under constant monitoring and management in the Group's insurance companies. Derivatives are commonly used for modifying different types of market risk exposures.

The Boards of Directors of If P&C and Mandatum Life annually approve the companies' Investment Policies, which define target allocation of the investment portfolio, limits for the allocations, the organization of investment activities and the authorities to make and execute decisions. When making asset allocation decisions and setting return and liquidity targets, the structure of the companies' technical provisions, their risk-bearing capacities, regulatory requirements, rating targets and risk appetites are taken into account. The Investment Policies also include guidelines on the use of derivatives and foreign currency risk.

The aggregated market risks on Sampo Group level are controlled by the Group's Audit Committee. The Boards of Directors in If P&C and Mandatum Life appoint investment control committees and the Board of Sampo plc appoints an Investment Committee in Sampo plc. These committees are responsible for the control of investment activities within the respective legal entity. The Investment Control Committees and Sampo plc's Investment Committee ensure compliance with the principles and limits specified in the Investment Policy and report to the companies' Board on investment activities.

Market Risk Management and Control in P&C Insurance

Market risk management in P&C insurance is based on matching the composition of the investments with the characteristics of the insurance liabilities as well as on maintaining a good diversification among various asset classes and within each asset class. The principle is that insurance liabilities are matched with fixed income investments of corresponding duration and the surplus capital is invested in a diversified portfolio of financial assets with the objective of enhancing the total return. The target allocations are based on an asset-liability-management (ALM) analysis, which defines the neutral allocation for the investments. In order to increase the returns of the investment operations, deviations can be made from the neutral reference portfolio allocations within the specific limits defined in the Investment Policy.

Market Risk Management and Control in Life Insurance

Mandatum Life's long-term target is to provide sufficient net income in its investment operations to cover guaranteed interest rate plus bonuses based on principle of fairness as well as the shareholder's return requirement with acceptable level of risk.

Mandatum Life's market risk derives mainly from equity investments and interest rate risk related to fixed income assets and insurance liabilities with a guaranteed interest rate. The Board approves the Investment Policy annually, which sets principles and limits for investment activities. Investment Policy also includes measures and limits for maximum acceptable market risk. Limits of maximum acceptable market risk are based on both Solvency I and Solvency II types of approach. The objective is to meet the required solvency and to ensure that investments are sufficient and eligible as assets covering technical provisions.

Sampo plc's investment organisation makes day-to-day investment decisions based on principles set in Investment Policy. Investment Control Committee controls regularly that limits and principles set in Investment Policy are followed.

Market Risk Management and Control in Holding

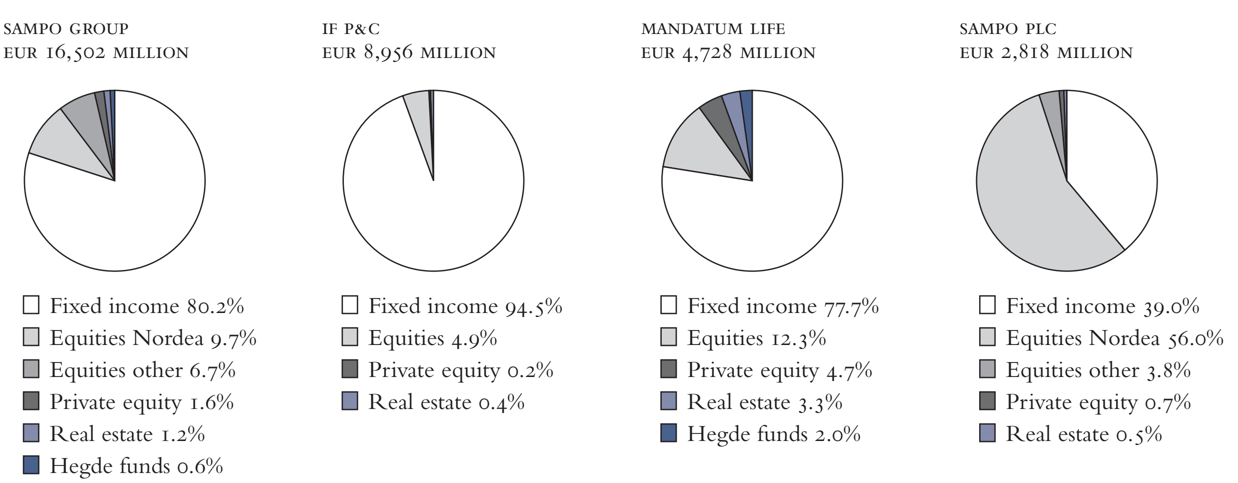
The current investment strategy of Sampo plc is to invest in shares of Northern European financial companies or to keep investment assets in cash. In 2008, Sampo plc invested in Nordea, Topdanmark and liquid money market instruments. Market risks related to Sampo plc's investment portfolio are monitored and regularly reported within the company's and Sampo Group's risk governance framework.

QUANTIFICATION OF MARKET RISKS

The portfolio return of Sampo Group's investment assets in 2008 was -11.9 per cent (13.6 per cent in 2007) reflecting the fall in equity prices during 2008. The amount of investment assets was EUR 16,502 million (EUR 20,510 million in 2007). The investment allocations of Sampo Group and the different segments are shown in figure 12.

Figure 12

Allocation of investment assets, Sampo Group, If P&C, Mandatum Life, Sampo plc, 31 December 2008



As depicted in Figure 12 – Allocation of investment assets, all companies in Sampo Group mainly invest into fixed income assets. Fixed income assets are further broken down in figure 13 and in the credit risk section.

During 2008, several changes took place in Sampo Group's investment portfolio. The proportion of equity investments decreased from 23 per cent to 16 per cent and the proportion of fixed income investments correspondingly increased from 74 per cent to 80 per cent. The decline in the proportion of equity is mainly due to the fall in equity prices.

If P&C's investment operations generated a return of -3.1 per cent in 2008 (2.6 per cent in 2007). The investment assets amounted to EUR 8,956 million (EUR 9,944 million in 2007). The proportion of equities in the investment portfolio decreased from 10 per cent to 5 per cent during the year while the proportion of fixed income investments increased from 89 per cent to 95 per cent. The equity allocation of If P&C at year-end was at a relatively low level in comparison to the neutral asset allocation defined in If P&C's investment policy.

The investment return of Mandatum Life in 2008 was -7.8 per cent (5.0 per cent in 2007). The amount of investment assets was EUR 4,728 million (EUR 5,683 million in 2007). The proportion of equities in the investment portfolio decreased from 18 per cent to 12 per cent during the year while the proportion of fixed income investments increased from 73 per cent to 78 per cent. The proportion of other investments was 10 per cent (9 per cent in 2007).

The amount of the investment assets of Sampo plc was EUR 2,818 million (EUR 4,883 million in 2007). During 2008, Sampo plc continued its purchases of Nordea and Topdanmark, increasing the proportion of Sampo plc's equity investments to 60 per cent (56 per cent).

The values of financial assets and liabilities are subject to changes in the underlying market variables. Table 10 shows the sensitivity analysis of the fair values of financial assets and financial liabilities to different market risk scenarios in Sampo Group. Table 11 shows the results in different segments. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 December, 2008.

The changes of interest rates have a strong effect on the reinvestment risk of the insurance companies. The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes.

Table 11 also shows the effect of the market risk scenarios on the capital situation of Sampo Group by showing how the amount of adjusted solvency capital and economic capital would change in the different scenarios. A rise in interest rates for example would reduce the values of financial instruments causing a fall in the Group's equity. On the other hand, the effect on adjusted solvency capital would be positive due to the fact that insurance liabilities are discounted in the calculation of the liability side adjustment.

Table 10

Sensitivity analysis of the fair values of financial assets and liabilities on 31 December 2008

	Intrest rate		Equity	Other financial investments
EURm	1% Parallel shift down	1% Parallel shift up	20% fall in prices	20% fall in prices
Assets				
Cash	0	0		
Short-term fixed income	6	-6		
Long-term fixed income	330	-308		
Equity			-539	-78
Other financial assets				-34
Liabilities				
Subordinated bonds	-9	10		
Derivates				
Net	76	-71	0	
Total change in fair value	403	-377	-539	-112

Table 11

Sensitivity analysis of the fair values of financial assets and liabilities by segments on 31 December 2008

	Intrest rate		Equity	Other financial investments
EURm	1% Parallel shift down	1% Parallel shift up	20% fall in prices	20% fall in prices
P&C insurance	268	-250	-88	-11
Life insurance	134	-125	-117	-94
Holding	2	-2	-334	-7
Sampo Group, total	403	-377	-539	-112
Effect on adjusted solvency capital	-472	321	-529	-105
Effect on economic capital	-26	-39	-181	-24

Interest Rate Risk

Interest rate risk refers to the uncertainty in the values of assets and liabilities as well as interest income and expense resulting from changes in market interest rates. When market interest rates rise, the balance sheet values of fixed income securities fall and this has an impact on the company's equity capital and earnings. On the other hand, higher interest rates mean increased interest income which improves profitability and the economic capital position.

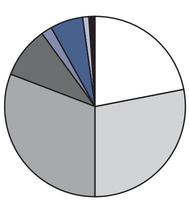
According to the Investment Policies in Sampo Group's insurance subsidiaries, the composition of investments assets shall take into account the nature of the insurance commitments with respect to interest rate risk and inflation risk.

Figure 13 presents the breakdown of fixed income investments by type of instruments. During 2008, the proportion of short-term fixed income investments decreased in all of the reporting segments, corresponding with the increase in Euro government/credits. On the Sampo Group level the proportion of short-term fixed income investments decreased from 43 per cent to 22 per cent. The proportion of Euro government bonds and credits increased from 14 to 31 per cent. Within this category a larger proportion was allocated to Euro credits. The investmets into Euro credits increased substantially both in If P&C and Mandatum Life. In Sampo plc, fixed income investments consist of short-term investments.

Figure 13

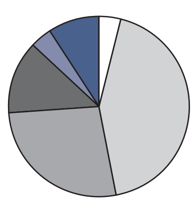
Fixed income investments by type of instrument, Sampo Group, If P&C, Mandatum Life, 31 December 2008

SAMPO GROUP
EUR 13,214 MILLION



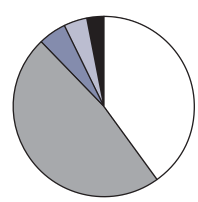
- Short-term fixed income 22%
- Scandinavian governments 28%
- Euro govt/credits 31%
- US govt/credits 9%
- Other ccy govt/credits 2%
- Swedish index-linked bonds 6%
- Global high yield 1%
- Other fixed income 1%

IF P&C
EUR 8,443 MILLION



- Short-term fixed income 4%
- Scandinavian governments 43%
- Euro govt/credits 27%
- US govt/credits13%
- Other ccy govt/credits 4%
- Swedish index-linked bonds 9%

MANDATUM LIFE
EUR 3,673 MILLION



- Short-term fixed income 40%
- Euro govt/credits 48%
- Other ccy govt/credits 5%
- Global high yield 4%
- Other fixed income 3%

The breakdown of fixed income instruments in If P&C excludes credit default swaps with a fair value of EUR -4.2 million as well as the fixed income investments and deposits of the Business Area Baltic and Russia with a fair value of EUR 24.9 million.

Interest rate risks in P&C insurance

Both financial assets and technical provisions are exposed to changes in interest rates. The interest rate risk is limited by duration restrictions. The principle is that insurance liabilities are matched with fixed income investments of corresponding duration and the duration gap between assets and liabilities is constantly monitored.

The interest rate sensitivity, i.e. duration, of fixed income investments in If P&C is shown in table 12. The duration of fixed income investments was 3.1 years (2.2 years in 2007). Derivatives are shown under the fixed income categories to which they are related to.

Table 12

Duration of fixed income investments, If P&C, 31 December 2008

	EURm	Duration
Short-term fixed income	299	0.1
Scandinavian governments/Credits	3,689	2.9
Euro governments/Credits	2,306	3.0
US government/Credits	1,063	1.9
Other currency governments/Credits	310	0.5
Swedish index-linked bonds	772	8.5
If P&C, total	8,439	3.1

The figures exclude fixed income investments and deposits of Business Area Baltic and Russia with a fair value of EUR 24.9 million.

A major part of the technical provisions in P&C insurance is stated in the balance sheet in nominal terms. Hence, from an accounting perspective, the company is mainly exposed to changes in future inflation. The economic value of these reserves, i.e. the present value of future claims payments is, however, exposed to changes in interest rates. Furthermore, the reserves for annuities in Finland, Sweden and Denmark are discounted, and potential changes in the discount rates will affect the level of technical provisions in the company's balance sheet. The discount rates vary between countries mainly due to differences in legislation but they are at least indirectly impacted by the prevailing interest rate environment. The duration of reserves and thus the sensitivity to changes in interest rates is analyzed in more detail in the figure 11 and table 5 in the Insurance Risk section. In addition, cash flows of financial assets and liabilities according to contractual maturities are shown in table 19 in the Liquidity Risk section.

Interest rate risk in life insurance

The most significant interest rate risk in the life insurance business is that fixed income investments will not over a long period of time generate a return at least equal to the guaranteed interest rate of technical provisions. This risk increases when market interest rates fall and remain at a low level. This risk is managed through constant monitoring and management of the duration gap between liabilities and fixed income investments in Life insurance.

The weighted average duration of Mandatum Life's insurance liabilities (excluding unit-linked liabilities) was 7.9 years (7.7 years in 2007). The duration of fixed income investments was 3.6 years at year end (1.9 years in 2007).

The duration of fixed income investments in Mandatum Life is shown in table 13. The amounts and durations include fixed income derivatives. Derivatives are shown under the fixed income categories to which they are related to.

Table 13

Duration of fixed income investments, Mandatum Life, 31 December 2008

	EURm	Duration
Short-term fixed income	1,484	0.3
Euro governments/Credits	1,752	6.6
Other currency governments/Credits	178	3.5
Global high yield	153	2.3
Other fixed income	106	3.9
Mandatum Life, total	3,673	3.6

In order to mitigate the interest rate risk, Mandatum Life has entered into interest rate swap agreements with nominal amounts of EUR 1.6 billion in 2008. For these swaps, Mandatum Life pays short-term floating rate and receives fixed interest rate (average 4.6 per cent). The fair value of these swaps was EUR 75 million at year-end and they have a maturity of 2-10 years. These swaps are included in the category Euro government/credits in table 13.

Mandatum Life has also prepared for low interest rates on the liability side by e.g. reducing the minimum guaranteed interest rate in new contracts and increasing the reserve for policies with higher guaranteed interest rates. In addition, existing contracts have been changed to accommodate improved management of reinvestment risk.

Table 9 in the Insurance Risk section shows the maturity and average durations of Mandatum Life's insurance and investment contracts. The cash flows of financial assets and liabilities according to contractual maturities are shown in table 19 in the Liquidity Risk section.

Equity Risk

Equity price risk is the risk of losses due to changes in share prices. Sampo Group is exposed to changes in the prices of equities through its investment operations in the insurance subsidiaries as well as in the holding company Sampo plc. The equity investments of Sampo Group totalled EUR 2,706 million at the year end (EUR 4,768 million). Equity investments in the holding consist almost entirely of the holdings in Nordea which at 31 December, 2008 were valued at EUR 1,602 million.

If P&C's equity portfolio is actively managed in-house with a long term investment horizon. At year end the exposure was EUR 439 million (EUR 1,008 million in 2007). The proportion of equities in If P&C's investment portfolio was 5 per cent at year-end. The maximum proportion of equity investment is defined in If P&C's Investment Policy as 20 per cent. The equity portfolio consists of Nordic small cap stocks as well as a global fund portfolio. Mandates for investments are given in the Investment Policy and according to the governance structure.

Mandatum Life's equity portfolio is actively managed. At year end the exposure was EUR 583 million (EUR 1,039 million in 2007). The positions and risks in equity portfolio and related derivatives may not exceed the limits set in the Investment policy. The Nordic equity portfolio is managed by Sampo Group's Investment Management unit while the equity investments outside the Nordic area are mainly managed through funds or external asset managers. When investing in new funds, the Board of Mandatum Life makes the investment decisions.

The breakdown of the equity exposures of Sampo Group, If P&C and Mandatum Life by geographical regions are shown in figure 14.

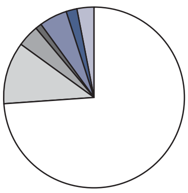
The geographical emphasis in Sampo Group's equity investments is in Scandinavian companies. Proportion of Scandinavian companies' equities (including Finland) corresponds to 85 per cent of the total equity portfolio. This is in line with Sampo Group's Nordic focus and the fact that technical provisions relate to the Nordic currencies.

Figure 15 shows the sector allocation of equity investments in Sampo Group, If P&C and Mandatum Life.

Figure 14

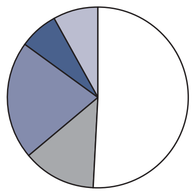
Breakdown of equity investments by geographical regions, Sampo Group, If P&C, Mandatum Life, 31 December 2008

SAMPO GROUP
EUR 2,706 MILLION



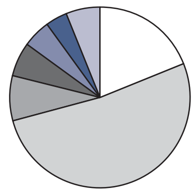
- Scandinavia 74%
- Finland 11%
- Western Europe 4%
- East Europe 1%
- North America 5%
- Far East 2%
- Japan 3%

IF P&C
EUR 439 MILLION



- Scandinavia 51%
- Western Europe 13%
- North America 21%
- Far East 7%
- Japan 8%

MANDATUM LIFE
EUR 583 MILLION

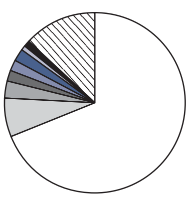


- Scandinavia 19%
- Finland 52%
- Western Europe 8%
- East Europe 6%
- North America 5%
- Far East 4%
- Japan 6%

Figure 15

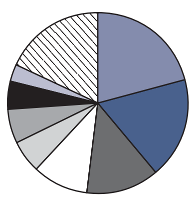
Breakdown of equity investments by sectors, Sampo Group, If P&C, Mandatum Life, 31 December 2008

SAMPO GROUP
EUR 2,321 MILLION



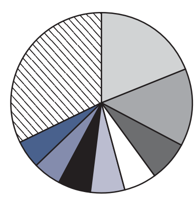
- Commercial Banks 69%
- Insurance 7%
- Media 3%
- Construction and Engineering 2%
- Machinery 2%
- Speciality Retail 2%
- Commercial Services and Supplies 1%
- Electronic Eqiupment and Instruments 1%
- Others 13%

IF P&C
EUR 226 MILLION



- Machinery 21%
- Speciality Retail 18%
- Construction and Engineering 13%
- Metals and Mining 10%
- Household Durables 6%
- Health Care Equipment and Supplies 6%
- Construction Materials 5%
- Commercial Services and Supplies 3%
- Others 18%

MANDATUM LIFE
EUR 410 MILLION



- Insurance 19%
- Media 14%
- Construction and Engineering 7%
- Commercial Banks 6%
- Commercial Services and Supplies 6%
- Electronic Equipment and Instruments 6%
- Communications Equipment 5%
- Software 5%
- Others 32%

The sector allocations exclude investments made through mutual equity funds. Mutual equity funds in Sampo Group were EUR 385 million, in If P&C EUR 213 million and in Mandatum Life EUR 172 million.

The proportion of Nordea shares corresponds to 59 per cent of the total equity portfolio of Sampo Group (69 per cent from the direct equity investments), and thus the equity portfolio of Sampo Group is concentrated on the banking sector. The equity portfolios of insurance subsidiaries are more diversified as the largest industry concentrations are under 25 per cent in both If P&C and Mandatum Life.

Sampo Group's biggest equity holdings are disclosed in the Notes to the Financial Statements (note 35).

Currency Risk

Currency risk is the risk that Sampo Group will incur losses due to changes in foreign currency exchange rates. Market risk relating to foreign currency in Sampo plc consists of the translation risk linked to the net asset value and dividends of If P&C, and the currency risk related to Sampo plc's investment portfolio.

If P&C writes insurance policies that are mostly denominated in Scandinavian currencies and in Euros. The currency risk is reduced by matching technical provisions with investments in the corresponding currencies or by using derivatives.

Mandatum Life's currency risk derives mainly from investments in financial assets in other currencies than the Euro. Mandatum Life's currency strategy is based on active management of the FX position. The objective is to achieve positive absolute return relative to a situation where the open currency risk exposure is fully hedged.

The currency positions of the Group's companies against their home currency and the translation risks are shown in table 14. The table shows the net currency exposures (net assets) after the effect of derivatives has been taken into account.

Other Market Risks

In addition to interest rate, equity, and currency risks, Sampo Group is also exposed to a number of other market risks. These risks are related to exposures in real estates, private equity investments and investments in hedge funds. The Investment Policies set limits for maximum allocations into these markets and products. On 31 December 2008 the share of the above mentioned investments was 3.4 per cent of the total investment portfolio. In If P&C the proportion was 0.6 per cent and in Mandatum Life it was 10 per cent. Mandatum Life's investment portfolio was increased with hedge funds, whereas investments in commodities were sold during 2008.

Private equity and hedge funds are managed by external asset managers. The private equity portfolio is diversified both according to fund type and geographical areas. Hedge fund investments are placed both directly into individual funds and into funds of funds in order to attain sufficient diversification between funds and investment styles. The real estate portfolio in Mandatum Life is managed by Sampo Group's real estate management unit. The portfolio includes direct investments in properties and investments in indirect vehicles within decided allocations. The main risks related to property investments are limited by diversifying holdings both geographically and by type of property.

7 Credit Risks

Credit risk is the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any other debtors. Credit risk arises from investments as well as insurance and re-insurance contracts.

Credit risk in the investment operations includes the risk that a government or corporate issuer will not fulfil its obligations or otherwise obstruct the remittance of funds by debtors, particularly in the context of fixed income securities. The credit risk in investment operations can be divided into issuer risk, counterparty risk and spread risk. Issuer risk is often associated with a direct holding in a security, while counterparty risk is related to derivatives. The essential difference in terms of risk is that in the case of issuer risk, the entire nominal value of the instrument is at risk, whereas in the case of counterparty risk, it is only the current market value of the derivative contract that is at risk. Spread risk relates mainly to changes in the credit spreads of fixed income investments issued by banks and corporations.

In addition to the credit risk associated with investment assets, credit risk arises from insurance operations through rein-

Table 14

Currency risks by segment on 31 December 2008

Currency risk open position	Home CCY	EUR	SEK	NOK	DKK	EEK	LVL	LTL	GBP	USD	JPY	Other
P&C Insurance	SEK	637	0	-150	-728	0	0	0	13	-175	-12	-9
Life Insurance	EUR	0	5	9	6	0	1	1	0	-14	2	31
Holding	EUR	0	1,524	0	23	0	0	0	1	22	0	0
Holding company translation risk	EUR	0	1,582	0	0	0	0	0	0	0	0	0
Sampo Group total	EUR	637	3,111	-142	-699	0	1	1	14	-168	-9	22
10% depreciation of foreign currency against Euro, EURm, 2008			-311	14	70	0	0	0	-1	17	1	-2
10% depreciation of foreign currency against Euro, EURm, 2007			-469	-8	-3	5	0	1	0	4	0	-5

surance contracts. Credit risk related to reinsurers arises through reinsurance receivables and through the reinsurers' portion of outstanding claims. Credit risk exposure towards policyholders is very limited, because non-payment of premiums generally results in cancellation of the insurance policies. Credit risk related to reinsurance mainly relates to P&C insurance as the use of reinsurance in life insurance is of relatively low volume.

CREDIT RISK MANAGEMENT AND CONTROL IN SAMPO GROUP

Credit risk is managed by specific limits given in the Investment Policies of If P&C and Mandatum Life as well as Sampo plc. Limits and restrictions are assigned to maximum exposures towards single issuers or per rating class. Before an investment in a new instrument, the credit standing of the issuer is thoroughly assessed as well as the valuation and liquidity of the instrument. Credit ratings mainly from Standard & Poor's, Moody's and Fitch, are used to judge the creditworthiness of issuers and counterparties. The portfolio development and the counterparties credit standing is followed up continuously.

Credit risks are monitored at business area level and reported to the respective investment committee or investment control committee. The decision making in each business area shall follow the limits defined in the respective investment policy. Credit risk reporting is based primarily on the rating of the issuer, but instrument ratings are also used.

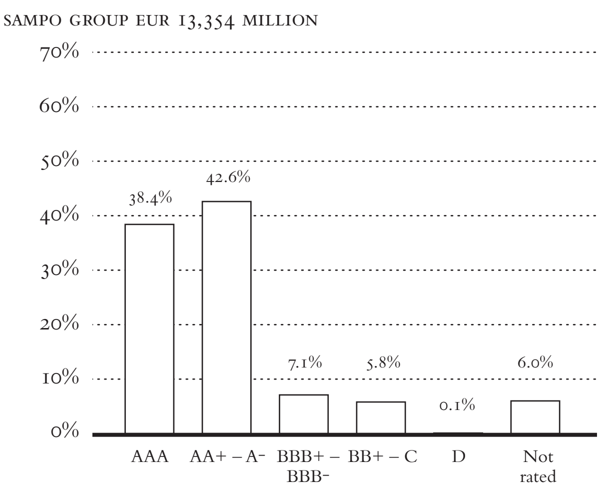
In order to limit and control credit risk associated with reinsurance, If P&C has a Reinsurance Security Policy which sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. Similar to credit risk in investment assets, credit ratings from rating agencies are used to judge the creditworthiness of reinsurance companies.

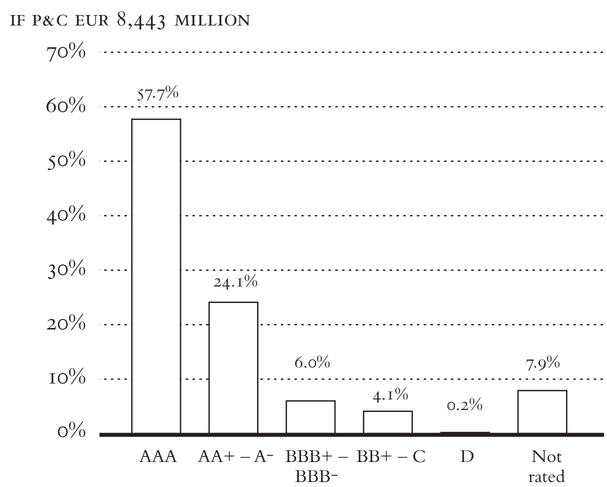
QUANTIFICATION OF CREDIT RISKS

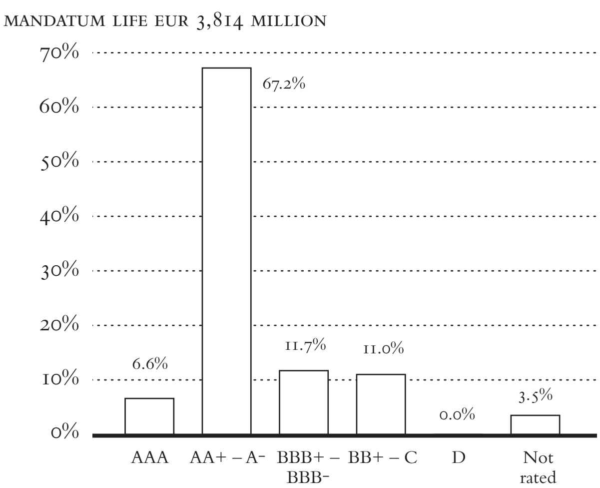
The most significant credit risk exposures in Sampo Group arise from investments into fixed income investments. Figure 16 shows

Figure 16

Rating analysis of investments, Sampo Group, If P&C, Mandatum Life, 31 December 2008







The figures for If P&C exclude credit default swaps with a market value of EUR -4.2 million as well as the fixed income investments and deposits of the Business Area Baltic and Russia with a market value of EUR 24.9 million.

the allocations of investments by Standard & Poor's credit rating. The figures include the counterparty risk related to derivatives.

Sampo Group's rating distribution is not substantially different from last year. The proportion of the portfolio related to AAA issuers amounted to 38 per cent on Group-level (35 per cent in 2007) and the proportion of issuers rated at least A- was 81 per cent (82 per cent in 2007).

Figure 17 shows the sector allocation of direct fixed income investments in Sampo Group and the different business areas.

The credit risk in Sampo's investment portfolios mainly arises from financial institutions and corporations in the Nordic region. The proportion of financial institutions was 63 per cent. During the year the proportion of government bonds in the fixed income portfolio fell.

Credit Risks Related to Reinsurance Counterparties

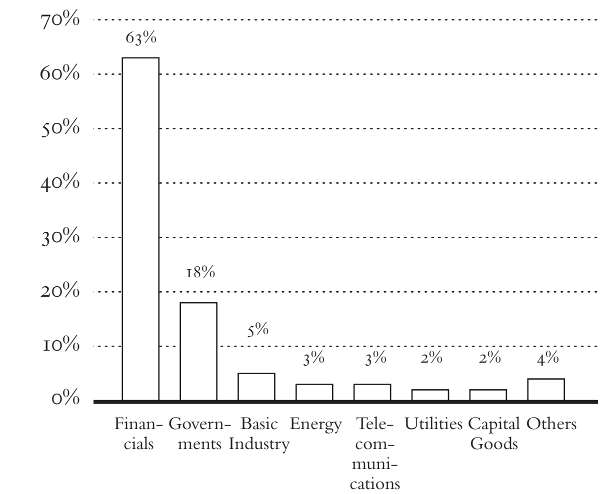
The distribution of reinsurance receivables and reinsurers' share of claims provisions on 31 December, 2008 per rating category is presented in table 15. In the table reinsurance receivables and reinsurers' portion of outstanding claims amounting to EUR 128 million (EUR 137 million) are excluded. The excluded amount relates mainly to captives and statutory pool solutions.

The distribution of ceded treaty and facultative premiums in 2008 per rating category is presented in table 16.

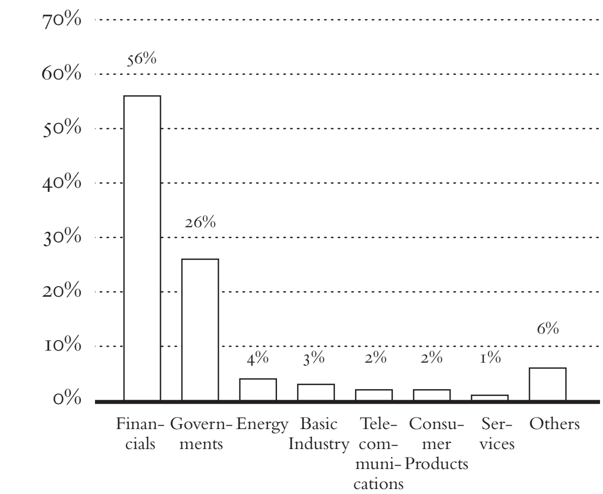
Figure 17

Sector allocation of direct fixed income investments, Sampo Group, If P&C, Mandatum Life, 31 December 2008

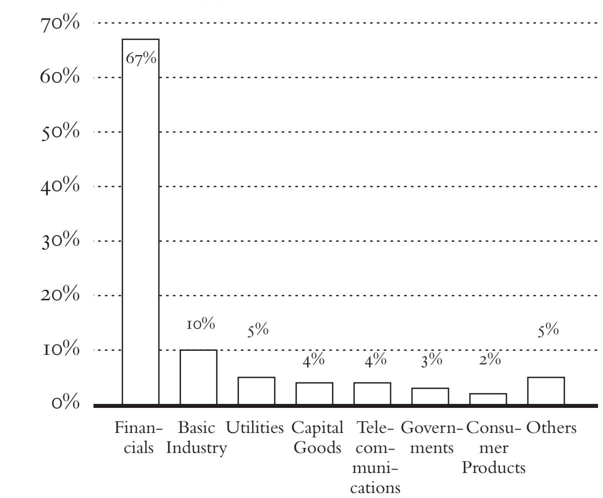
SAMPO GROUP EUR 12,873 MILLION



IF P&C EUR 8,377 MILLION



MANDATUM LIFE EUR 3,398 MILLION



The figures exclude investments made through mutual interest rate funds which were EUR 341 million in Sampo Group, EUR 66 million in If P&C and EUR 275 million in Mandatum Life. The figures for If P&C exclude credit default swaps with a market value of EUR -4.2 million as well as the fixed income investments and deposits of the Business Area Baltic and Russia with a market value of EUR 24.9 million.

Table 15

Reinsurance receivables and reinsurers' portion of outstanding claims per rating category, If P&C, 31 December 2008 and 31 December 2007

	2008		2007	
Rating	Total EURm	% of total	Total EURm	% of total
AAA	6	2%	10	3%
AA+ – A-	279	95%	312	93%
BBB+ – BBB-	2	1%	2	1%
BB+ – C	0	0%	0	0%
D	0	0%	0.4	0%
Not rated	7	2%	9	3%
Total	294	100%	333	100%

Table 16

Ratings for ceded treaty and facultative premiums, If P&C, 31 December 2008 and 31 December 2007

	2008		2007	
Rating	Total EURm	% of total	Total EURm	% of total
AAA	3	6%	4	6%
AA+ – A-	50	94%	60	94%
BBB+ – BBB-	0	0%	0	0%
BB+ – C	0	0%	0	0%
D	0	0%	0	0%
Not rated	0	0%	0	0%
Total	53	100%	64	100%

Table 17

Concentration of market and credit risks in individual counterparties by asset class on 31 December 2008

Market value, EURm	Equity	Covered bonds	Other long-term fixed income	Short-term fixed income	Positive fair values of OTC derivatives	Total
Nordea	1,602	743	175	675	36	3,232
SHB	0	722	312	547	0	1,581
Sweden	0	0	963	0	0	963
SEB	0	230	219	477	24	950
DDB	0	0	210	526	26	762
Germany	0	0	614	103	0	717
Swedbank	0	493	167	4	0	664
SBAB	0	151	359	0	0	510
Pohjola Bank	0	0	155	312	0	466
France	0	0	371	18	0	389
Total top 10 exposures	1,602	2,338	3,547	2,661	87	10,235

Risk concentrations

The largest single investment exposure in the Sampo Group on 31 December, 2008 was related to its equity holding in Nordea. As of year-end, the Sampo Group owned over 10 per cent of total Nordea shares, having a market value of EUR 1,602 million. The largest market and credit risk concentrations related to individual counterparties are shown in Table 17. The same concentrations broken down in Sampo Group's different business areas are shown in table 18.

The proportion of recoverables related to the ten largest individual reinsurance counterparties amounts to EUR 269 million, which is 65 per cent of total recoverables. The largest individual reinsurance counterparty is Munich Re (AA-rating) which accounts for 34 per cent of total recoverables.

8 Liquidity Risks

Liquidity risk is the risk that insurance undertakings are unable to realize investments and other assets in order to settle their financial obligations when they fall due. Liquidity risk can be divided into the refinancing risk of debt and the market liquidity risk of investments. Sampo Group has relatively low amount of financial liabilities and thus the Group's refinancing risk is minor. Market liquidity risk increased during the year 2008 due to the financial crisis. Sampo Group has a large portion of assets invested in fixed income investments, the liquidity of which has been affected by the liquidity crunch.

In P&C insurance, premiums are collected in advance and large claims payments are usually known a long time before they fall due. In life insurance on the other hand, only a

Table 18

Concentration of market and credit risks in individual counterparties by business segment on 31 December 2008

Market value, EURm	P&C Insurance	Life Insurance	Holding	Group
Nordea	983	463	1,785	3,232
SHB	890	352	338	1,581
Sweden	963	0	0	963
SEB	371	390	189	950
DDB	188	350	224	762
Germany	580	137	0	717
Swedbank	663	1	0	664
SBAB	510	0	0	510
Pohjola Bank	51	370	45	466
France	369	20	0	389
Total top 10 exposures	5,569	2,084	2,581	10,235

Table 19

Cash flows according to contractual maturity (expected future payments of technical provisions), no eliminations

	Carrying amount total			Cash flows						
EURm	Carrying amount total	Carrying amount without maturity	Carrying amount with contractual maturity	2009	2010	2011	2012	2013	2014–2023	2024–
P&C Insurance										
Financial assets	10,204	1,723	8,481	898	2,106	1,350	2,255	1,196	2,070	116
Financial liabilities	1,104	691	413	-28	-28	-228	-13	-78	-165	0
Net technical provisions	7,458			2,410	831	522	419	358	2,050	1,828
Life Insurance										
Financial assets	4,674	1,176	3,498	1,683	536	463	304	337	758	43
Financial liabilities	104	0	104	8	8	8	8	108	0	0
Net technical provisions	4,351	4,351	0	459	429	438	395	332	2,258	1,711
Holding										
Financial assets	2,926	1,718	1,208	1,103	11	11	11	135	0	0
Financial liabilities	604	0	604	628	0	0	0	0	0	0

relatively small part of liabilities can be surrendered and it is therefore possible to forecast short-term cash flows related to claims payments to a very large extent.

LIQUIDITY RISK MANAGEMENT AND CONTROL IN SAMPO GROUP

Liquidity risks are managed on a legal entity level by cash management functions responsible for liquidity planning. Liquidity risk is reduced by having investments that are readily marketable in sufficiently liquid markets. At year end, the liquidity position in each legal entity was good.

QUANTIFICATION OF LIQUIDITY RISK

The maturities of technical provisions and financial assets and liabilities are presented in table 19. 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.

9 Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, from personnel and systems, or from external events. The definition includes legal and reputation risk, but excludes strategic and business risk. Characteristics for operational risks, to distinguish from strategic and business risks, are that they are often event based and they can be traced back to a single place and point in time.

In Sampo Group, operational risk management is organized under the different business areas. Sampo plc's main function is to own and control its subsidiaries. Sampo plc coordinates capital allocation, risk management, internal audit, group accounting, investor relations and legal and tax issues within Sampo Group. Furthermore, Sampo plc manages a substantial amount of investment assets. Deficiencies or faults in processes of these functions could realise operational risks that might affect earnings and capital in the holding company.

Extensive guidelines, principles and policies have been stated in order to assure proper and adequate working methods and control systems both in the different functions and throughout the whole group.

OPERATIONAL RISK MANAGEMENT AND CONTROL IN P&C INSURANCE

Governance

The continuity of operational risk management is secured through the Operational Risk Committee (ORC). ORC shall handle policies and recommendations concerning operational risk management within If P&C as well as contingency plans, deviations from policies regarding operational risks, follow-up of operational risks identified in the Operational Risk Assessment (ORA) process, occurred incidents, reports regarding operational risks and other issues connected to operational risks.

Coordination and development work related to operational risk management in If P&C is divided into two organizational units: Operational Excellence Unit (OPEX), which aggregates and reports on the Operational Risk Assessment exercises to the ORC on a quarterly basis, and Operational Risk Management Unit (ORM), which is responsible for the incident reporting database and reports quarterly to ORC on policy deviations and occurred incidents. Business areas have the ultimate responsibility for identifying, assessing, monitoring and managing operational risks within different units.

Identification and management

In If P&C, operational risk is categorized as follows: Process execution failures, Business disruptions and system failures, Customer information management, Employment practices, and Internal and external fraud.

If P&C identifies operational risks through several different sources with different processes. The main processes used for identifying operational risks in If P&C include the environmental and macro analysis, the operational risk assessment process and incident reporting.

- Environmental and macro analysis is conducted by Corporate Strategy unit on an annual basis. Each year the key trends affecting the insurance industry are identified and their implications to If are assessed. On this basis, the main opportunities and threats are identified and prioritized. These assessments outline the most important external operational and business risks.
- Operational risk assessment (ORA) is an annual process where operational risks are identified and assessed in the different business units through interviews and workshops. After quarterly ORA follow-up meetings, the operational risks are reported to ORC. In addition, legal risks and some business risks are captured in the ORA process. The quarterly reporting is used as a basis for an overall risk assessment of an annual cycle, where the identified risks are analyzed and prioritized in all of If P&C's business areas and corporate functions as a part of the annual business planning process.
- Incident reporting and analysis is arranged in different ways depending on the type of the incident. Some incidents are collected through a separate incident database and some are collected through regular control investigations. To improve the overall management of operational risks, there is an ongoing project to integrate all incident information into a single database that will also serve as a common reporting tool.

In order to control operational risk, If P&C has approved a number of policies including e.g. Contingency Plans, Security Policies, Outsourcing Policy, Complaints Handling Policy, Claims Handling Policy and other policies related to different aspects of the business. The different policies are reviewed regularly and updated as needed. In addition, If P&C has thorough processes and guidelines to handle external and internal fraud cases should they arise. Furthermore, much effort is put into internal education regarding ethics.

OPERATIONAL RISK MANAGEMENT AND CONTROL IN LIFE INSURANCE

The objective of operational risk management in Mandatum Life is to enhance the efficiency of internal processes and decrease fluctuations in returns. The approach to operational risk management is risk averse and the aim is to minimize operational risks subject to cost-benefit considerations. The coordinated management of operational risks gives management an overall view of the realization and management of risks, as well as of the changes in risk position shown by the risk indicators and analyses of the external environment.

Governance

The continuity of operational risk management is secured through the Management Team (MT) where operational risks are followed up. Operational Risk Committee (ORC) discusses and coordinates risk management issues regarding operational risks within Mandatum Life, such as policies and recommendations concerning operational risk management, and gives opinions and advice in those issues to the Mandatum Life MT. The committee also discusses 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 least four times a year. Reports on operational risks are submitted to the MT and Board of Directors on a quarterly basis. The ORC is supported by Operational Risk Management (ORM) which on its behalf is responsible for the practical details related to incident reporting.

Identification and management

Operational risks are identified through several different sources and methods:

- Macro analysis is conducted prior to the annual strategy process where the key trends in Mandatum Life's business environment are identified, including a macro level business analysis of operational risks.
- Self-assessment process is used to map and evaluate the major operational risks and their probabilities and significance, including an evaluation of internal control and sufficiency of instructions. Self-assessment is conducted annually.
- Analysis of incidents is collected and analysed by ORM. Each business unit is responsible for ensuring that the occurred incidents are reported to the ORM.
- Spot checks and interviews are conducted regularly by ORM. This includes ad-hoc spot checks into the company's business units' activities in order to identify realized operational risks and interviews with key personnel in order to identify new potential risks.

The most significant operational risks for Mandatum Life identified in the operational risk self-assessment process include the following: changes in the external operating environment; ageing IT systems; severe disruption in outsourced services, information security, malicious codes, viruses and other external attacks; false information to customers; manual phases in processes; false interpretations of contract conditions; system failures; loss of key personnel; damage to physical assets; destruction of data repositories; risk related to new business areas; incorrect underwriting decisions; internal fraud; external fraud; and miss-selling of policies.

In order to limit operational risks, Mandatum Life has approved a number of policies including e.g. Security Policies, Continuity and Preparedness Plans, Outsourcing Policy, Complaints Handling Policy, Claims 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 ORM. Moreover, Key Risk Indicators are measured and followed up on a quarterly basis.

Risk indicators have been set to depict changes in the risk positions. The indicator values are compared to earlier averages or with some target level. Mandatum Life keeps a close eye on average and exceptional claims handling times, functionality of call centre services, functional reliability of information technology, negative customer feedback, personnel absences and hours of overtime.

10 Risk outlook

OTHER RISKS

Sampo Group's future results and profitability is affected by a number of different risk factors. In the near term, the main risks to the Group's profitability and financial position are related to developments in the financial markets. Other risk factors that may affect profitability and outlook in the foreseeable future besides business risk are strategic risk, reputation risk, emerging insurance risk and legal risk.

If P&C's market position in the Nordic P&C insurance market is very strong and that position is expected to remain solid in the future. Competitive pressure from new sources of competition such as smaller competitors and competition from new distribution channels such as web-based service models may restrict If P&C insurance's market position and adversely affect growth expectations. If P&C has invested into its business in Russia during 2008 and strong growth is expected in the volume of insurance operations in Russia during the next few years. These growth objectives are subject to a number of risks and uncertainties related to the economic and political environment in Russia.

Reputational risk is the risk of direct loss or loss in future business caused by a decline in the reputation of the Group's businesses. Reputational risks are related to the way the company is perceived from the perspective of different stakeholders (shareholders, customers, staff, business partners or the general public) and may arise through realized risks in other risk categories. Reputational risks may arise also through external distribution channels, the risks of which are difficult to control.

Both P&C and life insurance businesses are subject to new types of risk which may emerge. By their very nature these risks are evolving, uncertain, and difficult to quantify. In P&C insurance potential emerging insurance risks include e.g. the impact of climate change, whereas in life insurance these risks may include e.g. risks related to pandemics. Emerging insurance risks are managed by monitoring the developments in these risks on the basis of industry research, assessments and scenario analyses and by incorporating these risks into the provisioning and pricing processes to the extent possible.

Sampo Group is subject to a wide range of legal obligations in all countries in which we operate. The Group is currently not involved in any legal disputes that could in the Group's opinion materially affect its earnings in the year 2009.

Sampo Group plans to continue to strengthen it's risk management framework and systems in 2009. During 2009, Mandatum Life's risk governance structure will be further developed particularly in relation to the role of Mandatum Life's Investment Control Committee. Regarding investment risks Sampo Group will continue to develop it's credit risk reporting and management systems. In particular, the risk measurement methods and systems are constantly being improved. Sampo Group is particularly concentrating on developing it's modelling and reporting capabilities in preparation for Solvency II compliance.

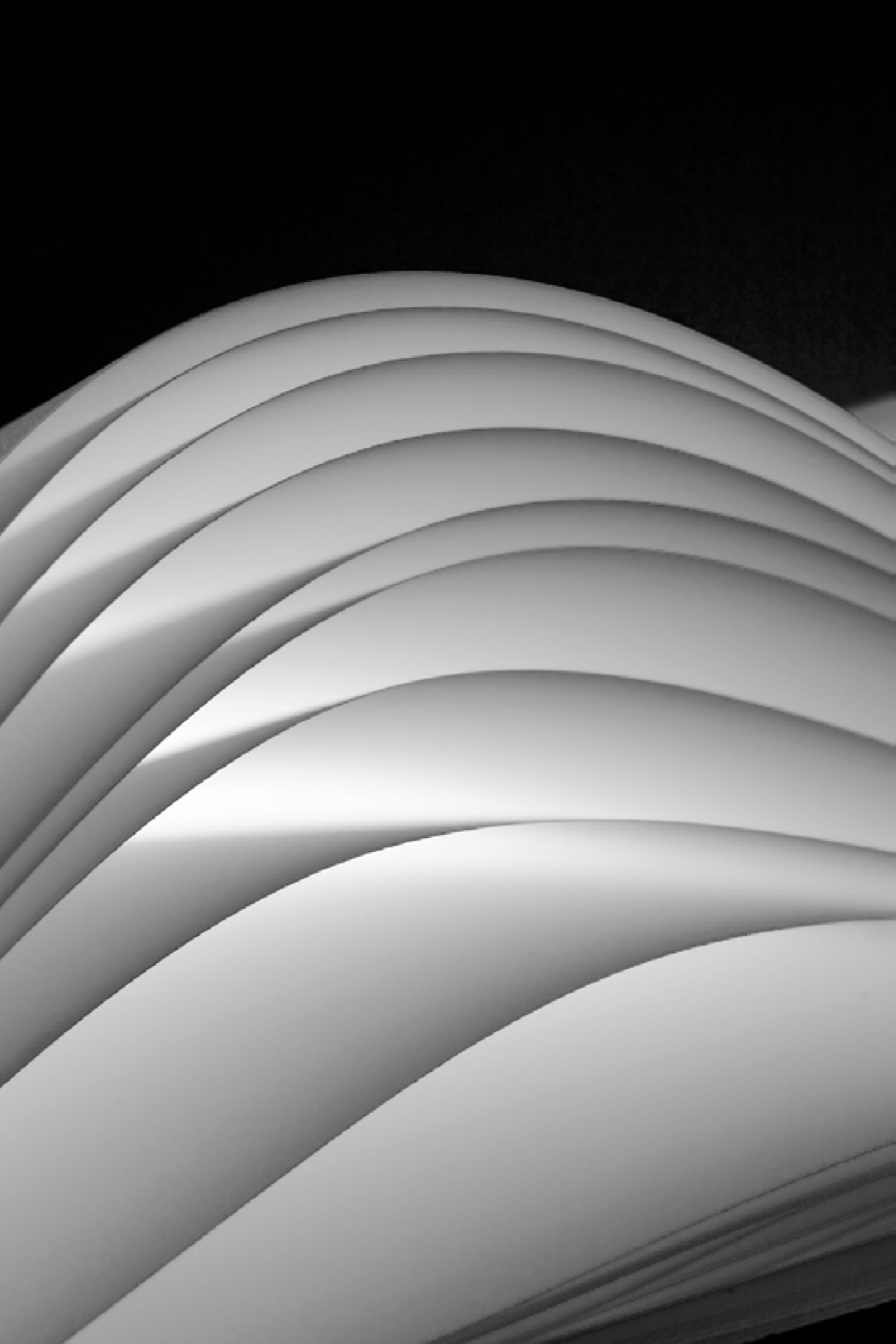
PREPARATIONS FOR SOLVENCY II

The European Commission's Solvency II draft framework directive was published in 2007. The introduction of a new economic risk based solvency regime aims to deepen the integration of the insurance and reinsurance market, enhance the protection of policyholders and beneficiaries, to improve international competitiveness of EU insurers and reinsures and to promote a better regulation. Compared to the existing Solvency I regulation, the regulatory capital requirements in Solvency II will more closely reflect the specific risk profile of each company. This will encourage companies to focus on sound risk management and internal control procedures and thus embed risk awareness throughout the organization.

A separate programme to prepare If P&C for the anticipated changes was introduced during 2007. A number of projects within the programme have been initiated to secure full compliance with Solvency II in 2012. The programme has encompassed involvement in the Solvency II debate and continuous review of If P&C's risk management framework, internal control and corporate governance as well as the internal capital model.

Finnish solvency rules for life insurers changed during 2008. The new rules are based on similar framework as the Solvency II draft, but at a lower confidence level. One aim is to ensure that Finnish life companies are well prepared for Solvency II before 2012. Also in order to prepare for Solvency II and to continuously improve the risk management framework, the company has worked on the development of its internal capital model and improved operational risk management during the year.

During 2008 the supervisors across Europe organized an impact study of the future Solvency II regulation. The insurance entities within Sampo Group took part in the test, called QIS 4, along with 1,400 other companies. The tested calculations showed that Sampo Group, If P&C and Mandatum Life are well prepared for the drafted solvency requirements.



Chapter IV

Financial Statements

{ *Consolidated Income Statement* }

EURm	Note	1–12/2008	1–12/2007
Continuing operations			
Insurance premiums written	1, 8	**4,350**	4,458
Net income from investments	2	**275**	974
Other operating income		**23**	25
Claims incurred	3, 8	**-3,355**	-3,195
Change in liabilities for insurance and investment contracts	4	**667**	-188
Staff costs	5	**-494**	-479
Other operating expenses	6, 8	**-532**	-558
Finance costs		**-66**	-67
Share of associates' profit/loss		**2**	3
Profit from continuing operations before taxes		**870**	974
Taxes	18, 19	**-195**	-254
Profit from continuing operations		**675**	720
Discontinued operations			
Profit from discontinued operations		**-**	2,853
Profit for the period		**675**	3,573
Attributable to			
Equity holders of parent company		**675**	3,572
Minority interest		**0**	0
Earning per share (eur)	9		
Basic, continuing operations		**1.18**	1.25
Basic, discontinued operations		**-**	4.94
Total		**1.18**	6.18

{ *Consolidated Balance Sheet* }

EURm	Note	12/2008	12/2007
Assets			
Property, plant and equipment	11	**38**	40
Investment property	12	**138**	158
Intangible assets	13	**663**	718
Investments in associates	14	**5**	9
Financial assets	15, 16	**16,139**	19,575
Investments related to unit-linked insurance contracts	17	**1,637**	2,072
Tax assets	18	**212**	89
Reinsurers' share of insurance liabilities	22	**436**	489
Other assets	20	**1,473**	1,316
Cash and cash equivalents	21	**465**	958
Total assets		**21,205**	25,424
Liabilities			
Liabilities for insurance and investment contracts	22	**12,375**	13,148
Liabilities for unit-linked insurance and investment contracts	23	**1,637**	2,071
Financial liabilities	24, 16	**1,269**	1,102
Tax liabilities	18	**441**	562
Provisions	25	**26**	35
Employee benefits	26	**92**	118
Other liabilities	27	**732**	655
Total liabilities		**16,573**	17,691
Equity	29		
Share capital		**98**	98
Reserves		**-832**	1,847
Retained earnings		**5,365**	5,788
Equity attributable to parent company's equityholders		**4,631**	7,733
Minority interest		**0**	0
Total equity		**4,631**	7,733
Total equity and liabilities		**21,205**	25,424

{ *Statement of Changes in Equity* }

	Attributable to the equity holders of the parent company							
EURm	Share capital	Share premium account	Legal reserve	Fair value reserve	Retained earnings	Total	Minority interest	Total
Equity at 1 Jan. 2007	95	1,157	370	486	3,061	5,168	21	5,189
Equity related to non-current assets classified as held for sale		0	0	3	-3	-1	-22	-22
Financial assets available-for-sale								
- recognised in equity				6		6		6
- recognised in p/l				-238		-238		-238
Exchange differences			,		-74	-74		-74
Income tax related to items recognised in equity or transferred to p/l				60		60		60
Net income recognised in equity	-	-	-	-169	-78	-246	-22	-268
Profit for the financial year					3,572	3,572	0	3,573
Total income and expenses recognised for the period	-	-	-	-169	3,495	3,326	-21	3,305
Dividends					-693	-693		-693
Subscription for shares with options	3	4				6		6
Share-based payments					0	0		0
Acquisition of treasury shares					-81	-81		-81
Recognition of undrawn dividends					6	6		6
Equity at 31 Dec. 2007	98	1,160	370	317	5,788	7,733	0	7,733
Financial assets available-for-sale								
- recognised in equity				**-3,116**		**-3,116**		**-3,116**
- recognised in p/l				**87**		**87**		**87**
Cash flow hedges:								
- recognised in equity				**15**		**15**		**15**
- recognised in p/l				**-**		**-**		**-**
Exchange differences		**1**			**-249**	**-248**		**-248**
Income tax related to items recognised in equity or transferred to p/l				**333**		**333**		**333**
Net income recognised in equity	**-**	**1**	**-**	**-2,681**	**-249**	**-2,928**	**-**	**-2,928**
Profit for the financial year					**675**	**675**	**0**	**675**
Total income and expenses recognised for the period	**-**	**1**	**-**	**-2,681**	**426**	**-5,182**	**0**	**-2,254**
Dividends					**-686**	**-686**		**-686**
Share-based payments					**3**	**3**		**3**
Acquisition of treasury shares					**-167**	**-167**		**-167**
Recognition of undrawn dividends					**3**	**3**		**3**
Equity at 31 Dec. 2008	**98**	**1,161**	**370**	**-2,364**	**5,365**	**4,631**	**0**	**4,631**

{ *Statement of Cash Flows* }

EURm	2008	2007
Operating activities		
Profit before taxes	870	3,833
Adjustments:		
Depreciation and amortisation	28	44
Unrealised gains and losses arising from valuation	393	339
Realised gains and losses on investments	92	-3,031
Impairment losses on loans and receivables	-	2
Change in liabilities for insurance and investment contracts	-35	903
Other adjustments	551	3,022
Adjustments total	1,029	1,280
Change (+/-) in assets of operating activities		
Investments*)	-1,047	-5,652
Other assets	-123	-222
Total	-1,170	-5,873
Change (+/-) in liabilities of operating activities		
Financial liabilities	196	676
Other liabilities	-85	22
Paid taxes	-49	-172
Total	62	526
Net cash from operating activities	790	-235
Investing activities		
Investments in group and associated undertakings	0	0
Proceeds from the sale of group and associated undertakings	6	3,230
Other investments	-522	-2,646
Net investment in equipment and intangible assets	65	14
Net cash used in investing activities	-451	598
Financing activities		
Subscription of share options	-	6
Acquisition of own shares	-167	-81
Dividends paid	-678	-693
Issue of debt securities	-	742
Repayments of debt securities in issue	-	-1,395
Net cash used in financing activities	-845	-1,421
Total cash flows	-506	-1,058
Cash and cash equivalents at 1 January	946	2,016
Effects of exchange rate changes	25	13
Cash and cash equivalents at 31 December	465	958
Net increase in cash and cash equivalents	-506	-1,058

Additional information to the statement of cash flows:

EURm	2008	2007
Interest income received	652	682
Interest expense paid	90	78
Dividend income received	431	195

*) 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 EURm 176 (184), and short-term deposits (max. 3 months) EURm 289 (774).

The net cash flows of banking and investment services (discontinued operations)

EURm	2008	2007
Operating activities	-	-712
Investing activities	-	3,224
Financing activities	-	-299
Net cash flows total	-	2,214

{ *Note to the Cash Flow Statement* }

Acquired entities during the year 2008

If P&C Insurance Holding AB acquired the entire share stock of a Russian insurance company SOAO Region on 1 June, 2008. The preliminary acquisition cost of EURm 28 was paid in cash in its entirety.

The assets and liabilities of the acquired company did not have a material effect on the Group's income statement, balance sheet or cash flows.

Disposed entities during the year 2007

In accordance with the contract signed on 9 Nov. 2006, Sampo plc sold the entire share stock of Sampo Bank plc to Danske Bank A/S. The major subsidiaries in Sampo Bank Group were Sampo Fund Management Ltd, Mandatum Asset Management Ltd, Mandatum Securities Ltd, Mandatum & Co Ltd, 3C Asset Management Ltd and Arvo Value Asset Management Ltd. The trade became effective on 1 Feb. 2007.

DISPOSED ASSETS AND LIABILITIES 31 JAN. 2007

EURm	
Assets	
Property, plant and equipment	91
Intangible assets	64
Investments in associates	13
Financial assets	24,873
Deferred tax assets	24
Other assets	541
Cash and cash equivalents	799
Total assets	26,404
Liabilities	
Financial liabilities	24,098
Deferred tax liabilities	25
Other liabilities	1,069
Total liabilities	25,191
Sales consideration	4,028
Less cash and cash equivalents	-799
Cash flow from the disposal	3,230

{ *Notes to the Accounts* }

Contents

Summary of Significant Accounting Policies

Sampo Group has prepared the consolidated financial statements for 2008 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, 2008.

On 13 October, 2008, as a result of the global financial crisis, the IASB (International Accounting Standards Board) amended the standards IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*. The changes, already adopted by the EU, became effective at 1 July, 2008 and allow reclassifications of certain financial assets. Since the group did not hold assets for which the management would have seen reclassifications necessary, these amendments do not have an impact on Sampo's financial statements for the financial year of 2008.

During the financial year 2008 Sampo did not adopt any other new or amended standards or interpretations.

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.

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 2009.

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. The excess of the cost of an acquisition 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.

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. Monetary balance sheet items denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date. Non-monetary balance sheet items measured at historical cost are presented in the balance sheet using the historical rate existing at the date of the transaction.

Translation 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. Translation 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 translation differences are included in equity. When a subsidiary is divested entirely or partially, the cumulative translation 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.

Translation 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 rates have been applied in the consolidated financial statements:

1 euro =	Balance sheet date	Average exchange rate
Swedish krona (SEK)	10.8700	9.6226
Estonian kroon (EEK)	15.6466	15.6466

Segment reporting

The Group's primary 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.

The transaction of selling the Banking and Investment services segment to Danske Bank A/S was closed on the 1 Feb. 2007. The result for the segment is presented as profit from discontinued operations in the comparison year 2007.

The Group's secondary segmentation is based on geographical distribution. The reported segments are Finland, Sweden, Norway, Denmark, the Baltic countries and other 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 commissions

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'.

The 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 (1 year), 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 provisions 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, held-to-maturity investments, 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 P&C insurance, the fair value option permitted by IAS 39 has been applied in the earlier years. The remaining assets acquired before the year 2008 are still measured at fair value through p/l. Furthermore, the fair value option is applied in some minor P&C companies.

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 expires.

On 16 Oct. 2008, the EU approved the amendments, published by IASB, to standards IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*. In limited circumstances, the amendments permit reclassifications of certain financial assets measured at fair value, after the initial recognition.

If a debt instrument, classified as held for trading or available for sale, had met the definition of loans and receivables at initial recognition, it may be reclassified to loans and receivables, if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Any other debt instruments held for trading, or equity instruments, may be reclassified, in rare circumstances, to available for sale financial assets or held to maturity investments, if the asset is no longer held for the purpose of selling it in the near term.

The derivatives, financial assets designated as at fair value through p/l and financial liabilities may not be reclassified.

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 cost, which is the fair value of the consideration paid or given. 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 cost which is the fair value of the consideration given, and subsequently remeasured at 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.

HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold until maturity. Held-to-maturity investments are initially recorded at cost which is the fair value of the consideration given plus any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

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 cost which is the fair value of the consideration given, including transaction costs that are 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 at cost, which is the fair value of the consideration given, including direct and incremental transaction costs. They are subsequently remeasured at fair value, and the changes in fair value are included as a separate component of equity, 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. Translation 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. Financial assets are measured at the bid price and financial liabilities at the asking price. If there are items in a position offsetting each other's market position, the mid price may be used 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 on each balance sheet date 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 the payment status of a customer is rated as 'default'

When a default occurs, the impairment of a loan is assessed. The amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred), discounted at the loan's original effective interest rate. The difference is recognised as an impairment loss in profit or loss. The impairment of loans is assessed individually.

If, in a subsequent period, the amount of the impairment loss decreases, and the decease can be related objectively to an event occurring after the impairment was recognised (the default status is removed), the previously recognised impairment loss shall be reversed.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The impairment of available-for-sale financial assets is monitored through an investment plan. The credit risk limits by issuer have been determined in the investment plan and the plan is followed daily. 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 watchlist, or there is a significant or prolonged decline in the fair value of an equity instrument below its cost. The assessment is not, however, based solely on the general decline on values due to market conditions, but the acquisitions are assessed case by case. If it is assessed that an amount equivalent to the acquisition cost would not be recovered when selling the investment, an impairment loss is recognised. When the observable data indicates that an impairment has occurred, the cumulative loss recognised directly in equity is removed from equity and recognised in profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively 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. Impairment losses recognised in profit or loss for an equity instrument shall not be reversed 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, 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

The 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, both fair value and cash flow hedging has been applied in life insurance. Sampo plc used fair value hedging in the comparison year.

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 and interest rate options. 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 the fair value reserve in equity and 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 exercised, 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

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.

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.

Non-current assets held for sale and discontinued operations

Non-current assets and the assets and liabilities related to discontinued operations are classified as held for sale, if their carrying amount will be recovered principally through sales transactions rather than from continuing use. For this to be the case, the sale must be highly probable, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups), the management must be committed to a plan to sell the asset (or disposal group), and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Once classified, depreciation on such assets ceases.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and

1. represents a separate major line of business or geographical area of operations
2. is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
3. is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the consolidated income statement. Assets or disposal groups that are classified as held for sale, amounts related to assets held for sale and recognised directly in equity, and the liabilities included in disposal groups held for sale are presented separately on the face of the balance sheet.

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 INTANGIBLE 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.

Customer relationships based on insurance contracts and identifiable in conjunction with the merger of the P&C insurance business are also recognised as other intangible assets.

Customer relationships were measured at fair value at the acquisition. Measurement of the present value of all future cash flows from an asset takes into consideration insurance premium revisions, cross-sales and general economic forecasts. The average validity period of insurance contracts, 6 years, is deemed as the asset's useful life, during which time it is amortised on a straight-line basis. When necessary, customer relationships are tested for impairment.

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 years
Components of buildings	10–15 years
IT equipment and motor vehicles	3–5 years
Other equipment	3–10 years

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. Moreover, the depreciation periods and methods and the impairment principles are the same as those applied to corresponding property occupied for own activities. 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.

REINSURANCE CONTRACTS

A reinsurance contract is a contract which meets the IFRS 4 requirements for insurance contracts and on the basis of which the 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.

Provision for a collective guarantee

The provision for a collective guarantee is regulated by Finland's Traffic and Accident Insurance Act and must be collected by insurers. Its purpose is to guarantee the payment of claims to customers in the event that any insurers are put into liquidation or bankruptcy. The collection of funds for this provision is to guarantee the payment of obligations that may arise in the future. In the Sampo Group the provision for a collective guarantee is recognised in equity, in accordance with the Framework of the IFRS, until it becomes probable that the obligation will be settled. The provision for a collective guarantee is not a part of distributable equity.

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.

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. The highest discount rate used for accrued benefits is 3.5 per cent. In addition, Mandatum Life has lowered the claim of interest for the year 2009 to 3.0 per cent.

Due to the difference in the discount rate of liabilities and the guaranteed interest of 4.5%, and the lowering of the claim of interest for 2009, supplementary provisions for guaranteed interest have been added to technical provisions. In the subsidiary, SE Sampo Life Insurance Baltic, the discount rate varies by country between 2.3–3.5 per cent and the average guaranteed interest rate between 3.5–3.8 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 43 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 provision for claims outstanding is intended to cover expected future payments for 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. Additionally, the risk management section of the Notes includes the forecast annual maturities of technical provisions.

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 a Finnish government long-term bond. 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. The insurance business undertaken by the Swedish company is not entitled to distribute profit.

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 (TEL) in Finland.

In 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 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 1) the actuarially calculated earnings of old-age pensions during the year, calculated straight-line, based on pensionable income at the time of retirement, and 2) calculated effects in the form of interest expense for crediting/appreciating the preceding years' established pension obligations less 3) revenues from the assets covered by the plan. 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 anticipated/expected return on the plan's assets and the market interest rate on the obligation during the financial year.

When reporting defined benefit plans in the balance sheet, the so-called corridor method is used. According to this model, accrued actuarial gains and losses resulting from differences between calculated assumptions and the actual outcome are not reported in the income statement unless the accumulated difference exceeds 10 per cent of the present value of the future obligations or the fair value of the plan's assets, whichever is higher. Accumulated differences that exceed the 10 per cent limit are accrued in the income statement as pension costs throughout the duration of the obligation. The accumulated accrued actuarial gains and losses calculated in this way that are not reported in the income statement are reported in the balance sheet as a net asset/net liability.

The Group also has 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

Sampo has share-based incentive schemes that are settled either in cash (the long-term incentive schemes 2004 I, 2004 II, 2005 I, 2006 I, 2006 II, 2008 I and 2008 II) for executives and specialists) or in equity instruments (Sampo 2006). Schemes with cash payments are measured at the intrinsic value of the incentive on interim or annual balance sheet dates, and changes in the liability are recognised through profit or loss. Schemes where the payment is in equity instruments are measured at fair value at the grant date, and are recognised as an expense and as an increase in equity on a straight-line basis during the vesting period.

The fair value of incentives payable in equity instruments 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 shares to be paid as an incentive. 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 share options 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 shares at every interim or annual balance sheet date.

In adopting the IFRS on 1 January 2004, Sampo did not apply IFRS 2 *Share-based payments* to the year 2000 option programme, in accordance with the exemption permitted by IFRS 1.

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, in which case the tax effect will also be recognised in equity. 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 are most complicated and 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

In testing loans and other receivables for impairment, the carrying amount is compared with the present value of recoverable future cash flows. Recoverable future cash flows are estimated for each contract by utilising assumptions based on historical data.

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

APPLICATIONS IN 2009

In 2009, the Group will apply the following new or amended standards and interpretations related to the Group's business, published by the IASB in 2007 and 2008. If not stated otherwise, the following standards or interpretations or their amendments were approved by the EU at the balance sheet date. The new or amended standards are effective for annual periods beginning on or after 1 Jan. 2009.

The amendments to IFRS 2 *Share-based payments – Vesting conditions and cancellations* state that all non-vesting conditions must be taken into account when estimating the fair value of equity instruments granted. The amendment also clarifies the accounting treatment of cancellations. The adoption of the amendment will have no material effect on Sampo's financial statements reporting.

IFRS 8 *Operating Segments* changes the segment reporting by requiring the reported segment information to be based on the information reported to the chief operating decision maker and to comply with those accounting principles. The adoption of the standard will not have a material effect on Sampo's segment information, as the segment information published before has already been based on the group's internal reporting structure. The standard has already been adopted by the EU.

The revised IAS 1 *Presentation of Financial Statements* aims to improve the analysis and comparison of the information in the financial statements. The amendments mainly concern the presentation of the income statement and the statement of changes in equity, and the used terminology.

The changes in IAS 1 *Presentation of Financial Statements* and IAS 32 *Financial Instruments: Presentation* (Puttable Financial Instruments and Obligations Arising on Liquidation) require some financial instruments puttable at fair value to be classified as equity, instead of financial liabilities. The adoption of the amendment will have no material effect on Sampo's financial statements reporting.

IFRIC 13 *Customer Loyalty Programmes* (effective for the annual periods beginning on or after 1 July 2008) states that the loyalty award credits should be treated separately from the sale of goods and services. The adoption of the interpretation will have no material effect on Sampo's financial statements reporting.

IFRIC 14 IAS 19 *The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction* (effective for the annual periods beginning on or after 1 Jan. 2008) clarifies how to assess the limit on the amount of the surplus that can be recognised as an asset, and how the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The adoption of the interpretation will have no material effect on Sampo's financial statements reporting.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* (effective for the annual periods beginning on or after 1 Oct. 2008) clarifies the accounting treatment of a net investment in a foreign operation on the group level. The adoption of the interpretation will have no material effect on Sampo's financial statements reporting. The interpretations was not approved by the EU at the balance sheet date.

Improvements to IFRSs – various minor changes made to different standards at the same time. The Group expects these changes to be immaterial to Sampo's financial statements reporting.

APPLICATIONS IN 2010

The Group will adopt the following revised standards and new interpretation (effective for annual periods beginning on or after 1 July, 2009) in 2010, provided the EU will have adopted them by then:

The revised IFRS 3 *Business combinations* includes various significant changed regarding the accounting treatment of business combinations. The revised standard allows the entity to measure non-controlling interest, in accordance with the prevailing principle, at its proportionate interest in the acquiree's net assets or at its fair value. The choice is acquisition-specific and affects the amounts of recognised goodwill and non-controlling interest. Other significant changes in the standard regard acquisition-related costs that should be expensed through p/l, the accounting of step acquisitions, and the treatment of contingent consideration.

The revised IAS 27 *Consolidated and Separate Financial Statements* requires that changes in the ownership interest of subsidiary are accounted for as an equity transactions, if the control of a subsidiary is not lost. On loss of control, any retained interest will be measured at fair value through p/l. Furthermore, after the revision, losses incurred by the subsidiary may be allocated to the non-controlling interest, even if the losses exceed their equity investment in the subsidiary.

IAS 39 *Financial Instruments: Recognition and Measurement* clarifies the hedging of one-sided risk of hedged items and inflation, in the case of financial assets or liabilities.

IFRIC 17 *Distributions of Non-cash Assets to Owners* clarifies the recognition and measurement of assets other than cash paid as dividend. The adoption of the interpretation will have no material effect on Sampo's financial statements reporting.

{ *Segment Information* }

The Group's business segments comprise P&C insurance, Life insurance and Holding company. In the comparison year, the banking and investment services are presented as discontinued operations. The classification was made on 9 Nov. 2006 when Sampo plc signed a contract to sell the entire share stock of Sampo Bank plc to Danske Bank A/S in Denmark. The trade became effective on 1 Feb. 2007.

The Group's secondary segmentation is based on geographical distribution. The reported segments 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 2008

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premius written	3,821	529	-	-	4,350
Net income from investments	268	-222	232	-3	275
Other operating income	26	0	8	-11	23
Claims incurred	-2,592	-763	-	-	-3,355
Change in liabilities for insurance and investment contracts	-14	681	-	-	667
Staff costs	-460	-23	-11	-	-494
Other operating expenses	-473	-51	-13	4	-532
Finance costs	-29	-11	-37	10	-66
Share of associates' profit/loss	2	0	0	-	2
Profit before taxes	549	140	180	1	870
Taxes					-195
Profit for the period					675
Attributable to					
Equity holders of parent company					675
Minority interest					0

Consolidated Income Statement by Business Segment for Year Ended 31 December 2007

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premius written	3,840	618	-	-	4,458
Net income from investments	211	600	168	-5	974
Other operating income	29	0	8	-13	25
Claims incurred	-2,541	-653	-	-	-3,195
Change in liabilities for insurance and investment contracts	-43	-145	-	-	-188
Staff costs	-441	-20	-18	-	-479
Other operating expenses	-493	-50	-26	11	-558
Finance costs	-29	-10	-38	10	-67
Share of associates' profit/loss	1	1	1	-	3
Profit from continuing operations before taxes	534	342	95	3	974
Taxes					-254
Profit from continuing operations					720
Profit from discontinued operations					2,853
Profit for the period					3,573
Attributable to					
Equity holders of parent company					3,572
Minority interest					0

Consolidated Balance Sheet by Business Segment at 31 December 2008

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	27	5	5	-	38
Investment property	28	100	10	-	138
Intangible assets	495	167	0	-	663
Investments in associates	3	2	0	-	5
Financial assets	8,874	4,503	5,260	-2,498	16,139
Investments related to unit-linked insurance contracts	-	1,637	-	-	1,637
Tax assets	144	62	6	0	212
Reinsurers' share of insurance liabilities	431	4	-	-	436
Other assets	1,176	270	54	-27	1,473
Cash and cash equivalents	259	171	35	-	465
Total assets	11,437	6,922	5,370	-2,525	21,205
Liabilities					
Liabilities for insurance and investment contracts	7,889	4,487	-	-	12,375
Liabilities for unit-linked insurance and investment contracts	-	1,637	-	-	1,637
Financial liabilities	686	104	604	-125	1,269
Tax liabilities	379	54	9	-	441
Provisions	26	-	-	-	26
Employee benefits	92	-	-	-	92
Other liabilities	444	242	73	-27	732
Total liabilities	9,516	6,523	686	-152	16,573
Equity					
Share capital					98
Reserves					-832
Retained earnings					5,365
Equity attributable to parent company's equityholders					4,631
Minority interest					0
Total equity					4,631
Total equity and liabilities					21,205

Consolidated Balance Sheet by Business Segment at 31 December 2007

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	29	5	6	-	40
Investment property	41	105	12	-	158
Intangible assets	554	164	0	-	718
Investments in associates	4	2	3	-	9
Financial assets	9,467	5,456	7,151	-2,499	19,575
Investments related to unit-linked insurance	-	2,072	-	-	2,072
Tax assets	84	0	5	1	89
Reinsurers' share of insurance liabilities	484	5	-	-	489
Other assets	1,224	66	54	-29	1,316
Cash and cash equivalents	637	93	229	-	958
Total assets	12,524	7,968	7,458	-2,527	25,424
Liabilities					
Liabilities for insurance and investment contracts	8,527	4,621	-	-	13,148
Liabilities for unit-linked insurance and investment contracts	-	2,071	-	-	2,071
Financial liabilities	530	101	596	-125	1,102
Tax liabilities	391	155	16	-	562
Provisions	35	-	-	-	35
Employee benefits	118	-	-	-	118
Other liabilities	558	46	79	-29	655
Total liabilities	10,159	6,994	690	-153	17,691
Equity					
Share capital					98
Reserves					1,847
Retained earnings					5,788
Equity attributable to parent company's equityholders					7,733
Minority interest					0
Total equity					7,733
Total equity and liabilities					25,424

Geographical Segment Information

REVENUE BY GEOGRAPHICAL SEGMENT

EURm	Finland	Sweden	Norway	Denmark	Baltic	Other	Total
Income 2008							
P&C insurance	804	1,147	1,397	293	166	0	3,807
Life insurance	499	-	-		30	-	529
Holding	240	-	-	-	-	-	240
Total	1,543	1,147	1,397	293	196	0	4,576
Income 2007							
P&C insurance	814	1,187	1,378	284	134	0	3,797
Life insurance	550	1	3	0	64	-	618
Holding	176	-	-	-	-	-	176
Banking and investment services (discontinued operations)	60	-	-	-	8	0	68
Total	1,600	1,188	1,381	285	206	0	4,659

The revenue for insurance businesses includes insurance premiums according to the underwriting country, consisting of premiums earned for P&C insurance and premiums written for Life insurance.

The revenue for Holding includes all net investment income and other operating income in that segment.

The revenue for Banking and investment services includes the total operating income of the segment for the first month of 2007.

ASSETS BY GEOGRAPHICAL SEGMENT

EURm	Finland	Sweden	Norway	Denmark	Baltic	Other	Elimination	Total
Assets 2008								
P&C insurance	3,225	4,181	2,569	824	325	314	-	11,437
Life insurance	6,835	-	-	-	87		-	6,922
Holding	5,370	-	-	-	-	-	-	5,370
Total	15,430	4,181	2,569	824	412	314	-2,525	21,205
Assets 2007								
P&C insurance	3,066	5,202	3,018	653	238	347	-	12,524
Life insurance	7,817	1	7	1	141	-	-	7,968
Holding	7,458	-	-	-	-	-	-	7,458
Total	18,341	5,203	3,025	654	380	347	-2,527	25,424

Investments of P&C insurance have been allocated to different countries based on the claims they have on their share of investment assets managed centrally in Sweden.

{ *Acquired and Disposed Entities* }

Year 2008

If P&C Insurance Holding AB acquired the entire share stock of a Russian insurance company SOAO Region on 1 June, 2008. The preliminary acquisition cost of EURm 28 was paid in cash in its entirety.

The assets and liabilities of the acquired company did not have a material effect on the Group's income statement, balance sheet or cash flows. The goodwill arising from the acquisition was 17 EURm at the balance sheet date.

Year 2007

In accordance with the contract signed on 9 Nov. 2006, Sampo plc sold the entire share stock of Sampo Bank plc to Danske Bank A/S. The trade became effective on 1 Feb. 2007. As a result, the profit of the first month of 2007 for the Banking and Investment services is presented under the profit from discontinued operations.

{ Notes to the Income Statement }

1 Insurance Premiums Written

P&C INSURANCE

EURm	2008	2007
Premiums from insurance contracts		
Premiums written, direct insurance	3,967	4,000
Premiums written, assumed reinsurance	90	85
Premiums written, gross	4,057	4,085
Reinsurers' share of premiums written	-236	-245
Premiums written, net	3,821	3,840
Change in unearned premium provision	-12	-43
Reinsurers' share	-2	0
Change in unearned premium provision, net	-14	-43
Premiums earned, total	3,807	3,797

LIFE INSURANCE

EURm	2008	2007
Premiums from insurance contracts		
Premiums written, direct insurance	487	607
Premiums written, assumed reinsurance	2	2
Insurance contracts total, gross	488	609
Premium revenue ceded to reinsurers on insurance contracts issued	-7	-6
Insurance contracts total, net	482	603
Investment contracts	47	15
Premiums written, net[1]	529	618
Group, total	4,350	4,458

[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	2008	2007
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	242	211
Premiums from unit-linked contracts	240	388
Premiums from other contracts	5	7
Total	487	607
Assumed reinsurance	2	2
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	0	1
Premiums from unit-linked contracts	47	15
Total	47	15
Insurance and investment contracts, total	536	625
Reinsurers' share	-7	-6
Premiums written, total	529	618
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	365	404
Single premiums, insurance contracts	121	202
Single premiums, investment contracts	47	15
Total	534	622

2 Net Income from Investments

P&C INSURANCE

EURm	2008	2007
Financial assets		
Derivative financial instruments		
Gains/losses	83	35
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	83	363
Gains/losses	-62	-82
Equity securities		
Gains/losses	-135	-114
Dividend income	4	43
Total	-109	210
Loans and receivables		
Interest income	25	27
Financial assets available-for-sale		
Debt securities		
Interest income	374	-
Impairment losses	-81	-
Gains/losses	52	-
Equity securities		-
Gains/losses	-32	-
Impairment losses	-4	-
Dividend income	47	-
Total	356	-
Total from financial assets	354	272
Other assets		
Investment properties		
Gains/losses	-1	6
Other	1	-1
Total from other assets	1	5
Interest expense on repurchase agreements	-16	-
Effect of discounting annuities	-60	-56
Fee and commission expenses		
Asset management	-12	-10
P&C insurance, total	268	211
Net income from investments includes exchange differences		
Arising from insurance business	20	10
Arising from investments	2	-1

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 59 (-) transferred from the fair value reserve.

LIFE INSURANCE

EURm	2008	2007
Financial assets		
Derivative financial instruments		
Gains/losses	59	45
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	4	5
Gains/losses	-9	-4
Equity securities		
Gains/losses	-1	0
Dividend income	0	0
Total	-6	0
Investments related to unit-linked contracts		
Debt securities		
Interest income	4	3
Gains/losses	-5	-7
Equity securities		
Gains/losses	-486	61
Dividend income	0	0
Loans and receivables		
Interest income	1	-
Other financial assets		
Gains/losses	1	-
Total	-485	57
Investments in securities held-to-maturity		
Debt securities		
Interest income	0	1
Loans and receivables		
Interest income	7	5
Gains/losses	-8	-3
Total	-1	2
Financial assets available-for-sale		
Debt securities		
Interest income	173	143
Gains/losses	-70	-27
Equity securities		
Gains/losses	30	263
Impairment losses	-1	-10
Dividend income	62	109
Total	194	477
Total financial assets	-239	583
Other assets		
Investment properties		
Gains/losses	1	1
Impairment losses	0	0
Other	6	4
Total other assets	7	5
Net fee income		
Asset management	-13	-16
Fee income	23	28
Total	10	12
Life insurance, total	-222	600
Net income from investments includes exchange differences		
Arising from investments	-47	24

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 30 (234) transferred from the fair value reserve.

HOLDING

EURm	2008	2007
Financial assets		
Derivative financial instruments		
Gains/losses	14	2
Loans and receivables		
Interest income	5	3
Financial assets available-for-sale		
Debt securities		
Interest income	77	123
Impairment losses	0	-
Equity securities		
Gains/losses	3	-1
Impairment losses	-1	-
Dividend income	133	43
Total	213	165
Total financial assets	232	170
Other assets		
Investment properties		
Gains/losses	0	-1
Other	0	0
Total other assets	0	-2
Holding, total	232	168

Included in gains/losses from financial assets available-for-sale is a net gain of EURm -2 (-1) transferred from the fair value reserve.

Elimination items between segments	-3	-5
Group, total	275	974

The changes in the fair value reserve are disclosed in the 'Statement of changes in equity' on p. 76.

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 recognised 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

EURm	2008 Gross	2008 Ceded	2008 Net	2007 Gross	2007 Ceded	2007 Net
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,406	45	-1,361	-1,283	31	-1,251
Change in provision for claims outstanding (incurred and reported losses)	-704	55	-650	-702	44	-658
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-670	18	-651	-707	24	-683
Claims-adjustment costs	-9	-	-9	-14	-	-14
Change in claims provision for annuities	-11	-	-11	-10	-	-10
Total claims cost attributable to current-year operations	-2,800	118	-2,682	-2,716	99	-2,617
Claims costs attributable to prior-year operations						
Claims paid	-1,153	83	-1,070	-1,065	95	-970
Annuities paid	6	-	6	-20	0	-20
Claims portfolio	6	-6	0	-7	7	-
Change in provision for claims outstanding (incurred and reported losses)	685	-41	644	693	-67	626
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	547	-37	510	456	-16	439
Total claims cost attributable to prior-year operations	91	-1	90	56	19	76
Insurance claims paid						
Claims paid	-2,559	128	-2,431	-2,348	127	-2,221
Annuities paid	-29	-	-29	-33	-	-33
Claims portfolio	6	-6	0	-7	7	-
Total claims paid	-2,582	122	-2,460	-2,388	134	-2,254
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	-19	14	-5	-9	-23	-32
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-122	-19	-141	-251	8	-244
Change in claims provision for annuities	23	0	23	-1	0	-1
Claims-adjustment costs	-9	-	-9	-10	-	-10
Total change in provision for claims outstanding	-127	-5	-132	-272	-15	-287
P&C insurance, total	-2,709	117	-2,592	-2,660	119	-2,541

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 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 2008 amounted to approximately EURm 303 (284). The non-discounted value was EURm 467 (463). The growth is mainly caused by the increase in the provision for work insurance.

Interest rate used in calculating the technical provisions of annuities (%)

	2008	2007
Sweden	1.50	1.50
Finland	3.30	3.30
Denmark	2.00	2.00

LIFE INSURANCE

EURm	Claims paid 2008	Claims paid 2007	Change in provision for claims outstanding 2008	Change in provision for claims outstanding 2007	Claims incurred 2008	Claims incurred 2007
Insurance contracts						
Life-insurance						
Contracts with discretionary participation feature (DPF)	**-135**	-140	**-1**	0	**-136**	-140
Other contracts	**-1**	0	**0**	0	**-1**	-1
Unit-linked contracts	**-176**	-102	**-2**	-1	**-178**	-103
Total	**-312**	-243	**-3**	-1	**-315**	-244
Pension insurance						
Contracts with discretionary participation feature (DPF)	**-284**	-259	**-113**	-99	**-397**	-358
Other contracts	**0**	0	**0**	0	**0**	0
Unit-linked contracts	**-5**	-5	**0**	0	**-5**	-6
Total	**-289**	-264	**-113**	-99	**-402**	-364
Assumed reinsurance	**-1**	-2	**0**	0	**-1**	-2
Insurance contracts total, gross	**-602**	-509	**-116**	-100	**-717**	-608
Reinsurers´ share	**5**	5	**1**	0	**5**	5
Insurance contracts total, net	**-597**	-504	**-115**	-100	**-713**	-604
Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	**-38**	-36	**0**	0	**-38**	-36
Unit-linked contracts	**-12**	-14	**0**	0	**-12**	-14
Investment contracts, total	**-50**	-49	**0**	0	**-50**	-49
Life insurance, total	**-648**	-554	**-115**	-100	**-763**	-653

Claims paid by type of benefit

EURm	2008	2007
Insurance contracts		
Life insurance		
Surrender benefits	-23	-24
Death benefits	-25	-22
Maturity benefits	-82	-88
Loss adjustment expenses	0	0
Other	-7	-6
Total	-136	-140
Life insurance, unit-linked		
Surrender benefits	-124	-58
Death benefits	-22	-20
Maturity benefits	-29	-23
Loss adjustment expenses	0	0
Other	0	0
Total	-176	-102
Pension insurance		
Pension payments	-269	-248
Surrender benefits	-10	-7
Death benefits	-4	-4
Loss adjustment expenses	0	0
Other	-1	0
Total	-284	-259
Pension insurance, unit-linked		
Pension payments	-1	0
Surrender benefits	-3	-3
Death benefits	-1	-2
Other	0	0
Total	-5	-5
Assumed reinsurance	-1	-2
Insurance contracts total, gross	-602	-509
Reinsurers´ share	4	5
Insurance contracts total, net	-597	-504
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	-13	-32
Loss adjustment expenses	-25	-4
Other	0	0
Total	-38	-36
Investment contracts		
Capital redemption policy, unit-linked		
Surrender benefits	-5	-14
Loss adjustment expenses	-7	0
Total	-12	-14
Investment contracts total, gross	-50	-50
Claims paid total, gross	-652	-559
Claims paid total, net	-648	-554
Group, total	-3,355	-3,195

4 Change in Liabilities for Insurance and Investment Contracts

P&C INSURANCE

EURm	2008	2007
Change in unearned premium provision	-12	-43
Reinsurers' share	-2	0
Change in unearned premium provision, net	-14	-43

LIFE INSURANCE

EURm	2008	2007
Insurance contracts		
Life insurance		
Contracts with discretionary participation feature (DPF)	114	90
Other contracts	-1	0
Unit-linked contracts	301	-190
Total	414	-100
Pension insurance		
Contracts with discretionary participation feature (DPF)	88	50
Other contracts	0	-1
Unit-linked contracts	171	-128
Total	259	-79
Assumed reinsurance	1	1
Insurance contracts total, gross	675	-178
Reinsurers´ share	0	0
Insurance contracts total, net	675	-177
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	42	33
Unit-linked contracts	-36	0
Investment contracts, total	6	32
Change in liabilities for insurance and investment contracts in total, gross	681	-145
Change in liabilities for insurance and investment contracts in total, net	681	-145
Group, total	667	-188

5 Staff Costs

P&C INSURANCE

EURm	2008	2007
Staff costs		
Wages and salaries	-328	-311
Equity-settled share-based payments	-1	-1
Cash-settled share-based payments	-1	-1
Pension costs		
- defined contribution plans	-45	-39
- defined benefit plans (Note 28)	-21	-27
Other social security costs	-64	-62
P&C insurance, total	-460	-441

LIFE INSURANCE

EURm	2008	2007
Staff costs		
Wages and salaries	-18	-16
Equity-settled share-based payments	0	0
Cash-settled share-based payments	0	0
Pension costs – defined contribution plans	-3	-2
Other social security costs	-1	-2
Life insurance, total	-23	-20

HOLDING

EURm	2008	2007
Staff costs		
Wages and salaries	-7	-7
Equity-settled share-based payments	-2	-5
Cash-settled share-based payments	0	0
Pension costs – defined contribution plans	-2	-6
Other social security costs	-1	-1
Holding, total	-11	-18
Group, total	-494	-479

More information on share-based payments in note 31 'Incentive schemes'.

6 Other Operating Expenses

P&C INSURANCE

EURm	2008	2007
IT costs	-20	-50
Other staff costs	-17	-17
Marketing expenses	-41	-45
Depreciation and amortisation	-20	-32
Rental expenses	-49	-48
Change in deferred acquisition costs	10	7
Direct insurance comissions	-137	-130
Commissions on reinsurance ceded	20	19
Other	-219	-197
P&C insurance, total	-473	-493

LIFE INSURANCE

EURm	2008	2007
IT costs	-12	-10
Other staff costs	-1	-1
Marketing expenses	-4	-3
Depreciation and amortisation	-3	-2
Rental expenses	-3	-2
Direct insurance comissions	-9	-13
Comissions of reinsurance assumed	-1	-1
Commissions on reinsurance ceded	1	1
Other	-20	-20
Life insurance, total	-51	-50

Item Other for P&C and Life Insurance includes e.g. expenses related to communication, external services and other administrative expenses.

HOLDING

EURm	2008	2007
IT costs	-1	-2
Other staff costs	0	0
Marketing expenses	-1	-1
Depreciation and amortisation	-1	-2
Rental expenses	-3	-2
Other	-7	-19
Holding, total	-13	-26

Item Other includes e.g. consultancy fees and rental and other administrative expenses.

Elimination items between segments	4	11
Group, total	-532	-558

7 Result Analysis of P&C Insurance

EURm	2008	2007
Insurance premiums earned	3,807	3,797
Claims incurred	-2,834	-2,788
Operating expenses	-662	-653
Other insurance technical income and expense	4	5
Allocated investment return transferred from the non-technical account	233	205
Technical result	548	565
Net investment income	299	238
Allocated investment return transferred to the technical account	-293	-261
Other income and expense	-5	-8
Operating result	549	534

Specification of activity-based operating expenses included in the income statement

EURm	2008	2007
Claims-adjustment expenses (Claims paid)	-242	-247
Acquisition expenses (Operating expenses)	-434	-436
Joint administrative expenses for insurance business (Operating expenses)	-259	-243
Administrative expenses pertaining to other technical operations (Operating expenses)	-22	-25
Asset management costs (Investment expenses)	-12	-10
Total	-968	-961

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							
2008	**568**	**680**	**1,086**	**145**	**1,205**	**168**	**2**
2007	562	723	1,068	144	1,198	184	3
Premiums earned, gross							
2008	**555**	**687**	**1,086**	**145**	**1,196**	**176**	**2**
2007	561	747	1,015	142	1,197	184	2
Claims incurred, gross[1]							
2008	**-404**	**-597**	**-753**	**-103**	**-805**	**-106**	**-1**
2007	-460	-642	-699	-97	-747	-79	0
Operating expenses, gross[2]							
2008	**-98**	**-145**	**-171**	**-23**	**-193**	**-31**	**0**
2007	-92	-151	-154	-20	-200	-29	0
Profit/loss from ceded reinsurance							
2008	**-3**	**0**	**-2**	**-10**	**-83**	**-35**	**0**
2007	13	-1	-3	-10	-96	-31	0
Technical result before investment return							
2008	**49**	**-55**	**159**	**9**	**115**	**3**	**1**
2007	23	-46	159	16	153	45	2

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2008	**17**	**104**	**3,974**	**90**	**-7**	**4,057**
2007	16	108	4,006	85	-5	4,085
Premiums earned, gross						
2008	**17**	**103**	**3,966**	**85**	**-6**	**4,045**
2007	16	104	3,967	80	-5	4,042
Claims incurred, gross[1]						
2008	**-12**	**-87**	**-2,868**	**-85**	**2**	**-2,951**
2007	-11	-100	-2,834	-75	2	-2,907
Operating expenses, gross[2]						
2008	**-2**	**-4**	**-668**	**-12**	**2**	**-678**
2007	-2	-8	-657	-11	0	-668
Profit/loss from ceded reinsurance						
2008	**0**	**2**	**-132**	**25**	**5**	**-101**
2007	0	16	-111	0	4	-107
Technical result before investment return						
2008	**3**	**14**	**298**	**14**	**2**	**315**
2007	3	12	365	-5	0	360

1) Activity-based operating costs EURm 242 (247) have been allocated to claims incurred.
2) Includes other technical income EURm 26 (29) and other technical expenses EURm 22 (25).

9 Earnings per Share

EURm	2008	2007
Basic earnings per share		
Profit or loss attributable to the equity holders of the parent company/continuing operations	675	720
Profit or loss attributable to the equity holders of the parent company/discontinued operations	-	2,852
Weighted average number of shares outstanding during the period	569	578
Basic earnings per share (EUR per share)/continuing operations	1.18	1.25
Basic earnings per share (EUR per share)/discontinued operations	-	4.94
Diluted earnings per share	-	-

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', 'Investments related to unit-linked contracts' and 'Cash and cash equivalents'.

EURm	Carrying amount	Interest inc./exp.	2008 Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	**470**	**4**	**152**	**-**	**-**
Financial assets designated as at fair value through p/l	**2,033**	**91**	**-696**	**-**	**4**
Investments held-to-maturity	**1**	**0**	**-**	**-**	**-**
Loans and receivables	**472**	**37**	**-8**	**-**	**-**
Financial assets available-for-sale	**15,265**	**615**	**-17**	**-87**	**243**
Financial assets, group total	**18,241**	**748**	**-569**	**-87**	**247**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	**255**	**-**			
Other financial liabilities	**1,014**	**-66**			
Financial liabilities, group total	**1,269**	**-66**			

EURm	Carrying amount	Interest inc./exp.	2007 Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	193	-	70	-	-
Financial assets designated as at fair value through p/l	11,402	370	-146	-	86
Investments held-to-maturity	8	1	-	-	-
Loans and receivables	964	35	-3	-	-
Financial assets available-for-sale	10,038	257	-25	-10	151
Financial assets, group total	22,605	662	-104	-10	238
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	91	-			
Other financial liabilities	1,011	-67			
Financial liabilities, group total	1,102	-67			

{ Notes to the Balance Sheet }

11 Property, Plant and Equipment

P&C INSURANCE

EURm	2008 Equipment	2007 Equipment
At 1 January		
Cost	**117**	105
Accumulated depreciation	**-88**	-78
Net carrying amount at 1 January	**29**	28
Opening net carrying amount at 1 January	**29**	28
Additions	**11**	14
Disposals	**-1**	-1
Depreciation	**-11**	-11
Exchange differences	**-1**	0
Closing net carrying amount at 31 December	**27**	29
At 31 December		
Cost	**126**	117
Accumulated depreciation	**-100**	-88
Net carrying amount at 31 December	**27**	29

LIFE INSURANCE

	2008			2007		
EURm	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 January						
Cost	**4**	**5**	**10**	4	5	9
Accumulated depreciation	**0**	**-4**	**-4**	0	-4	-4
Net carrying amount at 1 January	**4**	**1**	**5**	4	1	5
Opening net carrying amount at 1 January	**4**	**1**	**5**	4	1	5
Additions	**-**	**0**	**0**	-	1	1
Disposals	**-**	**0**	**0**	-	0	0
Depreciation	**0**	**0**	**-1**	0	0	0
Closing net carrying amount at 31 December	**4**	**1**	**5**	4	1	5
At 31 December						
Cost	**4**	**6**	**10**	4	5	10
Accumulated depreciation	**0**	**-4**	**-5**	0	-4	-4
Net carrying amount at 31 December	**4**	**1**	**5**	4	1	5

HOLDING

	2008			2007		
EURm	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 January						
Cost	**2**	**5**	**7**	15	11	26
Accumulated depreciation	**-1**	**0**	**-1**	-1	-6	-7
Accumulated impairment losses	**0**	**-**	**0**	-1	-	-1
Net carrying amount at 1 January	**1**	**4**	**6**	13	5	18
Opening net carrying amount at 1 January	**1**	**4**	**6**	13	5	18
Additions	**0**	**0**	**0**	-	2	2
Disposals			**0**	-	-2	-2
Transfer from owner-occupied to investment properties	**-**	**-**	**-**	-12	-	-12
Depreciation	**0**	**0**	**0**	0	-1	-1
Closing net carrying amount at 31 December	**1**	**4**	**5**	1	4	6
At 31 December						
Cost	**2**	**5**	**7**	2	5	7
Accumulated depreciation	**-1**	**-1**	**-2**	-1	0	-1
Accumulated impairment losses	**0**	**-**	**0**	0	-	0
Net carrying amount at 31 December	**1**	**4**	**5**	1	4	6

EURm	2008	2007
Group, total	**38**	40

Equipment in different segments comprise IT equipment and furniture.

12 Investment Property

P&C INSURANCE

EURm	2008	2007
At 1 January		
Cost	56	61
Accumulated depreciation	-4	-3
Accumulated impairment losses	-11	-17
Net carrying amount at 1 January	41	41
Opening net carrying amount at 1 January	41	41
Additions	1	0
Disposals	-25	-5
Depreciation	-1	-1
Impairment losses	0	-1
Reversal of impairment losses	10	7
Exchange differences	1	0
Closing net carrying amount at 31 December	28	41
At 31 December		
Cost	33	56
Accumulated depreciation	-5	-4
Accumulated impairment losses	-1	-11
Net carrying amount at 31 December	28	41
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
Total	2	3
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-1	-1
- direct operating expenses arising from investment property not generating rental income during the period	-1	-0
Total	-2	-1
Fair value of investment property at 31 December	24	44

LIFE INSURANCE

EURm	2008	2007
At 1 January		
Cost	157	163
Accumulated depreciation	-35	-35
Accumulated impairment losses	-17	-19
Net carrying amount at 1 January	105	110
Opening net carrying amount at 1 January	105	110
Additions	1	1
Disposals	-4	-4
Depreciation	-3	-3
Impairment losses	1	1
Closing net carrying amount at 31 December	100	105
At 31 December		
Cost	154	157
Accumulated depreciation	-38	-35
Accumulated impairment losses	-16	-17
Net carrying amount at 31 December	100	105
Rental income from investment property	17	15
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	8	10
- later than one year and not later than five years	6	11
- later than five years	5	14
Total	20	34
Total rental recognised as income during the financial period	0	0
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-7	-8
- direct operating expenses arising from investment property not generating rental income during the period	0	-0
Total	-7	-8
Fair value of investment property at 31 December	118	122

HOLDING

EURm	2008	2007
At 1 January		
Cost	29	38
Accumulated depreciation	0	-1
Accumulated impairment losses	-17	-18
Net carrying amount at 1 January	12	19
Opening net carrying amount at 1 January	12	19
Additions resulting from subsequent expenditure recognised as an asset	-	0
Disposals	-2	-20
Depreciation	0	0
Reversal of impairment losses	-	1
Transfer from owner-occupied to investment properties	-	12
Closing net carrying amount at 31 December	10	12
At 31 December		
Cost	27	29
Accumulated depreciation	0	0
Accumulated impairment losses	-17	-17
Net carrying amount at 31 December	10	12
Rental income from investment property	2	2
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	0	2
Total	2	3
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	0	1
- direct operating expenses arising from investment property not generating rental income during the period	1	1
Total	1	1
Fair value of investment property at 31 December	14	13
Group, total	138	158

Fair values for the Group's investment property are entirely determined by the Group based on the market evidence.

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	Customer relations	Other intangible assets	Total
			2008	
At 1 January				
Cost	530	47	99	676
Accumulated amortisation	-	-26	-96	-122
Net carrying amount at 1 January	530	21	3	554
Opening net carrying amount at 1 January	530	21	3	554
Exchange differences	-69	-1	0	-70
Additions				
Acquired separately	-	-	3	3
Acquired through business combinations	19	-	-	19
Disposals	-	-	0	0
Amortisation	-	-8	-2	-9
Closing net carrying amount at 31 December	479	13	4	495
At 31 December				
Cost	479	47	101	627
Accumulated amortisation	-	-34	-98	-132
Net carrying amount 31 December	479	13	4	495

P&C INSURANCE EURm	Goodwill	Customer relations	Other intangible assets	Total
			2007	
At 1 January				
Cost	549	47	106	703
Accumulated amortisation	-	-18	-93	-111
Net carrying amount at 1 January	549	29	13	592
Opening net carrying amount at 1 January	549	29	13	592
Exchange differences	-19	-	-0	-20
Additions	-	-	1	1
Disposals	-	-	-9	-9
Amortisation	-	-9	-3	-12
Closing net carrying amount at 31 December	530	21	3	554
At 31 December				
Cost	530	47	99	676
Accumulated amortisation	-	-26	-96	-122
Net carrying amount at 31 December	530	21	3	554

The intangible asset allocated to customer relations arose from acquisition of If in 2004, when a part of the acquisition cost was allocated to insurance contracts of If Group. The item is amortised on a straight-line basis over 6 years.

In other intangible assets for 2007, the disposal of EURm 9 is the scrappage of IT software used in If P&C Insurance Company Ltd. The scrappage will reduce amortisation expense over the next four years about EURm 1–2 per year.

LIFE INSURANCE EURm	2008 Goodwill	 Other intangible assets	 Total	2007 Goodwill	 Other intangible assets	 Total
At 1 January						
Cost	153	26	179	153	19	172
Accumulated amortisation	-	-15	-15	-	-13	-13
Net carrying amount at 1 January	153	11	164	153	6	159
Opening net carrying amount at 1 January	153	11	164	153	6	159
Additions	-	6	6	-	8	8
Disposals	-	0	0	-	-1	-1
Amortisation	-	-2	-2	-	-2	-2
Closing net carrying amount at 31 December	153	14	167	153	11	164
At 31 December						
Cost	153	32	185	153	26	179
Accumulated amortisation	-	-18	-18	-	-15	-15
Net carrying amount at 31 December	153	14	167	153	11	164

HOLDING EURm	2008 Other intangible assets	2007 Other intangible assets
At 1 January		
Cost	30	52
Accumulated amortisation	-20	-19
Accumulated impairment losses	-9	-9
Net carrying amount at 1 January	0	23
Opening net carrying amount at 1 January	0	23
Disposals	-	-22
Amortisation	0	-1
Closing net carrying amount at 31 December	0	0
At 31 December		
Cost	30	30
Accumulated amortisation	-20	-20
Accumulated impairment losses	-9	-9
Net carrying amount at 31 December	0	0

	2008	2007
Group, total	663	718

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, margins, income and cost development. The value in use model for Mandatum Life has been fundamentally based on the embedded value model where the cash flow estimates for existing policies are based on budgets approved by the management and on historical evidence in terms of policy surrendering, death and accident frequencies etc. The derived cash flows for If were discounted at the pre-tax rates of 11.3 per cent. For Mandatum Life, the weighted average cost of capital of 11.1 per cent has been used for the discounting.

Forecasts for If, approved by the management, cover years 2009–2011. The cash flows beyond that have been extrapolated using a 3% growth rate. A 2% growth rate for years beyond 2008 has been used for the markets where Mandatum Life operates.

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 Investments in Associates

EURm	**2008**	2007
At beginning of year	**9**	16
Share of loss/profit	**1**	3
Additions	**-**	2
Disposals	**-4**	-13
Exchange differences	**0**	0
At end of year	**5**	9

ASSOCIATES THAT HAVE BEEN ACCOUNTED FOR BY THE EQUITY METHOD AT 31 DEC. 2008

EURm Name	Carrying amount	Fair value*)	Interest held %	Assets/ liabilities	Revenue	Profit/loss
Henkivakuutusosakeyhtiö Retro	1		24.21	37/32	4	2
Autovahinkokeskus Oy	2		35.54	7/2	7	1
Vahinkopalvelu Oy	0		20.00	1/0	3	0

ASSOCIATES NOT ACCOUNTED FOR BY THE EQUITY METHOD AT 31 DEC. 2008**)

EURm Name	Assets/ liabilities	Revenue	Profit/loss
Consulting AB Lennemark & Andersson	8/5	10	1
Euro-Center Holding A/S	5/3	10	1

ASSOCIATES THAT HAVE BEEN ACCOUNTED FOR BY THE EQUITY METHOD AT 31 DEC. 2007

EURm Name	Carrying amount	Fair value*)	Interest held %	Assets/ liabilities	Revenue	Profit/loss
Henkivakuutusosakeyhtiö Retro	1		24.21	39/35	3	1
Autovahinkokeskus Oy	1		35.54	6/2	5	0
Netwheels Oy	1		20.06	3/0	3	1
Vahinkopalvelu Oy	0		20.00	1/0	3	0
Primasoft Oy	3		20.00	55/42	62	5

ASSOCIATES NOT ACCOUNTED FOR BY THE EQUITY METHOD AT 31 DEC. 2007**)

EURm Name	Assets/ liabilities	Revenue	Profit/loss
Consulting AB Lennemark & Andersson	8/5	11	1
Euro-Alarm A/S	4/3	10	0

*) If there is a published price quatation.

**) Excluded from accounting for by the equity method because of their immaterial effect on consolidated figures.

15 Financial Assets

Group's financial assets comprise investments in derivatives, financial assets designated as at fair value through p/l, held-to-maturity investments, 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. Derivatives held for trading relate primarily to customer business and, to a lesser degree to proprietary trading. In P&C insurance business derivatives are used for hedging interest rate risk and foreign exchange risk, but hedge accounting is not applied. In Life insurance, both fair value and cash flow hedging has been applied during the financial year 2008.

P&C INSURANCE

EURm	2008	2007
Derivative financial instruments	362	182
Financial assets designated as at fair value through p/l	355	9,283
Loans and receivables	1	2
Financial assets available-for-sale	8,155	-
P&C insurance, total	**8,874**	9,467

LIFE INSURANCE

EURm	2008	2007
Derivative financial instruments	108	10
Financial assets designated as at fair value through p/l	41	47
Investments held-to-maturity	1	8
Loans and receivables	5	4
Financial assets available-for-sale	4,348	5,387
Life insurance, total	**4,503**	5,456

HOLDING

EURm	2008	2007
Derivative financial instruments	1	1
Financial assets available-for-sale	2,890	4,781
Investments in subsidiaries	2,370	2,370
Holding, total	**5,260**	7,151
Elimination items between segments	-2,498	-2,499
Group, total	**16,139**	19,575

P&C INSURANCE

Derivative financial instruments

	2008			2007		
	Contract/ notional	Fair value		Contract/ notional	Fair value	
EURm	amount	Assets	Liabilities	amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	23	19	4	-	-	-
Interest forwards	-	-	-	40	0	-
Exchange traded derivatives						
Interest rate futures	55	0	0	6,322	23	7
Interest rate options, bought and sold	-	-	-	5	0	0
Total interest rate derivatives	**78**	**19**	**4**	6,327	23	7
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	4,930	342	247	5,398	157	81
Currency options, bought and sold	47	0	1	565	1	1
Total foreign exchange derivatives	**4,977**	**343**	**247**	5,963	159	82

EURm	2008 Contract/ notional amount	2008 Fair value Assets	2008 Fair value Liabilities	2007 Contract/ notional amount	2007 Fair value Assets	2007 Fair value Liabilities
Equity derivatives						
Exchange traded derivatives						
Equity and equity index options	-	-	-	1	-	0
Equity index futures	-	-	-	67	0	-
Total equity derivatives	-	-	-	1	0	0
Total derivatives	**5,055**	**362**	**251**	12,292	182	90

Other financial assets

EURm	2008	2007
Financial assets designated as at fair value through p/l		
Debt securities		
- Government bonds	**122**	3,564
- Other debt securities	**211**	4,708
Total debt securities	**333**	8,272
Listed debt securities EURm 290 (8,272).		
Equity securities		
- Listed	**19**	1,009
- Unlisted	**1**	2
Total	**20**	1,011
Total financial assets designated as at fair value through p/l	**354**	9,283
Loans and receivables		
Deposits with ceding undertakings	**1**	2
Financial assets available-for-sale		
Debt securities		
- Government bonds	**2,038**	-
- Other debt securities	**5,633**	-
Total debt securities	**7,671**	-
Listed debt securities EURm 7,278 (-).		
Equity securities		
- Listed	**417**	-
- Unlisted	**69**	-
Total	**486**	-
		-
Total financial assets available-for-sale	**8,157**	-
Financial assets available-for-sale for P&C insurance include impairment losses EURm 85 (-).		
P&C Insurance, total financial assets	**8,874**	9,467

LIFE INSURANCE

Derivative financial instruments

EURm	2008 Contract/ notional amount	2008 Fair value Assets	2008 Fair value Liabilities	2007 Contract/ notional amount	2007 Fair value Assets	2007 Fair value Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest options, bought and sold	-	-	-	50	1	0
Interest rate swaps	1,062	55	0	-	0	-
Total	1,062	55	0	50	1	0
Exchange traded derivatives						
Interest futures	-	-	-	200	0	-
Interest options, bought and sold	-	-	-	225	0	0
Total	-	-	-	425	1	0
Total interest rate derivatives	1,062	55	0	475	1	0
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	459	17	1	489	6	1
Currency options, bought and sold	126	2	3	52	0	0
Total foreign exchange derivatives	585	19	4	541	7	1
Equity derivatives						
Exchange traded derivatives						
Equity forwards	-	-	-	20	1	-
Equity and equity index options	-	-	-	39	2	0
Total equity derivatives	0	0	0	59	2	0
Total derivatives held for trading	1,647	74	4	1,075	10	1
Derivatives held for hedging						
Fair value hedges						
Currency forwards	226	16	0	-	-	-
Cash flow hedges						
Interest rate swaps	829	19	0	-	-	-
Total derivatives held for hedging	1,055	35	0	-	-	-
Total derivatives	2,702	108	4	1,075	10	1

FAIR VALUE HEDGES

Fair value hedging is used to hedge a proportion of foreign exchange risk in available-for-sale financial assets. The aim is to eliminate the risk of fluctuations in the fair values of the hedged items as a result of changes in foreign exchange rates.

Net gains on foreign exchange contracts designated as fair value hedges during 2008 amounted to EURm 16. Net losses on available-for-sale financial assets hedged in the fair value hedges during 2008 amounted to EURm 17.

CASH FLOW HEDGES

Cash flow hedges have been used to hedge future interest payments resulting from floating rate interest-bearing assets. The hedged items designated are interest payments from EUR denominated bonds. The effectiveness of the hedging relationships is assessed prospectively using the critical terms match method. An effectiveness test is carried out retrospectively using the hypothetical swap method.

The total amount of gains recognised in equity from the changes in the fair values of hedging instruments was EURm 15 at 31 Dec. 2008. These gains are recognised in the income statement at the time when the hedged items affect profit or loss, depicted in the table below. Any ineffectiveness was recognized in the income statement.

	Total	Up to 1 year	1–2 years	2–3 years	3–5 years
Receivable cash flows (forecast)	48	22	16	8	2
Payable cash flows (forecast)	-31	-16	-8	-5	-2
Net	18	6	8	3	1

Other financial assets

EURm	2008	2007
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	12	9
Government bonds	10	6
Other	1	4
Certificates of deposit issued by banks	14	3
Other debt securities	15	29
Total debt securities	40	42

Listed debt securities EURm 11 (14).

Equity securities		
- Listed	1	0
- Unlisted	0	5
Total	1	5
Total financial assets designated as at fair value through p/l	41	47
Investments held-to-maturity		
Debt securities		
Debt securities issued by other than public bodies	1	8

Listed debt securities EURm 0 (0).

EURm	2008	2007
Loans and receivables		
Deposits	0	2
Deposits with ceding undertakings	2	2
Loans	4	0
Total loans and receivables	5	4
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	105	1,238
Government bonds	105	1,238
Other	0	0
Issued by banks	1,853	1,906
Other debt securities	1,215	535
Total debt securities	3,173	3,679

Listed debt securities EURm 3,138 (3,650).

Equity securities		
- Listed	818	1,390
- Unlisted	357	317
Total	1,175	1,707
Total financial assets available-for-sale	4,348	5,387

Financial assets available-for-sale for life insurance include impairment losses EURm 43 (47).

Life insurance, total financial assets	4,503	5,456

Financial assets available for sale / debt securities: Debt securities available for sale include EURm 1,876 investments in bonds and EURm 1,297 investments in money market instruments.

Financial assets available for sale / shares and participations: Listed equity securities include EURm 370 quoted shares. Unlisted equity securities include EURm 318 investments in capital trusts.

HOLDING

Derivative financial instruments

EURm	2008 Contract/ notional amount	2008 Fair value Assets	2008 Fair value Liabilities	2007 Contract/ notional amount	2007 Fair value Assets	2007 Fair value Liabilities
Derivatives held for trading						
Equity derivatives						
Exchange traded derivatives						
Equity options	-	-	-	4	0	0
Exchange derivatives						
OTC derivatives						
Currency forwards	70	0	0	-	-	-
Total derivatives	70	0	0	4	0	0

Other financial assets

EURm	2008	2007
Loans and receivables		
Deposits	1	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	994	1,766
Other debt securities	190	257
Total debt securities	1,184	2,023

Listed debt securities EURm 1,084 (1,923).

Equity securities		
- Listed	1,670	2,719
- Unlisted	35	39
Total	1,705	2,758
Total financial assets available-for-sale	2,890	4,781

Financial assets available-for-sale for Holding business include impairment losses EURm 3 (2).

Investments in subsidiaries	2,370	2,370
Holding, total financial assets	5,260	7,151
Elimination items between segments	-2,498	-2,499
Group, total	16,139	19,575

16 Fair Values

EURm	2008 Fair value	2008 Carrying amount	2007 Fair value	2007 Carrying amount
Financial assets, group				
Financial assets	**16,139**	**16,139**	19,575	19,575
Investments related to unit-linked contracts	**1,637**	**1,637**	2,072	2,072
Other assets	**205**	**205**	7	7
Cash and cash equivalents	**465**	**465**	958	958
Total	**18,446**	**18,446**	22,613	22,613
Financial liablities, group				
Financial liabilities	**1,263**	**1,269**	1,104	1,102
Other liabilities	**183**	**183**	14	14
Total	**1,446**	**1,453**	1,119	1,116

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. full fair value less interest accruals.

17 Investments Related to Unit-linked Insurance Contracts

LIFE INSURANCE

EURm	2008	2007
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	**1**	5
Government bonds	**1**	5
Other	**0**	0
Certificates of deposit issued by banks	**107**	65
Other debt securities	**13**	5
Total	**121**	75

Listed debt securities EURm 121 (75).

EURm	2008	2007
Equity securities		
- Listed	**1,477**	1,918
- Unlisted	**0**	79
Total	**1,477**	1,997
Total financial assets designated at fair value through p/l	**38**	-
Other	**1**	0
Investment related to unit-linked contracts, total	**1,637**	2,072

The historical cost of the equity securities related to unit-linked contracts was EURm 1,669 (1,665) and that of the debt securities EURm 130 (81).

18 Deferred Tax Assets and Liabilities

CHANGES IN DEFERRED TAX DURING THE FINANCIAL PERIOD 2008

EURm	1.1.	Recognised in p/l	Recognised in equity	Exchange differences	31.12.
Deferred tax assets					
Tax losses carried forward	0	0	63	0	63
Changes in fair values	0	0	1	0	1
Employee benefits	39	-1	0	-5	32
Other deductible temporary differences	50	-21	0	-5	24
Total deferred tax assets	89	-23	64	-10	120
Netting of deferred taxes					92
Deferred tax assets in the balance sheet					212
Deferred tax liabilities					
Depreciation differences and untaxed reserves	359	6	1	-32	334
Changes in fair values	161	88	-257	-1	-8
Other taxable temporary differences	11	9	0	-3	17
Total	531	103	-255	-36	342
Netting of deferred taxes					92
Total deferred tax liabilities					435
Other tax liabilities					7
Total deferred tax liabilities in the balance sheet					441

In P&C Insurance, EURm 1 of deferred tax asset has not been recongised on unused tax losses and temporary differences.

CHANGES IN DEFERRED TAX DURING THE FINANCIAL PERIOD 2007

EURm	1.1.	Recognised in p/l	Recognised in equity	Exchange differences	31.12.
Deferred tax assets					
Tax losses carried forward	17	-17	-	0	0
Changes in fair values	0	0	0	0	0
Employee benefits	47	-8	-	-1	39
Other deductible temporary differences	72	-19	-	-3	50
Total deferred tax assets	137	-45	0	-3	89
Deferred tax liabilities					
Depreciation differences and untaxed reserves	338	23	-	-3	359
Changes in fair values	257	-35	-59	-2	161
Other taxable temporary differences	9	-3	-	4	11
Total	605	-14	-59	-1	531
Other tax liabilities					31
Total deferred tax liabilities					562

19 Taxes

EURm	2008	2007
Profit before tax from continuing operations	870	974
Tax calculated at parent company's tax rate	-226	-253
Different tax rates on overseas earnings	-5	-7
Income not subject to tax	140	202
Expenses not allowable for tax purposes	-8	-13
Consolidation procedures and eliminations	-118	-188
Tax losses for which no deferred tax asset has been recognised	-3	0
Changes in tax rates	6	-
Tax from previous years	19	5
Total tax for continuing operations	-195	-254
Tax for discontinued operations	-	-6
Total	-195	-260

20 Other Assets

P&C INSURANCE

EURm	2008	2007
Interests	139	137
Assets arising from direct insurance operations	767	845
Assets arising from reinsurance operations	44	40
Settlement receivables	17	2
Deferred acquisition costs[1]	99	103
Assets related to Patient Insurance Pool	60	58
Other	49	38
P&C insurance, total	1,176	1,224

Other assets include non-current assets EURm 50 (48).

Item Other comprise rental deposits, salary and travel advancements and assets held for resale.

[1] CHANGE IN DEFERRED ACQUISITION COSTS IN THE PERIOD

EURm	2008	2007
At 1 January	103	96
Net change in the period	10	6
Exchange differences	-14	1
At 31 December	99	103

LIFE INSURANCE

EURm	2008	2007
Interests	53	31
Receivables from policyholders	4	5
Assets arising from reinsurance operations	1	1
Settlement receivables	187	5
Other	25	24
Life insurance, total	270	66

Item Other comprise e.g. receivables from the employees' group life insurance pool, pensions paid in advance and receivables from co-operations companies.

HOLDING

EURm	2008	2007
Interests	12	11
Other	42	43
Holding, total	**54**	**54**

Item Other includes e.g.VAT receivable from Primasoft Oy (see Sampo plc's Note 24) and asset management fee receivables.

Elimination items between segments	-27	-29
Group, total	**1,473**	**1,316**

21 Cash and Cash Equivalents

P&C INSURANCE

EURm	2008	2007
Cash at bank and in hand	149	163
Short-term deposits (max 3 months)	110	474
P&C insurance, total	**259**	**637**

LIFE INSURANCE

EURm		
Cash at bank and in hand	16	10
Short-term deposits (max 3 months)	155	84
P&C insurance, total	**171**	**93**

HOLDING

EURm		
Cash	11	12
Short-term deposits (max 3 months)	24	217
Holding, total	**35**	**229**
Group, total	**465**	**958**

Cash and cash equivalents above equal those used in the statement of cash flows.

22 Liabilities from Insurance and Investment Contracts

P&C INSURANCE

Change in insurance liabilities

		2008			2007	
EURm	Gross	Ceded	Net	Gross	Ceded	Net
Provision for unearned premiums						
At 1 January	1,691	55	1,636	1,640	56	1,584
Insurance holdings acquired	13	2	11	-	-	-
Transfer to other debtors	-9	-	-9	-	-	-
Exchange differences	-184	-2	-183	9	-1	10
Change in provision	10	-2	12	42	0	42
At 31 December	1,521	54	1,467	1,691	55	1,636

		2008			2007	
EURm	Gross	Ceded	Net	Gross	Ceded	Net
Provision for claims outstanding						
At 1 January	6,835	429	6,406	6,606	465	6,141
Unwinding of discount	53	-	53	55	-	-
Insurance holdings acquired	4	2	3	-	-	0
Insurance holdings sold	-13	-1	-12	-30	-17	-
Exchange differences	-625	-48	-577	-62	-4	-58
Change in provision	113	-5	117	266	-15	281
At 31 December	6,367	377	5,990	6,835	429	6,406

Liabilities from insurance contracts

	2008	2007
Provision for unearned premiums	1,521	1,691
Provision for claims outstanding	6,367	6,835
Incurred and reported losses	1,756	1,944
Incurred but not reported losses (IBNR)	2,944	3,197
Provisions for claims-adjustment costs	212	227
Provisions for annuities and sickness benefits	1,455	1,467
P&C insurance total	7,889	8,527
Reinsurers' share		
Provision for unearned premiums	54	55
Provision for claims outstanding	377	429
Incurred and reported losses	221	229
Incurred but not reported losses (IBNR)	156	200
Total reinsurers' share	431	484

As the P&C Insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading. However, all exchange effects have been excluded from the income statement. The exchange effect on technical provisions for own account between 2007 and 2008 amounted to a net increase of EURm 343 (222).

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	> 2002	2003	2004	2005	2006	2007	**2008**	Total
At the close of the claims year	4,473	2,246	2,200	2,336	2,347	2,416	**2,532**	
One year later	4,673	2,211	2,168	2,288	2,329	2,410		
Two years later	4,750	2,146	2,112	2,239	2,305			
Three years later	4,817	2,139	2,109	2,215				
Four years later	4,895	2,122	2,095					
Five years later	4,928	2,105						
Six years later	4,924							
Current estimate of total claims costs	4,924	2,105	2,095	2,215	2,305	2,410	**2,532**	
Total disbursed	2,520	1,796	1,665	1,734	1,761	1,709	**1,264**	
Provision reported in the balance sheet	2,404	310	430	481	544	701	**1,268**	6,139
of which established vested annuities	1,164	59	45	67	73	36	**10**	1,455
Other provision								17
Provision for claims-adjustment costs								212
Total provision reported in the BS								6,367

Claims costs after reinsurance
ESTIMATED CLAIMS COST

EURm	> 2002	2003	2004	2005	2006	2007	**2008**	Total
At the close of the claims year	3,944	2,142	2,138	2,208	2,251	2,325	**2,424**	
One year later	4,139	2,100	2,106	2,154	2,225	2,313		
Two years later	4,225	2,040	2,052	2,106	2,201			
Three years later	4,274	2,032	2,047	2,088				
Four years later	4,339	2,014	2,036					
Five years later	4,367	1,999						
Six years later	4,361							
Current estimate of total claims costs	4,361	1,999	2,036	2,088	2,201	2,313	**2,424**	
Total disbursed	2,075	1,714	1,625	1,644	1,703	1,662	**1,226**	
Provision reported in the balance sheet	2,286	285	411	444	498	651	**1,198**	5,773
of which established vested annuities	1,164	59	45	67	73	36	**10**	1,455
Other provision								5
Provision for claims-adjustment costs								212
Total provision reported in the BS								5,990

LIFE INSURANCE

Change in liabilities arising from other than unit-linked insurance and investment contracts

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2008	**4,515**	**105**	**4,621**
Premiums	**248**	**0**	**248**
Claims paid	**-421**	**-38**	**-460**
Expense charge	**-39**	**0**	**-39**
Guaranteed interest	**158**	**3**	**161**
Bonuses	**25**	**0**	**26**
Other	**-64**	**-7**	**-71**
At 31 Dec. 2008	**4,423**	**63**	**4,487**
Reinsurers' share	**-4**	**0**	**-4**
Net liability at 31 Dec. 2008	**4,419**	**63**	**4,482**
At 1 Jan. 2007	4,553	138	4,691
Premiums	221	1	221
Claims paid	-402	-36	-437
Expense charge	-40	0	-40
Guaranteed interest	160	4	165
Bonuses	35	1	36
Other	-12	-3	-15
At 31 Dec. 2007	4,515	105	4,621
Reinsurers' share	-5	0	-5
Net liability at 31 Dec. 2007	4,511	105	4,616

Change in liabilities arising from unit-linked insurance and investment contracts

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2008	**2,008**	**63**	**2,071**
Premiums	**240**	**47**	**287**
Claims paid	**-181**	**-12**	**-193**
Expense charge	**-26**	**0**	**-26**
Other	**-504**	**1**	**-503**
At 31 Dec. 2008	**1,538**	**99**	**1,637**
At 1 Jan. 2007	1,690	62	1,752
Premiums	388	15	403
Claims paid	-108	-14	-121
Expense charge	-28	0	-28
Other	65	1	65
At 31 Dec. 2007	2,008	63	2,071

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 of individual insurances. The calculation is based on items before reinsurers' share. For more detailed specification of changes in liabilities arising from insurance and investment contracts, see Risk Management.

EURm	2008	2007
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,629	2,843
Provision for claims outstanding	1,777	1,664
Liabilities for contracts without discretionary participation feature (DPF)		
Provision for unearned premiums	13	3
Provision for claims outstanding	0	1
Total	4,419	4,510
Assumed reinsurance		
Provision for unearned premiums	2	3
Provision for claims outstanding	2	2
Total	4	5
Insurance contracts total		
Provision for unearned premiums	2,644	2,849
Provision for claims outstanding	1,779	1,667
Total	4,423	4,515
Investment contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	63	105
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,707	2,954
Provision for claims outstanding	1,779	1,667
Life insurance total	4,487	4,621
Reinsurers' share		
Provision for unearned premiums	0	-1
Provision for claims outstanding	-4	-4
Total	-4	-5

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.

Group, total	12,375	13,148

23 Liabilities from Unit-linked Insurance and Investment Contracts

LIFE INSURANCE

EURm	2008	2007
Unit-linked insurance contracts	1,538	2,008
Unit-linked investment contracts	99	63
Total	**1,637**	2,071

24 Financial Liabilities

Financial liabilities in the segments include liabilities from derivatives, debt securities in issue and other financial liabilities.

P&C INSURANCE

EURm	2008	2007
Derivative financial instruments (note 15)	251	90
Debt securities in issue		
Subordinated debt securities		
Subordinated loans		
Euro-denominated loans		
Preferred capital note, 2001	215	219
Preferred capital note, 2002	70	72
Preferred capital note, 2005	149	149
Total subordinated debt securities	**435**	440
P&C insurance, total financial liabilities	**686**	530

If P&C Insurance Ltd issued in 2001 EURm 200 preferred capital note. The loan pays fixed interest rate for the first ten years and floating rate interest after that. The loan falls due at the latest March 2021. The loan is listed on the Luxembourg Exchange.

If P&C Insurance Company Ltd issued in 2002 EURm 65 preferred capital note. The loan was wholly subscribed by If Group's owners of that moment. The loan has a maturity of 20 years. It pays fixed interest rate for the first 10 years and the last 10 years floating rate interest. The loan is not listed.

If P&C Insurance issued in June 2005 EURm 150 preferred capital note. The loan is perpetual and pays fixed interest rate for the first ten years. The loan is listed on the Luxembourg Exchange.

LIFE INSURANCE

EURm	2008	2007
Derivative financial instruments (note 15)	4	1
Debt securities in issue		
Subordinated debt securities		
Subordinated loans	100	100
Life insurance, total	**104**	101

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	2008	2007
Derivative financial instruments (note 15)	0	0
Debt securities in issue		
Subordinated debt securities		
Debentures	597	589
Other financial liabilities		
Other liabilities	6	6
Holding, total	604	596
Elimination items between segments	-125	-125
Group, total	1,269	1,102

25 Provisions

P&C INSURANCE

EURm	2008
At 1 Jan. 2008	35
Exchange rate differences	-5
Additions	9
Amounts used during the period	-10
Unused amounts reversed during the period	-3
At 31 Dec. 2008	26
Current (less than 1 year)	13
Non-current (more than 1 year)	13
Total	26

The development of efficient administrative and claims-adjustment processes and structural changes in distribution channels result in organisational changes that affect all business areas. The provision consists mainly of funds reserved for future expenses attributable to previously implemented or planned future organisational changes.

26 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	2008	2007	2006	2005	2004
Present value of estimated pension obligation	390	406	405	359	302
Fair value of plan assets	220	255	228	203	178
Net obligation/liability	170	152	177	156	124
Net cumulative unrecognised actuarial gains/losses	-94	-54	-90	-75	-39
Net pension obligation recognised in the balance sheet	**76**	**98**	**87**	**81**	**85**
Provision for social security	17	20	22	19	14
Provision for pensions 31 Dec.	**92**	**118**	**109**	**100**	**99**

IAS 19 *Employee benefits* is applied in the accounting for the defined benefit plans from the beginning of the financial year 2005.

Pension obligations, and the pension cost accrued during the fiscal period, are calculated using actuarial methods. Earned pension rights are calculated on a straight-line basis during the employment period. The calculation of pension obligations is based on anticipated future pension payments and includes assumptions regarding mortality, employee turnover and salary growth. The nominally calculated liability is discounted to present value using an interest rate based on the current market rate and adjusted to take into account the duration of the company's pension obligations. After deducting plan assets, a net asset or liability is entered in the balance sheet. The net obligation reported in the closing balance pertained to defined-benefit pension plans for employees in Sweden and Norway. The pension benefits arising in the other countries covered by the Group's operations have been classified as defined contribution plans.

The following actuarial assumptions have been used for the calculation of defined benefit pension plans in Sweden and Norway:

	Sweden 31.12.2008	Sweden 31.12.2007	Norway 31.12.2008	Norway 31.12.2007
Discount interest rate	4.00%	4.50%	4.00%	4.75%
Anticipated return	4.00%	5.25%	5.25%	6.00%
Future pay increases	3.25%	3.50%	4.00%	4.25%
Price inflation	2.00%	2.25%	2.50%	2.50%

The expected rate of return on the plan assets has been calculated based on the following division of investment assets:

	Sweden 31.12.2008	Sweden 31.12.2007	Norway 31.12.2008	Norway 31.12.2007
Debt instruments	37%	41%	69%	58%
Equity instruments	47%	43%	5%	28%
Property	11%	10%	17%	14%
Other	5%	6%	9%	-

ANALYSIS OF THE EMPLOYEE BENEFIT OBLIGATION

	2008			2007		
EURm	Funded plans	Unfunded plans	Total	Funded plans	Unfunded plans	Total
Present value of estimated pension obligation	337	53	390	352	55	406
Fair value of plan assets	220	-	220	255	-	255
Net obligation/liability	117	53	170	97	55	152
Net cumulative unrecognised actuarial gains/losses	-86	-8	-94	-53	-1	-54
Net pension obligation recognised in the balance sheet	**31**	**45**	**76**	**44**	**54**	**98**

RECOGNISED IN INCOME STATEMENT

EURm	2008	2007	2006	2005	2004
Current service cost	14	16	18	19	13
Interest cost	18	17	16	19	16
Expected rate of return on plan assets at the begninning of the year	-15	-12	-12	-10	-9
Actuarial gains (-) or losses (+) recognised during the financial year	1	3	2	1	-
Losses (+) or gains (-) on curtailments and settlements	2	3	4	2	7
Past service cost	-	-	4	-3	-
Pension costs	21	27	33	27	26

ANALYSIS OF THE CHANGE IN NET LIABILITY RECOGNISED IN THE BALANCE SHEET

EURm	2008	2007	2006	2005	2004
Pension obligations:					
At the beginning of the year	406	405	359	302	237
Earned during the financial year	14	16	18	19	13
Interest cost	18	17	16	18	16
Actuarial gains or losses	41	-25	18	22	35
Losses or gains on curtailments and settlements	1	2	4	1	7
Release of obligation by payment	-	-2	-	-	-
Cost/return related to past service	-	-	4	-3	-
Exchange differences on foreign plans	-79	5	-6	5	3
Benefits paid	-12	-11	-8	-6	-9
Defined benefit plans at 31 Dec.	390	406	405	359	302
Reconciliation of plan assets:					
At the beginning of the year	255	228	203	178	155
Expected return on assets	13	12	12	10	9
Actuarial gains or losses	-17	5	-1	-6	-7
Contributions	21	17	25	22	28
Used for release of obligations	-	-2	-	-	-
Exchange differences on foreign plans	-44	4	-3	3	2
Benefits paid	-8	-9	-7	-4	-9
Plan assets at 31 Dec.	220	255	228	203	178

OTHER SHORT-TERM EMPLOYEE BENEFITS

There are other short-term staff incentive schemes 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 profit-sharing bonuses, social security costs included, for 2008 is EURm 27.

27 Other Liabilities

P&C INSURANCE

EURm	2008	2007
Liabilities arising out of direct insurance operations	94	109
Liabilities arising out of reinsurance operations	38	36
Settlement liabilities	0	0
Liabilities related to Patient Insurance Pool	58	55
Prepayments and accrued income	133	155
Other	120	203
P&C insurance, total	**444**	558

The non-current share of other liabilities is EURm 52 (48).

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	2008	2007
Interests	23	10
Liabilities arising out of direct insurance operations	5	-
Liabilities arising out of reinsurance operations	5	5
Settlement liabilities	183	6
Other liabilities	26	25
Life insurance, total	**242**	46

Item Other includes e.g. liabilities arising from withholding taxes and social security costs, liabilities to creditors and insurance premium advances.

HOLDING

EURm	2008	2007
Interests	19	19
Settlement liabilities	-	8
Other liabilities	54	52
Holding, total	**73**	79

Item Other includes e.g. liabilities arising from intra-group management fees and unredeemed dividends.

Elimination items between segments	-27	-29
Group, total	**732**	655

28 Contingent Liabilities and Commitments

P&C INSURANCE

EURm	2008	2007
Off-balance sheet items		
Guarantees	37	41
Other irrevocable commitments	20	16
Total	57	57

Assets pledged as collateral for liabilities or contingent liabilities

	2008		2007	
EURm	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Cash at balances at central banks	9	8	12	8
Investments				
- Investment securities	127	108	276	102

EURm	2008	2007
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	32	35
later than one year and not later than five years	89	101
later than five years	90	99
Total	212	236
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-39	-38
- sublease payments	0	0
Total	-39	-38

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 within the Norwegian Natural Perils' 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.

With respect to certain IT systems that If and Sampo use jointly, If has undertaken to indemnify Sampo for any costs that Sampo may incur in relation to the owner of the systems.

If P&C 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 favor of If for the full amount that If may be required to pay under these guarantees.

If P&C Holding Ltd has issued a guarantee to the benefit of TietoEnator Corporation whereby If Holdings guarantees the commitments incurred by the If Group company If It Services A/S with TietoEnator based on an agreement covering IT-services. The guarantee will indemnify TietoEnator if If IT Services A/S is declared bankrupt, suspends payments in general, seeks a composition of creditors or in any other way is deemed to be insolvent.

If P&C Holding Ltd has issued a guarantee to the benefit of Svenska Handelsbanken Ab (publ) whereby If Holdings guarantees the commitments incurred by the If P&C Insurance Ltd deriving from short term credits up to an amount of EURm 46 and for commitments deriving from derivates transaction and - on behalf of - If P&C Insurance Ltd, If P&C Insurance Company Ltd and Capital Assurance Company for those companies commitments relating to Letters of Credits issued on behalf of their insurance operations. Capital Assurance Company Inc was sold during 2008, and the purchaser issued a guarantee in favor of If for the amount that If may be required to pay under the stand-by letters of credit pertaining to Capital Assurance Company Inc.

LIFE INSURANCE

EURm	2008	2007
Off-balance sheet items		
Fund commitments	308	273

EURm	2008	2007
Other commitments		
Acquisition of IT-software	3	1

EURm	2008	2007
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	7	6
later than five years	3	4
Total	11	12
Total of sublease payments expected to be received under non-cancellable operating sub-leases	0	0
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-2	-2
- sublease payments	0	0
Total	-2	-2

HOLDING

EURm	2008	2007
Off-balance sheet items		
Subscription liabilities	4	6

Assets pledged as collateral for liabilities or contingent liabilities

	2008		2007	
EURm	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Investments				
- Mortgaged collateral notes	15	6	15	6

EURm	2008	2007
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	3	2
later than one year and not later than five years	4	5
later than five years	3	3
Total	9	11

The Group had at the end of 2008 premises a total of 180,872 m² (200,087) taken as a lessee. The contracts have been made mainly for 3 to 10 years.

29 Equity and Reserves

EQUITY

EURm	Number of shares	Share capital	Share premium account	Total
At 1 Jan. 2008	578,530,890	98	1,160	1,258
Cancellation of own shares	-17,158,500	-	-	-
Business acquisitions	-	-	1	1
At 31 Dec. 2008	561,372,390	98	1,161	1,259
Treasury shares				

RESERVES AND RETAINED EARNINGS

EURm	2008	2007
Reserves at 31 Dec.		
Legal reserve	370	370
Fair value reserve	-2,364	317
Total	-1,994	687

MOVEMENTS IN RESERVES:

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. No change has been in the legal reserve during the presented financial years.

FAIR VALUE RESERVE

EURm	2008	2007
At 1 Jan.	**317**	486
Financial assets available-for-sale		
Recognised in equity	**-3,116**	6
Transferred to profit or loss	**87**	-238
Recognised in equity from cash flow hedges	**15**	-
Income taxes related to items above	**333**	60
Share related to discontinued operations	**-**	3
At 31 Dec.	**-2,364**	317

The fair value reserve consists of changes in the fair values of the financial assets available-for-sale and derivative instruments used for hedging cash flows.

RETAINED EARNINGS

EURm	2008	2007
At 1 Jan.	**5,788**	3 061
Profit for the financial year	**675**	3 572
Dividend distribution	**-686**	-693
Share-based payments	**3**	0
Exchange differences	**-249**	-74
Recognition of undrawn dividends	**3**	6
Acquisition of own shares	**-167**	-81
Retained earnings related to discontinued operations	**-**	-3
At 31 Dec.	**5,365**	5 788

SHARES AND VOTES

The number of Sampo plc's shares at 31 December 2008 was 561,372,390, of which 560,172,390 were A-shares and 1,200,000 B-shares. Each A-share has 1 vote and each B-share has 5 votes at General Meetings. All the B-shares are owned by the Kaleva Mutual Insurance Company. B-shares can be converted into A-shares at the request of the holder of B shares. Sampo's A-shares are quoted on the Helsinki Stock Exchange.

The Annual General Meeting of 15 April 2008 granted the Board of Directors authorisation, valid until the close of the next AGM, to buy back Sampo's shares. The maximum amount of A-shares that can be bought back is 50,000,000 shares in either one or various set (about 8,6 % of all the company's shares). Shares may be acquired otherwise than in proportion to the shareholders' holdings through public trading at a market price prevailing at the time of purchase.

In 2008 Sampo plc acquired total 12,836,500 treasury shares. These and the 4,322,000 shares held by Sampo plc at 31 Dec.2007 were cancelled during the financial year 2008. The cancellation decreased the number of A-shares with an equal amount, but did not effect the share capital.

At the balance sheet date, Sampo plc or other Group companies did not hold shares in the parent company.

30 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.

KEY MANAGEMENT COMPENSATION

EURm	2008	2007
Short-term employee benefits	6	6
Post employment benefits	1	1
Other long-term benefits	4	4
Total	11	11

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 31).

31 Incentive Schemes

LONG-TERM INCENTIVE SCHEMES 2004 I–2008 II

The Board of Directors for Sampo plc has decided on the long-term incentive schemes 2004 I - 2008 II for the management and experts of the Sampo Group. The Board has authorised the Nomination and Compensation Committee of the Board, or the CEO, to decide who will be included in the scheme, as well as the number of calculated bonus units granted for each individual used in determining the amount of the performance-related bonus. In the schemes 2008 I and 2008 II, the number of calculated bonus units granted for the members of the Group's Executive Committee is decided by the Board of Directors. Over 100 persons were included in the schemes at the end of year 2008.

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, regarding already terminated schemes, also on Sampo's return on the risk adjusted capital (RORAC). The value of one calculated bonus 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 8.88–20.17. The maximum value of one bonus unit varies between EUR 19–30, reduced by the dividend-adjusted starting price. The IM criteria in the schemes has three levels. If the insurance margin reaches 4 per cent or more, the bonus is paid in its entirety. If the insurance margin is between 2–3.99 per cent, the payout is 50 per cent. In the case of insurance margin staying below these benchmarks, no bonus will be paid out.

Each plan has three performance periods and bonuses are settled in cash in three installments. In the schemes 2008 I and 2008 II, when the bonus is paid, the employee shall buy Sampo's A-shares at the first possible opportunity, taking into account the provisions on insiders, with 30 per cent of the amount of the bonus after taxes and other comparable charges, and to keep the shares in his/her possession for one year. In other schemes, when the bonus is paid, the employee shall buy Sampo's A-shares at the first possible opportunity, taking into account the provisions on insiders, with 20 per cent of the amount of the bonus after taxes and other comparable charges, and to keep the shares in his/her possession for two years. A premature payment of the bonuses 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 2008 I and 2008 II is estimated by using the Black-Scholes princing model.

	2004 I	2004 II	2005 I	2005 II	2006 II	2008 I	2008 II
Terms approved*)	11 Feb 2004	5 Oct 2004	22 Mar 2005	22 Jun 2005	21 Dec 2006	16 Jan 2008	7 May 2008
Granted (1,000) 31 Dec. 2004	1,570	445	-	-	-	-	-
Granted (1,000) 31 Dec. 2005	1,490	448	2 290	455	-	-	-
Granted (1,000) 31 Dec. 2006	1,385	343	2 085	480	-	-	-
Granted (1,000) 31 Dec. 2007	220	310	1 775	360	180	-	-
Granted (1,000) 31 Dec. 2008	-	-	-	-	112	3 961	95
End of performance period I 30 %	12-2006	12-2006	4-2007	Q2-2007	Q3-2008	Q1-2009	Q3-2009
End of performance period II 35 %	Q4-2006	Q4-2006	Q3-2007	Q4-2007	Q1-2009	Q3-2009	Q1-2010
End of performance period III 35 %	Q4-2006	Q4-2006	Q4-2007	Q2-2008	Q3-2009	Q2-2010	Q4-2010
Payment I 30 %	12-2006	12-2006	6-2007	9-2007	12-2008	6-2009	12-2009
Payment II 35 %	6-2007	6-2007	1-2008	4-2008	6-2009	1-2010	6-2010
Payment III 35 %	1-2008	1-2008	7-2008	9-2008	1-2010	9-2010	3-2011
Price of Sampo A at terms approval date*)	9.00	8.94	11.01	12.34	20.25	18.23	18.02
Starting price**)	9.37	8.88	11.17	12.67	20.17	17.26	18.44
Dividend-adjusted starting price at 31 Dec. 2008	-	-	-	-	17.77	16.06	18.44
Sampo A – closing price 31 Dec. 2008	13.24						
Total intrinsic value, EURm					0	1	0
Total debt	1						
Total cost for the financial period, EURm (incl. social costs)	2						

*) Grant dates vary

**) Trade-weighted average for ten trading days from the approval of terms

SAMPO 2006 SHARE-BASED INCENTIVE PROGRAMME

On 5 April 2006, the Annual General Meeting of Sampo plc agreed on the "Sampo 2006" share-based incentive programme. The programme applies to senior executive management of Sampo plc and its subsidiaries, and to Sampo's president and CEO. On 11 May 2006, the Board of Directors of Sampo plc allocated 1,300,000 shares of the maximum of 1,500,000 shares of the programme.

50 per cent of the amount of the reward eventually payable is based on the price performance of Sampo's A-share, and the other 50 per cent is based on the development of insurance margin (IM). The programme has three performance periods that cover the years 2006–2010. Each installment corresponds, at the maximum, to one third of the total amount of shares. The terms of the programme include a limitation according to which the amount of the reward payable will be decreased, if Sampo's share price increases by more than 160 per cent during an individual performance period. The shares to be distributed as a reward are partly subject to a two-year lock-up. The Board of Directors of Sampo has the right to decide to pay the reward partly or as a whole in cash instead of the shares.

In accordance with the programme, the reward is paid in three installments. The first installment, EUR 2,420,000, was paid in December 2008. The reward was paid in cash so that the employee was obliged to buy Sampo's A-shares at Helsinki Stock Exchange at the least with 50 percent of the amount of the bonus after taxes and other comparable charges.

PERFORMANCE PERIODS	Period I	Period II	Period III
Share price*)	Q1 2006– Q3 2008	Q4 2006– Q3 2009	Q4 2007– Q3 2010
Insurance margin	2006– 9/2008	2007– 9/2009	2008– 9/2010

*) Determined as the trade-weighted average for 10 days after the result release of the period in question.

PERFORMANCE CONDITIONS FOR PERIODS	Increase of dividend adjusted share price	Insurance margin
Minimum payout requirement	26%	5%
Maximum payout requirement	64%	10.5%
Payout of the total maximum reward if the minimum is achieved	20%	40%

Payout between the minimum and the maximum increases linearly.

The fair value of the programme at grant date has been measured by using Black-Scholes pricing model. When measuring the fair value of the part of the reward that is based on market conditions (share price), the estimated amount of shares to vest has been taken into account. Non-market conditions (IM and ROE) have not been taken into account in the fair value calculations, but instead these conditions have been taken into account when estimating the amount of shares to vest by the end of the vesting period. In this respect, the Group updates the assumptions of non-market conditions for each interim and annual accounts. The volatility used in the pricing-model, 30.0 per cent, was two and half years' weekly historical volatility. Other inputs used in the model were risk free interest rates 2.50–3.25 per cent and 5 per cent dividend per share.

Average fair value per granted share at grant date	
reward based on the share price, EUR	4.18
reward based on IM and ROE, EUR	14.76

The cost from the incentive scheme during the reporting period 2008 totalled EURm 2.7.

32 Auditors' Fees

EURm	2008	2007
Auditing fees	2	2
Other fees	0	0
Total	2	2

33 Legal Proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2008, arising in the ordinary course of business. No provisions have been made as professional advice indicates that it is unlikely that any significant loss will arise.

34 Investments in Subsidiaries

Name EURm	Group holding %	Carrying amount
P&C insurance		
If P&C Insurance Holding Ltd	100	1,886
If P&C Insurance Ltd	100	1,111
If P&C Insurance Company Ltd	100	465
UAB If Draudimas	100	9
AAS If Latvia	100	7
AS If Eesti Kindlustus	100	41
CJSC If Insurance	100	8
SOAO Region	100	27
If Säkerhet AB	100	0
MSK Vesta	100	0
Life insurance	100	484
Mandatum Life Insurance Company Ltd	100	11
SE Sampo Life Insurance Baltic	100	5
If Livförsäkring Ab	100	3
OOO Region Life		
Other business		
Oy Finnish Captive & Risk Services Ltd	100	0
If IT Services A/S	100	0
Riskienhallinta Oy	100	0
Barn i Bil	100	0
Sampo Capital Oy	100	1

The table excludes property and housing companies accounted for in the consolidated accounts.

35 Investments in Shares and Participations Other than Subsidiaries and Associates

P&C INSURANCE

Listed companies

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
ABB Ltd	Switzerland	223,000	0.01	2
Aker Floating Production	Norway	1,030,800	4.69	1
Astra Zeneca Plc	Great Britain	88,400	0.01	2
Atlas Copco AB A	Sweden	430,000	0.05	3
B&B Tools B	Sweden	264,500	0.69	1
BE Group AB	Sweden	2,498,600	5.00	5
Cardo AB	Sweden	2,999,000	10.00	31
Clas Ohlson AB B	Sweden	3,182,129	2.71	16
CTT Systems AB	Sweden	511,200	4.71	1
Duni Ab	Sweden	230,000	0.49	1
Eniro AB	Sweden	600,000	0.37	1
Equinox Offshore Accommodation Ltd	Singapore	2,610,000	4.97	1
G & L Beijer B	Sweden	135,000	0.56	1
Gunnebo AB	Sweden	4,821,700	10.59	7
Hennes & Mauritz Ab B	Sweden	73,000	0.00	2
Höganäs AB B	Sweden	2,686,900	6.12	17
Husqvarna AB A	Sweden	3,645,513	2.87	13
Husqvarna AB B	Sweden	357,800	0.03	1
Lindab International AB	Sweden	2,776,142	3.53	12
Nederman Holding AB	Sweden	1,160,400	9.90	5
Nobia AB	Sweden	14,632,850	8.35	22
Nolato Ab B	Sweden	1,167,000	2.28	3
Scania AB B	Sweden	395,000	0.01	3
Sectra AB B	Sweden	4,396,300	7.28	14
Skanska Ab B	Sweden	500,000	0.08	4
StatoilHydro ASA	Norway	201,000	0.01	2
Svedbergs i Dalstorp AB B	Sweden	2,298,600	7.04	6
TeliaSonera AB	Sweden	1,708,000	0.04	6
TTS Marine ASA	Norway	1,608,600	6.25	3
VBG AB B	Sweden	474,200	1.92	2
Veidekke ASA	Norway	11,649,680	8.57	27
Vestas Wind Systems A/S	Denmark	68,100	0.04	3
Yara International ASA	Norway	171,000	0.06	3
Total listed companies				222
Other companies				5

Unit trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
IShares S&P 500 Index Fund ETF	U.S.	595,000		39
APS Japan Growth Fund JPY	Cayman Island	141,555		7
APS Small Cap Alpha Fund	Cayman Island	184,320		8
Danske Invest Emerging Asia Kasvu	Finland	1,349,509		21
Danske Invest Europe Enhanced Index	Finland	45,964,543		49
Danske Invest European Opportunities Kasvu	Finland	12,620,831		8
Danske Invest North America Enhanced Index USD	Finland	36,502,097		29
Danske Invest US Small Cap Value Kasvu	Finland	26,386,762		24
Danske Invest Japani Osake Kasvu JPY	Finland	315,965,078		27
PMI Venture Fund L.P. (CIM Venture Fund for Creative Industries L.P.)	Finland	116,602		0
EQT IV (No. 1) Limited Partnership	Finland	859,878		4
EQT III UK No 1 L.P. (EQT Northern Europe UK No. I L.P.)	Finland	1,025,044		4
Mandatum Pääomarahasto I Ky	Finland	626,705		5
Mandatum Pääomarahasto II Ky EUR	Finland	106,000		1
Private Energy Market Fund L.P.	Finland	297,559		3
WD Power Investment	Finland	2,523		0
Mandatum Pääomarahasto II Ky USD	Finland	451,200		3
WD Power Investment USD	Finland	29,239		0
GS Loan partners I DEBT EUR	U.S.	1,071,605		11
GS Loan partners I	U.S.	1,368,000		10
GS Loan partners I DEBT	U.S.	3,542,012		25
Total unit trusts				280
Total shares and participations				506

LIFE INSURANCE

Listed companies

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Alma Media Oyj	Finland	6,655,512	8.92	33
Amanda Capital Oyj	Finland	2,053,296	9.02	3
Comptel Oyj	Finland	19,569,925	18.28	14
Finnair Oyj	Finland	2,400,000	1.87	12
Kemira Oyj	Finland	2,088,089	1.67	12
Kesko Oyj	Finland	515,153	0.53	9
Lassila & Tikanoja Oyj	Finland	2,231,238	5.75	25
Neste Oil Oyj	Finland	598,336	0.23	6
Nokia Oyj	Finland	1,551,900	0.04	17
Norvestia Oyj	Finland	1,789,538	11.68	10
Salcomp Oyj	Finland	3,724,000	9.55	7
Sanoma Oyj	Finland	2,710,945	1.66	25
Tamfelt Oyj Abp	Finland	788,427	2.86	6
Teleste Oyj	Finland	1,679,200	9.43	4
Turvatiimi Oyj	Finland	5,699,436	5.04	1
Uponor Oyj	Finland	2,369,488	3.24	18
Vaisala Oyj	Finland	766,650	4.21	17
YIT Oyj	Finland	5,507,004	4.33	25
Total				243
Other listed companies				28
Listed companies in total				271
Other companies				
Metsä Tissue Oyj	Finland	553,407	6.07	11

Unit trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Danske Invest Emerging Markets Debt	Finland	52,084,602		61
Danske Invest Euro High Yield Kasvu	Finland	20,064,205		15
Danske Invest European Opportunities Kasvu	Finland	22,570,870		14
Danske Invest High Yield Kasvu	Finland	170,230,497		138
Danske Invest Japani Osake Kasvu	Finland	314,513,376		27
Fourton Odysseus Kasvu	Finland	128,399		15

Capital trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Amanda III Eastern Private Equity Ky	Finland			6
CapMan Real Estate I Ky	Finland			10
Mandatum Pääomarahasto I Ky	Finland			8
Total				305
Other shares and participations in total				39
Domestic shares and participations in total				614

Listed foreign shares and participations

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Nordea Bank AB	Sweden	5,150,000	0.20	26
Topdanmark Forsikring A/S	Denmark	831,531	4.98	76
Total				103

Foreign unit trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
APS Japan Growth Fund	Cayman Islands	183,278		9
Comgest Panda	Luxembourg	15,354		16
Danske Capital Germany	Luxembourg	1,103,086		6
Goldman Sachs Asset Management Liquidity Partners 2007	U.S.	512,415		14
IShares S&P 500 Index Fund ETF	U.S.	419,037		27
Lloyd George Asia Small Companies Fund	Hong Kong	233,008		9
New Providence Fund Ltd	Bahamas	49,039		11
Prosperity Cub Fund	Cayman Islands	237,181		18
RMF Commodity Strategies (Class SOE1)	Bahamas	14,787		18
RMF Distressed Strategies	Cayman Islands	16,159		16
Richelieu France	France	32,410		8

Foreign capital trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Access Capital II A L.P.	Great Britain			6
Access Capital II C L.P.	Great Britain			7
Access Capital L.P.	Great Britain			16
BOF III CV Investors LP (Gilde Buyout Fund III)	Netherlands			6
Behrman Capital III L.P.	U.S.			8
CapMan Buyout VIII (Guernsey) L.P.	Great Britain			5
Duke Street Capital Structured Solutions	Great Britain			18
EQT V (General Partner) LP	Great Britain			5
First European Fund Investments UK L.P.	Great Britain			6
Goldman Sachs Loan Partners I, L.P.	U.S.			13
Goldman Sachs Loan Partners I, L.P.	U.S.			34
Goldman Sachs Loan Partners I, L.P.	U.S.			14
Goldman Sachs Petershill Fund Offshore, L.P.	Great Britain			17
Montagu Fund III L.P.	Great Britain			6
Pai Europe IV L.P.	Great Britain			7
Russia Partners II L.P.	U.S.			8
Thomas H. Lee Equity Fund V L.P.	U.S.			6
VenCap 9 LLC (Preferential Equity Investors II LLC)	Great Britain			7
Total				357
Other shares and participations				102
Foreign shares and participations in total				561
Shares and participations in total				1,176

HOLDING

Domestic other than listed companies

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Varma Mutual Pension Insurance Company	Finland	57	80.28	10
Other	Finland			6
Total domestic shares and participations				16

Foreign listed companies

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Nordea Bank AB	Sweden	313,202,100	12.05	1,576
Topdanmark Forsikring A/S	Denmark	1,017,545	6.10	94

Foreign unit trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Thomas H. Lee Equity Fund V L.P.	U.S.			5
Other				14
Total foreign shares and participations				1,689
Total shares and participations				1,705

Holdings exceeding EURm 5 and holdings in listed companies exceeding five per cent specified.

36 Events After the Balance Sheet Date

The Board of Directors proposes to the Annual General Meeting on 7 April 2009 that a dividend of EUR 0.80 per share, or total EUR 449.097.912, be distributed for 2008. The dividends to be paid will be accounted for in the equity in 2009 as an appropriation of retained earnings.

{ *Parent Company Income Statement* }

EURm	Note	2008	2007
Other operating income	1	**9**	12
Staff expenses			
Salaries and remunerations		**-7**	-12
Social security costs			
Pension costs		**-2**	-6
Other		**-1**	-1
Depreciation and impairment	2		
Depreciation according to plan		**-1**	-2
Other operating expenses	3	**-13**	-31
Operating profit		**-14**	-39
Financial income and expense	5		
Income from shares in Group companies		**381**	719
Income from shares in participating undertakings		**0**	1
Income from other shares		**133**	43
Other interest and financial income			
Group companies		**10**	9
Other		**68**	114
Other investment income and expense		**3**	3,241
Other interest income		**7**	12
Interest and other financial expense			
Other than Group companies		**-37**	-37
Hedge accounting and exchange result		**14**	-4
Other		**0**	0
Profit before taxes		**566**	4,058
Income taxes			
Tax for the financial year		**-14**	-8
Tax from previous years		**1**	0
Deferred taxes		**2**	-17
Profit for the financial year		**555**	4,033

{ Parent Company Balance Sheet }

EURm	Note	2008	2007
ASSETS			
Non-current assets			
Intangible assets	6		
Intangible rights		0	0
Other long-term expenses		1	1
Property, plant and equipment	7		
Buildings		1	3
Equipment		1	1
Other		2	2
Investments			
Shares in Group companies	8	2,370	2,370
Receivables from Group companies	9	122	128
Shares in participating undertakings	10	0	1
Other shares and participations	11	1,710	2,763
Other receivables	12	1,062	1,896
Short-term receivables			
Receivables from Group companies		5	6
Deferred tax assets	20	6	5
Other receivables	13	36	35
Prepayments and accrued income	14	13	12
Cash at bank and in hand		35	228
TOTAL ASSETS		5,364	7,450
LIABILITIES			
Equity	15		
Share capital		98	98
Premium reserve		1,160	1,160
Fair value reserve		-1,759	26
Other reserves			
Legal reserve		366	366
Other		273	273
Retained earnings		3,993	811
Profit for the financial year		555	4,033
		4,686	6,768
Liabilities			
Long-term liabilities			
Debentures		597	589
Short-term liabilities			
Deferred tax liabilities	20	2	13
Other liabilities	18	36	38
Accruals and deferred income	19	43	42
TOTAL LIABILITIES		5,364	7,450

{ *Parent Company Statement of Cash Flows* }

EURm	2008	2007
Operating activities		
Profit before taxes	564	4,058
Adjustments:		
Depreciation and amortisation	1	3
Unrealised gains and losses arising from valuation	1	0
Realised gains and losses on investments	-3	-3,239
Other adjustments	568	2,685
Adjustments total	566	-551
Change (+/-) in assets of operating activities		
Investments*)	90	-3,875
Other assets	1	19
Total	91	-3,855
Change (+/-) in liabilities of operating activities		
Financial liabilities	0	-12
Other liabilities	-2	-21
Paid interests	-37	-41
Paid taxes	-9	-5
Total	-48	-79
Net cash from operating activities	1,173	-427
Investing activities		
Investments in group and associated undertakings	-	0
Proceeds from the sale of group and associated undertakings	1	4,028
Other investments	-522	-2,646
Net investment in equipment and intangible assets	0	20
Net cash used in investing activities	-521	1,402
Financing activities		
Subscription of share options	-	6
Acquisition of own shares	-167	-81
Dividends paid	-678	-685
Issue of debt securities	-	9
Repayments of debt securities in issue	-	-332
Net cash used in financing activities	-845	-1,082
Total cash flows	-193	-107
Cash and cash equivalents at 1 January	228	335
Cash and cash equivalents at 31 December	35	228
Net change in cash and cash equivalents	-193	-107

*) Investments include both investment property and financial assets.

ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS:

EURm	2008	2007
Interest income received	83	147
Interest expense paid	37	41
Dividend income received	514	763

{ *Notes to the Parent Company Financial Statements* }

SUMMARY OF SIGNIFICANT ACCOUNT 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 (IFRS). The financial assets are measured at fair value derived from the markets. The accounting principles for the Group are described starting from p. 80.

NOTES ON THE INCOME STATEMENT

1 Other Operating Income

EURm	2008	2007
Income from property occupied for own activities	2	2
Other	8	10
Total	9	49

2 Depreciation and Impairment

EURm	2008	2007
Depreciation according to plan		
Property, plant and equipment	0	-1
Intangible assets	0	-1
Total	-1	-2

3 Other Operating Expenses

EURm	2008	2007
Rental expenses	-3	-3
Expense on property occupied for own activities	-1	-2
Losses on disposal of property occupied for own actitivies	-1	-4
Other	-8	-22
Total	-13	-31

Item Other includes e.g. administration and IT expenses and fees for external services.

4 Auditors' Fees

EURm	2008	2007
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.2	-0.3
Tax consulting	-0.0	-0.0
Other fees	-0.0	-0.1
Total	-0.3	-0.4

5 Financial Income and Expense

EURm	2008	2007
Received dividends in total	514	763
Interest income in total	84	135
Interest expense in total	-37	-37
Gains on disposal in total	5	3 242
Losses on disposal in total	0	-2
Hedging and exchange result	14	-4
Other	-1	0
Total	579	4,096

NOTES ON THE ASSETS

6 Intangible Assets

	2008		2007	
EURm	IT	Other	IT	Other
Cost at beginning of year	3	2	20	23
Additions	-	-	0	1
Disposals	-	-	-17	-21
Accumulated amortisation at beginning of year	-3	-1	-12	-7
of which related to disposals	-	-	9	7
Amortisation according to plan during the financial year	0	0	0	-1
Carrying amount at end of year	0	1	0	1

7 Property, Plant and Equipment

	2008		2007	
EURm	Land and buildings	Other	Land and buildings	Other
Cost at beginning of year	4	4	15	11
Additions	0	0	0	1
Disposals	-2	-	-13	-8
Transfers	-	-	1	-
Accumulated depreciation at beginning of year	-1	0	-1	-7
of which related to disposals	0	-	0	7
Accumulated impairment losses at beginning of year	0	-	-1	-
of which related to disposals	-	-	1	-
Depreciation according to plan during the financial year	0	0	0	-1
Carrying amount at end of year	1	3	3	3

8 Shares in Group Companies

EURm	2008	2007
Cost at beginning of year	2,370	3,157
Disposals	-	-787
Carrying amount at end of year	2,370	2,370

9 Receivables from Group Companies

EURm	2008	2007
Cost at beginning of year	128	130
Disposals	-6	-3
Carrying amount at end of year	122	128

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated note 24 Financial liabilities.

10 Shares in Participating Undertakings

EURm	2008	2007
Cost at beginning of year	1	1
Disposals	-1	0
Carrying amount at end of year	0	1

11 Other Shares and Participations

	2008	Fair value changes		2007	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	**1,705**	**2**	**-1,792**	2,758	1	9

Changes in property shares

EURm	2008	2007
Cost at beginning of year	**5**	14
Disposals	**0**	-9
Carrying amount at end of year	**5**	5
Difference between current cost and carrying amount	0	0

12 Other Investment Receivables

	2008	Fair value changes		2007	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	**1,062**	**1**	**4**	1,896	0	1
Derivatives	**0**	**0**	**-**	0	0	-
Total	**1,062**	**1**	**4**	1,896	0	1

13 Other Receivables

EURm	2008	2007
VAT receivable (see note 24)	**34**	34
Other	**2**	1
Total	**36**	35

14 Prepayments and Accrued Income

EURm	2008	2007
Accrued interest	**12**	11
Other	**1**	0
Total	**13**	12

NOTES ON THE LIABILITIES

15 Movements in the Parent Company's Equity

		Restricted equity			Unrestricted equity		
EURm	Share capital	Share premium account	Legal reserve	Fair value reserve	Other reserves	Retained earnings	Total
Carrying amount at 1 Jan. 2007	95	1,157	366	20	273	1,579	3,490
Subscription for shares with options	3	4					6
Dividends						-693	-693
Recognition of undrawn dividends						6	6
Financial assets available-for-sale							
- recognised in equity				6			6
- recognised in p/l				1			1
Acquisition of own shares						-81	-81
Profit for the year						4,033	4,033
Carrying amount at 31 Dec. 2007	98	1,160	366	26	273	4,844	6,768

		Restricted equity			Unrestricted equity		
EURm	Share capital	Share premium account	Legal reserve	Fair value reserve	Other reserves	Retained earnings	Total
Carrying amount at 1 Jan. 2008	**98**	**1,160**	**366**	**26**	**273**	**4,844**	**6,768**
Dividends						**-686**	**-686**
Recognition of undrawn dividends						**3**	**3**
Financial assets available-for-sale							
- recognised in equity				**-1,784**			**-1,784**
- recognised in p/l				**-2**			**-2**
Acquisition of own shares						**-167**	**-167**
Profit for the year						**555**	**555**
Carrying amount at 31 Dec. 2008	**98**	**1,160**	**366**	**-1,759**	**273**	**4,548**	**4,686**

Distributable assets

EURm	2008	2007
Parent company		
Profit for the year	**555**	4,033
Retained earnings	**3,993**	811
Other reserves	**273**	273
Undistributable items	**-1,759**	-10
Total	**3,061**	5,107

16 Share Capital

Information on share capital is disclosed in Note 29 in the consolidated financial statements.

17 Debentures

EURm	2008	2007
Debenture loan, nominal value EURm 600, call 21.4.09 due 2014		
- annual fixed interest 4.625% until April 2009, thereafter floating	**597**	589

18 Other Liabilities

EURm	2008	2007
Unredeemed dividends	**35**	29
Derivatives	**0**	0
Other	**1**	9
Total	**36**	38

19 Accruals and Deferred Income

EURm	2008	2007
Deferred interest	**19**	19
Other	**23**	22
Total	**43**	42

NOTES ON THE INCOME TAXES

20 Deferred Tax Assets and Liabilities

EURm	2008	2007
Deferred tax assets		
Timing differences	**4**	5
Fair value reserve	**1**	-
Total	**6**	5
Deferred tax liabilities		
Timing differences	**2**	4
Fair value reserve	**-**	9
Total	**2**	13

NOTES ON THE LIABILITIES AND COMMITMENTS

21 Pension Liabilities

The basic and supplementary pension insurance of Sampo plc's staff is handled through insurances in Varma Mutual Insurance Company and in Mandatum Life Insurance Company Limited.

22 Future Rental Commitments

EURm	2008	2007
Not more than one year	**3**	2
Over one year but not more than five years	**4**	5
Over five years	**3**	3
Total	**9**	7

23 Off-Balance Sheet Items

EURm	2008	2007
Underwriting commitments	**4**	6
Off-balance sheet items total	**4**	6
To or on behalf of Group companies	**-**	-
To or on behalf of associates	**-**	-

24 Other Financial Commitments

Sampo plc's group of entities liable to tax, as per Article 13 a of the Value Added Tax Act, was credited value added tax refunds in 2004 based on the final VAT refund decisions of the Tax Office for Major Corporations.

Contrary to its previous final decisions, the Tax Office for Major Corporations reassessed the matter in December 2004, on the basis of which it debited EUR 33.7 million of previously refunded VAT. Had the reassessment been confirmed as final and enforced as such, the estimated effect on the Sampo Group's net profit could have been as much as EUR 26 million.

As the Group member liable to tax, Sampo plc paid in January 2005 the VAT debited in December 2004. Accordingly, the VAT in question has been treated as a receivable from the Group members in the accounts since 2004.

Sampo plc made an appeal to the Helsinki Administrative Court with respect to the reassessment of the Tax Office for Major Corporations. By a decision made on 12 December 2007, the Helsinki Administrative Court approved Sampo's appeal, overruled the reassessment decisions made and returned the issue to the Tax Office for Major Corporations for further handling.

By a decision made on 16 Dec. 2008, The Supreme Administrative Court denied the leave to appeal from the Tax Office for Major Corporations and the agent for the tax office of Uusimaa, and so the decision of the Helsinki Administrative Court was confirmed final.

NOTES ON THE STAFF AND MANAGEMENT

25 Staff Numbers

	2008 Average during the year	2007 Average during the year
Full-time staff	51	54
Part-time staff	1	2
Temporary staff	1	-
Total	53	56

26 Management's Remuneration and Post-employment Benefits

(EUR thousand)		2008	2007
Managing and Debuty Managing Directors			
Managing Director	Björn Wahlroos	1,806	2,999
Deputy Managing Director	Kari Stadigh	1,104	1,790
Members of the Board of Directors			
Georg Ehrnrooth		160	120
Tom Berglund		80	70
Anne Brunila		80	70
Lydur Gudmundsson		80	-
Eira Palin-Lehtonen		80	-
Jukka Pekkarinen		80	70
Christoffer Taxell		80	70
Matti Vuoria		100	85

PENSION LIABILITY

The retirement age of the Managing Director and the Deputy Managing Director is 60 years, when the pension benefit is 60% of the pensionable salary.

NOTES ON SHARES HELD

27 Shares Held as of 31 Dec, 2008

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
Property company		
Kiinteistö Oy Hervannan Tieteenkatu 1, Tampere Finland	100.00	1
Other		
Sampo Capital Oy, Helsinki Finland	100.00	1

{ *Approval of the Financial Statements and the Board of Directors' Report* }

Approval of the financial statements and the board of directors' report

Helsinki, 11 February 2009

SAMPO PLC
Board of Directors

Tom Berglund	**Anne Brunila**	**Lýdur Gudmunsson**
Eira Palin-Lehtinen	**Jukka Pekkarinen**	**Christoffer Taxell**
	Matti Vuoria	
Georg Ehrnrooth Chairman		**Björn Wahlroos** Group CEO

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 1.1.2008 - 31.12.2008. The financial statements comprise the consolidated balance sheet, income statement, cash flow statement, statement of changes in equity 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.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with 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 perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 and the Managing Director have complied with the Limited Liability Companies Act.

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 of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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.

The audit was performed in accordance with good auditing practice in Finland. 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, together with the consolidated financial statements included therein, and the report of the Board of Directors give a true and fair view of the financial performance and financial position of the company 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.

We recommend that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown at the balance sheet is in compliance with the Limited Liability Companies Act. We recommend that the Members of the Board of Directors as well as the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki 27 February 2009

Ernst & Young Oy
Authorized Public Accountant Firm

Tomi Englund
Authorized Public Accountant

Epilogue

Afterword

Changes planned in Sampo Group's administration in 2009

Georg Ehrnrooth, Chairman of the Board, announced in Sampo Groups Annual General Meeting in April 2008 that he will not stand as candidate for Sampo's Board of Directors at the Annual General Meeting of 2009. Ehrnrooth, who has been a member of Sampo's Board of Directors since 1992 and Chairman of the Board since 2006, will thereby leave Sampo's Board of Directors at the end of the Annual General Meeting of 2009.

In order to ensure continuity in the management of Sampo Group, the Board's Nomination and Compensation Committee will propose to the Annual General Meeting in the spring of 2009, having consulted the major shareholders, that Björn Wahlroos be re-elected to Sampo's Board of Directors and that he would be elected Chairman of the Board. Wahlroos would then leave his position as Group CEO and President at the end of the Annual General Meeting of 2009.

In accordance with the plan Sampo's Board of Directors has on 5 November 2008 nominated Kari Stadigh as Group CEO and President. Kari Stadigh will start in his new role on 8 April 2009.

IR Information

Financial information in 2009

The Annual Report is published on Sampo's Internet pages at the address *www.sampo.com*. Printed Annual Reports can be ordered at the above Internet address, by calling +358 (0)10 516 0033 or by mail from Sampo plc Investor Relations, Fabianinkatu 27, 00100 Helsinki, Finland.

SAMPO WILL PUBLISH THREE INTERIM REPORTS IN 2009:

6 May
Interim Report for
1 January – 31 March 2009

12 August
Interim Report for
1 January – 30 June 2009

4 November
Interim Report for
1 January – 30 September 2009

The Interim Reports and related Supplementary Financial Materials are published on Sampo's Internet pages.

Press and stock exchange releases, the monthly updated list of shareholders and other investor information published by Sampo is available on the Internet at *www.sampo.com*.

Annual General Meeting

Sampo plc's Annual General Meeting will be held on Tuesday, 7 April 2009 at 2 pm, at the Helsinki Fair Centre Congress wing, address Messuaukio 1, Helsinki. The listing of persons who have registered for the meeting will commence at 12.30 pm.

Each shareholder who is registered on the record date for the Annual General Meeting, Friday, 27 March 2009, in the company's Shareholder Register kept by Euroclear Finland Ltd (previously the Finnish Central Securities Depository Ltd) has the right to participate in the General Meeting. Shareholders whose shares are registered on their personal Finnish book-entry account are registered in the company's Shareholder Register.

Shareholders who wish to participate in the General Meeting must register for the meeting no later than 4 pm on 31 March 2009. A shareholder may register for the General Meeting either:

a) via the company's website, *www.sampo.com/agm*
b) by telephone to +358 (0)10 516 0068 from Monday to Friday between 9 am and 4 pm
c) by fax on +358 (0)10 516 0623, or
d) by mail to the address Sampo plc, Shareholder Services, Fabianinkatu 27, 00100 Helsinki, Finland.

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The contact information for Group subsidiaries is available on the Internet at the address www.sampo.com.

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‘Sampo posted forecast-beating fourth-quarter profits, helped by its property and casualty unit, and said the non-life business would remain the mainstay of 2009 results.’
- John Acher and Sudip Kar-Gupta, Reuters, 11 February 2009

‘Sampo's fourth-quarter earnings Wednesday told two stories: one of an insurer that managed to increase its quarterly net profit to EUR 153 million from EUR 113 million a year earlier despite extraordinary economic headwinds, and one of a financial investor that saw its assets dwindle in value due to weaker equity markets and unfavorable currency swings.’
- Anna Molin, Dow Jones Newswires, 11 February 2009

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