09

ANNUAL REPORT

SAMPO GROUP

SAMPO GROUP

Sampo Group has two business areas – P&C insurance and life insurance. In addition the parent company Sampo plc has an associated company Nordea Bank AB.

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.

Sampo plc

The parent company owns and administers the insurance subsidiaries and is the largest shareholder in the leading Nordic bank, Nordea Bank AB, with approximately 20 per cent of the shares.

Info

Sampo Group's Annual Report and the Financial Statements of the Group's subsidiaries If P&C and Mandatum Life are available at *www.sampo.com/annualreport*.

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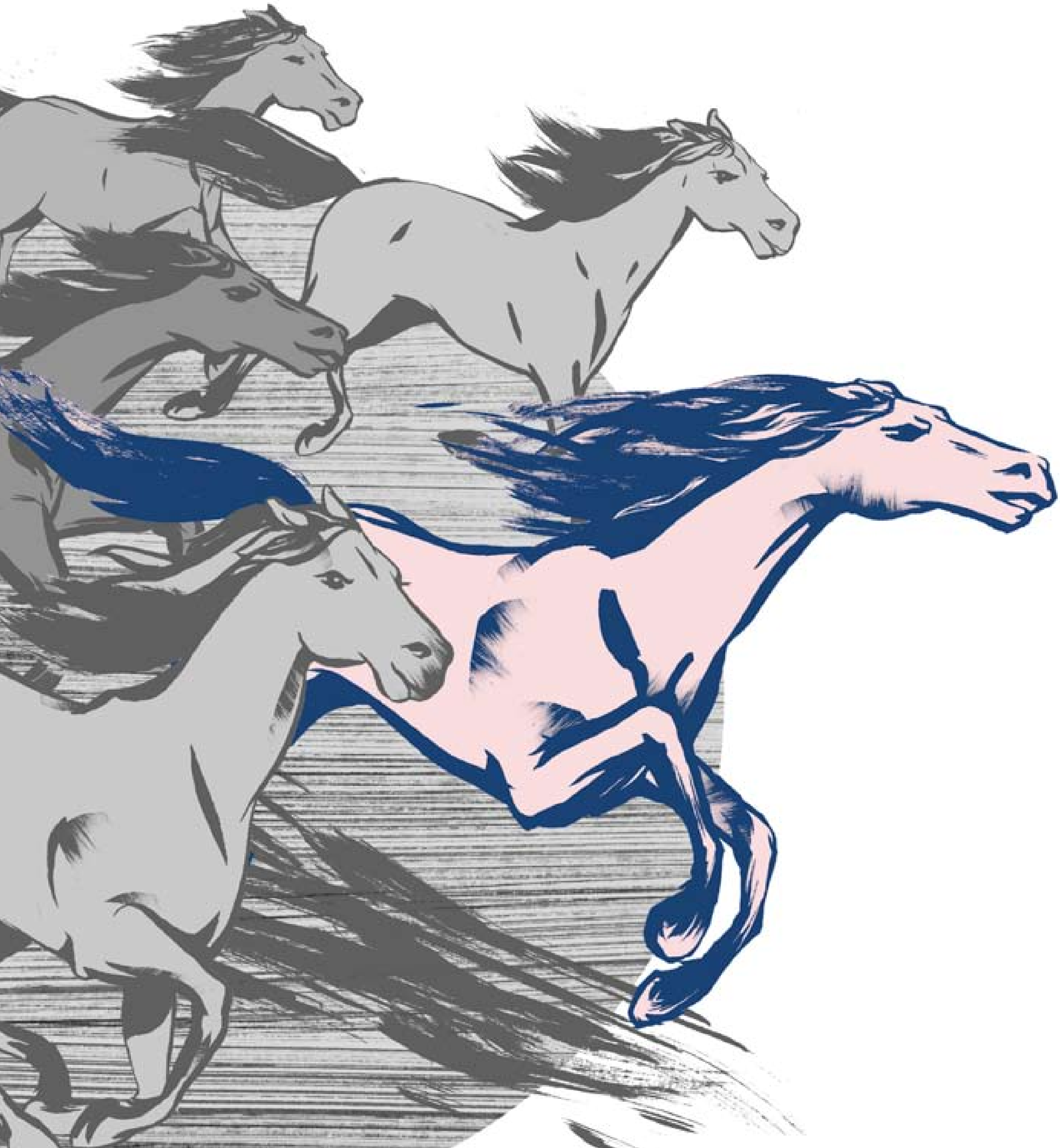


“We have chosen our horse.”

Björn Wahlroos on Sampo’s stake in Nordea in Sampo’s press conference on 11 February 2009.

SAMPO IN BRIEF

Record Year for Sampo

To successfully swim against the current, one needs to have courage, expertise and a deep understanding of the matters at hand. Furthermore, one needs to work hard as well as have a certain amount of luck in terms of timing. Sampo has had all of these qualities.

We bought If P&C Insurance at the beginning of the last decade, at a time when no other industry player believed in the profitability and future of property and casualty insurance. Within just a few years, If became the leading company in the industry, proving that we had made the correct decision.

At the beginning of 2009, we were the only ones who believed in banking stocks. Despite being alone in our belief, we significantly increased our Nordea stake. The reward was outstanding: Sampo Group's mark-to-market result in 2009 was the best ever in our history.

Bleak Start to 2009

At the start of 2010, we are now in a very different situation than we were in at the beginning of 2009. In early 2009, equities were at a low following the collapse of values the previous autumn. Industries suffered from empty order books and lay-offs and dismissals were everyday news. Indeed, very few were brave enough to forecast economic development further than a few months ahead.

In our February 2009 outlook we reflected on a challenging operating environment. We forecast that the macroeconomic situation would have a slightly negative impact on premium growth in P&C insurance and that under current capital market conditions Mandatum Life Group was not expected to achieve the same exceptionally high profits as previous years.

Right Allocations at the Right Time

The market recovery began in March 2009, which was immediately visible in Sampo Group's investment result. Both If P&C Insurance and Mandatum Life achieved their best ever mark-to-market results.

If P&C Insurance's premium income growth slowed down, but remained at the previous year's level in local currencies.

Compared to the premium growth of its Nordic competitors this was a very good achievement. Even If P&C's Baltic operations remained profitable with the help of determined cost cutting and reorganizations. These factors and successful risk selection made it possible for If P&C to reach its combined ratio target once again; the target was reached for the 23rd successive quarter.

Our life insurance subsidiary, Mandatum Life, managed well in the financial crisis and, unlike many of its competitors, did not have to resort to capitalization. The concept of Wealth Management proved its case and the sales of unit-linked insurances progressed well. In 2009, Mandatum Life's premium income increased for the first time in the history of the company to over EUR 800 million. Consequently, the company improved its position compared to its competitors in a difficult market situation.

Our investment return was excellent thanks to the right allocation decisions. We significantly increased our investments in corporate loans and increased the equity weight in our portfolio at a sufficiently early stage. The increase in value of our investment portfolio was reflected in our net asset value which increased by 77 per cent compared to the previous year and stood at EUR 14.63 per share by the year-end.

Nordea Becomes an Associated Company

Nordea's importance to Sampo Group increased significantly during 2009. During the first half of the year, our shareholding increased from approximately 12 per cent to 18 per cent and – following the approval by the authorities – to over 20 per cent of the total number of shares in Nordea. As of 31 December 2009, Nordea is accounted for as an associated company in Sampo Group's accounts.

> Sampo Group's mark-to-market result was the best ever in our history.

As I mentioned in my video interview broadcast in November 2009, I regard the size of our Nordea holding to be at the right level based on the current market situation. Even in the longer term, I do not expect us to pass the 25 per cent threshold.

Looking at Nordea's key figures has strengthened our belief that we chose the right option based on the many alternatives available. Despite the economic downturn, for the third year running Nordea continued to show a solid profit performance in 2009. In addition, the banking group reported lower than expected credit losses as a result of very competent risk management.

Challenging Start

2009 was my first year as Group CEO and President of Sampo Group. Due to the prevailing market situation, it was no easy beginning. Indeed, I must admit that the market recovery from March 2009 onwards was a relief to me. The recovery created a positive atmosphere during my first months at the helm of the Group.

> Sampo has traditionally been one of the best dividend payers in the industry, and this year will be no exception.

When taking over the helm, I did not make any dramatic changes to our course of action. We continued following our previously well-proven practices with our existing executive committee. The key figures of If P&C and Mandatum Life as well as Nordea's figures prove that this course of action was the right one.

The Work Remains Ongoing

Sampo differs from its competitors in the financial industry in one remarkable respect: If P&C, Mandatum Life and Nordea were not inherited by the current management. We have created our current business operations ourselves through mergers and/or acquisitions. Therefore, I am naturally very proud of the solid performance of If P&C, Mandatum Life and Nordea during the financial crisis.

Consequently, I would like to express my thanks to all of those persons concerned: the Chairman of the Board, the Members of the Board, the Group Executive Committee and all employees. We would not have achieved these results without all of your expertise, good judgement and discipline.

I would also like to thank our customers. We assure you that we shall strive to continue to improve our product range and customer service so that we can serve you even better in the future.

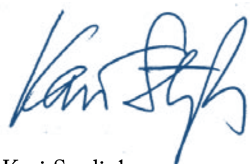
Last but not least, I would like to express my thanks to our shareholders for the faith they place in Sampo. Sampo has traditionally been one of the best dividend payers in the industry, and this year will be no exception. As a sign of Sampo's strong performance, we are increasing the dividend from last year's EUR 0.80 to EUR 1.00 per share.

Sampo Stronger than Ever

My satisfaction with Sampo's success is mixed with concerns over the uncertainty regarding which direction the real economy will take in 2010. Despite my overall positive standpoint, I expect that we may still see some turbulence on the capital markets especially due to the bleak outlook on employment.

Our main geographical markets of Norway, Sweden and Finland will most likely not recover simultaneously from the recession. Economic recovery in Sweden is supported by a wide industrial basis, while Norway benefits from its oil resources. Finland will most likely recover later than its western neighbors. However, from a broader perspective, the outlook is positive.

I believe that 2010 will bring many new opportunities to Sampo Group. Sampo is now stronger than ever and once the economic activity recovers, we have a very good basis for success thanks to our strong balance sheet, solid equity position and excellent market position.



Kari Stadigh
Group CEO and President

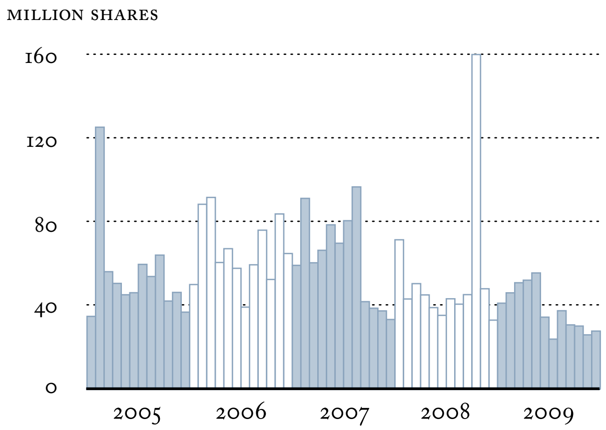
Key Figures

EURm	2009	2008	Change %
Profit before taxes	825	870	-5
P&C insurance	644	549	17
Life insurance	121	140	-13
Holding	36	180	-80
Profit for the financial year	641	675	-5
			Change
Earnings per share, EUR	1.14	1.18	-0.04
EPS (incl. change in FVR), EUR	5.88	-3.52	9.40
Dividend per share, EUR*	1.00	0.80	0.20
NAV per share, EUR	14.63	8.28	6.35
Average number of staff (FTE)	7,311	7,145	166
Return on equity, %	53.7	-32.4	86.1
Group solvency ratio, %	158.3	433.6	-275.3

* Year 2009 figure is the Board of Directors' dividend proposal.

Sampo's monthly share price performance 2005-2009

Sampo's monthly trading volume 2005-2009



Strategy

Sampo Group aims to create value for its shareholders. Value is created through efficient and highly profitable operating units and by investing in situations offering significant upside potential with manageable downside risk. Shareholders benefit from the value creation through a high and stable dividend yield.

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

If P&C Insurance – Security and Stability

If's mission is to offer attractively priced insurance solutions that provide customers security and stability in their business operations, housing and daily life. The company's vision is to be the leading property and casualty insurance company in the Nordic and Baltic regions with the most satisfied customers, leading edge insurance expertise and superior profitability.

If's strategic goal is to establish better profitability and customer satisfaction in the long run than competitors, coupled with high creditworthiness. The financial targets are to achieve a combined ratio of less than 95% and a return on equity (RoE) of at least 17.5 per cent.

If's long term priorities to ensure a strong and stable profitability development are based on a sound operating platform, leading cost position, most satisfied customers, leading edge insurance expertise and an investment strategy based on balanced risk. The following four areas constitute the key elements in If's strategic direction:

Customer value - If will exceed customer expectations through superior insurance solutions, fast and accurate claims management and sympathetic behavior

Focused Insurance Expertise - If will purposefully strengthen the organisation's skills in developing, pricing and distributing insurance products, as well as in the areas of liability loss prevention and claims management

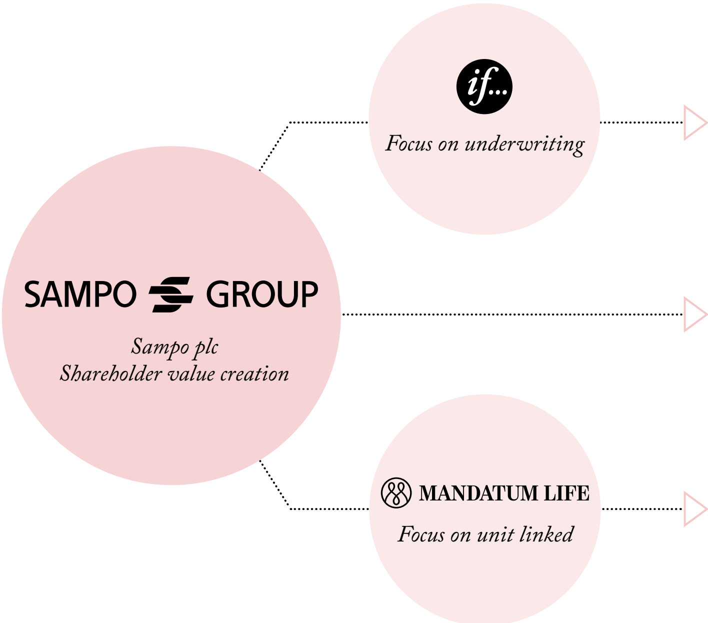
Nordic Business Platform - If will create competitive advantage through economies of scale and know-how transfer through an integrated Nordic and Baltic platform

Investment Strategy with Balanced Risk - If has adopted a low risk strategy in investments by maintaining a balance between insurance commitments and investment assets in terms of currency and duration. Surplus capital is invested to enhance total returns.

Mandatum Life – from an Insurance Factory to a Company of Excellent Services

Mandatum Life aims to be the leading life insurance provider in Finland and the Baltics. The company has during 2008 and 2009 made substantial investments in the development of sales

Sampo Group achieved its financial targets in 2009



TARGETS AND PERFORMANCE IN 2009

TARGET	PERFORMANCE
RoE 17.5%	*RoE* 53.2%
Combined ratio <95%	*Combined ratio* 92.1%

TARGET	PERFORMANCE
Dividend yield 4-6%	*Dividend yield* 5.9%*

TARGET	PERFORMANCE
RoE 17.5%	*RoE* 97.6%

* Based on the Board's proposal of 11 February 2010 and the closing price of Sampo share on 31 December 2009

and customer service. Mandatum Life's core product areas will continue to be unit linked policies, risk products and voluntary corporate pension schemes.

In Finland Mandatum Life relies mainly on three sales channels - in-house corporate sales teams, wealth management focusing on HNWIs and Sampo Bank's network.

The company believes in the increased role of voluntary corporate pension schemes in complementing the statutory pension scheme. In addition it is seen that companies create significant value by covering the person risks of their employees through voluntary insurance covers.

Mandatum Life started its own wealth management and investment solutions activities in 2008 and the operation got properly off the ground in 2009. The focus is on wealthy private individuals and institutions.

Sampo Bank's network is Mandatum Life's main channel in private segment. The company will place more of its own corporate sales specialists into the bank channel, which is expected to lead to a notable increase in the sales of life insurance products to corporations. Due to the changes in legislation related to the individual pension accounts and private pensions Sampo Bank and Mandatum Life have agreed not to continue sales of Mandatum Life's private pension insurances for private individuals.

The result of Mandatum Life consists of three components – investment result, risk result and expense result. The strategy in investment management is to maintain adequate solvency in relation to market risks in the balance sheet. This enables the company to strive for a return that is higher than the risk free return. In expense and risk result Mandatum Life seeks growth, even if in the short term the expense result will suffer from the substantial investments in sales channels and Wealth Management unit. Mandatum Life's financial target is to produce an RoE of at least 17.5 per cent.

Dividend Policy

Sampo plc, the listed parent company of Sampo Group, is a good dividend payer. For the past four years the company has pursued a policy based on dividend yield with the aim to distribute a dividend of 4–6 per cent. The Board proposes to the AGM a dividend of EUR 1.00 per share for the year 2009. The proposed dividend corresponds to a yield of 5.9 per cent (based on closing price on 31 December 2009).

On 11 February 2010 the Board decided to reformulate the dividend policy. Going forward Sampo aims to pay at least 50 per cent of its net profit as dividend. As before share buy-backs can be used to complement the dividend.

Sampo in the 21st Century

Sampo Group has gone through several mergers during the 21st century. The latest change in group structure was Nordea's becoming Sampo's associated company.

2000

Sampo Insurance Company and Leonia Bank merge into Sampo-Leonia financial group. The main business areas of the group are long-term savings, banking, investment banking and P&C insurance.

2001

Mandatum Bank is merged into Sampo-Leonia Group and the Group adopts a name Sampo. Björn Wahlroos is appointed Group CEO and President.

2002

Sampo Group's property and casualty insurance operations are combined with Nordic P&C insurance company If. Following the transaction, Sampo owns 38 percent of If's stock. In addition to Sampo, the owners of the company include Skandia, Storebrand and Finnish mutual pension insurance company Varma.

Group CEO and President Björn Wahlroos is elected as Chairman of the Sampo Board. The successor of Wahlroos is Kari Stadigh, the long-time deputy CEO.

Sampo plc has increased its ownership in Nordea, the largest Nordic banking group since 2006. In 2009 Sampo's holding in Nordea exceeds 20 per cent. In consequence of this, Nordea becomes Sampo's associated company.

2009

MANDATUM LIFE

Sampo's subsidiary, Sampo Life Insurance Company adopts a new name, Mandatum Life. Mandatum Life focuses on unit-linked insurance.

2008

2004

If, the leading P&C insurance company in the Nordic region, becomes a fully owned subsidiary of Sampo. Following the transaction, Sampo has three main business areas: P&C insurance, banking and long-term savings.

2007

Sampo Group divests Sampo Bank Group to Danske Bank A/S. After the divestment, Sampo's main business areas are P&C insurance and life insurance. Sampo plc, the parent company of the group, manages a significant investment portfolio following the divestment of Sampo Bank Group.

Personnel

Sampo competes with brainpower, passion and creativity. This statement becomes ever more true as intangible assets grow yearly in importance as drivers of value creation. Intangible assets, also known as organizational capabilities, reside within our staff and in the culture they jointly create.

As an employer we are very aware of the importance of intangible assets and we strive to create a work environment and an atmosphere where talented people can and want to grow. A testament to our accomplishments is the remarkable operational and economic stability of our group during the very turbulent year 2009.

We know that we owe current and future success largely to the quality and high ambition level of our staff. Consequently - people issues such as performance and competence development, leadership, employment relations, compensation and health management are focus areas within the group.

HR Code in If P&C

One example of how we continuously strengthen our ambitions within the people management field is the HR-code decided upon by the Board of the If P&C during 2009. This code is an easily accessible document describing the divisions' people values and serves as an anchor point for other HR-policies.

Competence Thrust Continues

The If Academy - established in 2007 continues to develop. The Academy has expanded and its main focus groups are new and first-line leaders, together with personnel in distribution and claims, in all countries and all business areas. As the Academy matures its scope will widen to include other personnel groups.

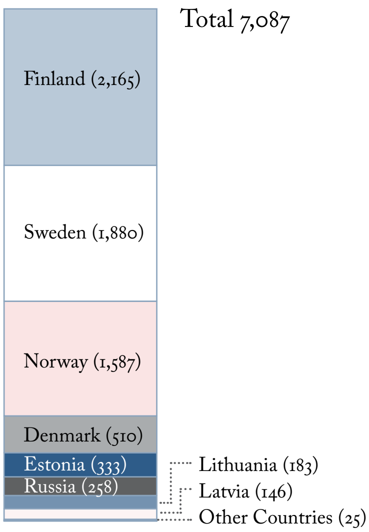
To ensure efficient delivery and customer satisfaction, If Academy uses a blend of different tools. Traditional teacher led programs are mixed with ambitious e-learning efforts. Important projects in 2009 include

- New "action based problems solving" program aimed at If top talent
- Process for revitalizing leadership in If
- Self-situational leadership for all, and SL-training for leaders
- Implementation of a new Learning Management System
- Certification of financial advisors in Norway
- Cooperation with Mandatum Life

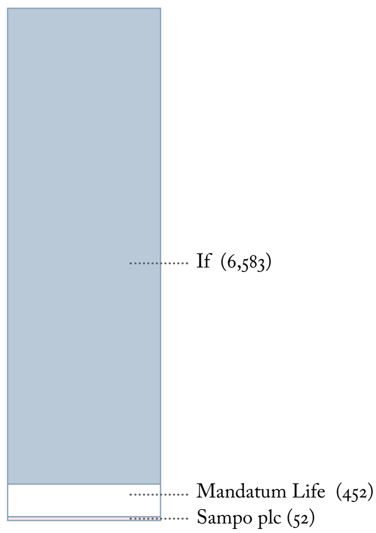
New Recommendations from Authorities Regarding Variable Compensation in Companies in the Financial Sector

During 2009, Financial Supervisory Authorities started developing new rules and general guidelines regarding compensation practices in the finance sector. These new rules will especially focus on variable compensation. The rules are still under development in many countries.

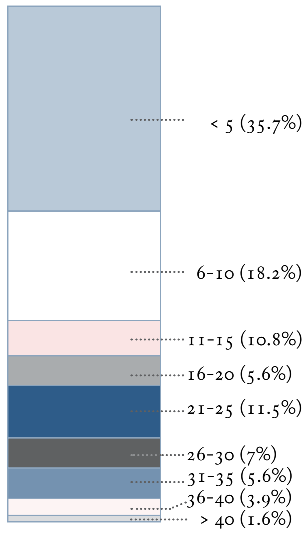
Personnel by country 2009



Personnel by business 2009



Numbers of years in Sampo Group



The number of full-time equivalent staff decreased to 7,087 employees on 31 December 2009 from 7,458 employees a year earlier. In P&C insurance the number of staff decreased mostly in the Baltic and Russian operations. In life insurance, the number of staff decreased slightly both in Finland and the Baltics.

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, 31 per cent worked in Finland, 27 per cent in Sweden, 22 per cent in Norway and 20 per cent in the Baltic countries and Russia, Denmark and other countries. The average number of employees during 2009 was 7,311 compared with 7,145 during 2008.

In Sampo we believe that compensation is an important part of our people value proposition and during 2009 we were therefore actively engaged in discussions with the financial supervisory authorities with the aim of understanding the new rules and being able to continue offering attractive compensation solutions to our staff while complying with the new rules and general guidelines.

> We owe current and future success largely to the quality and high ambition level of our staff.

Better Cross Border Cooperation via IT-infrastructure for Nordic Leaders

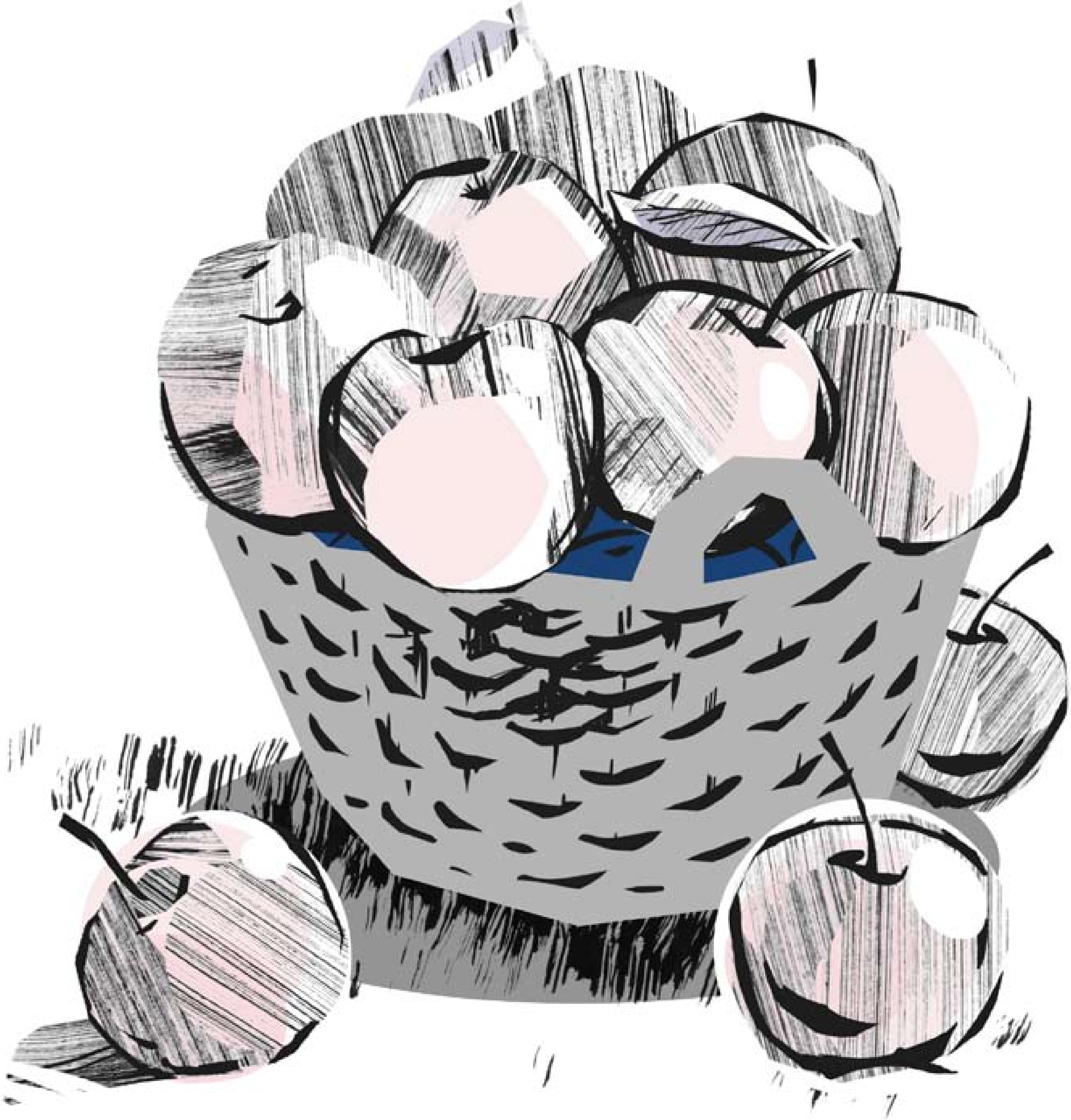
A new HR-portal has been launched. The portal is an easy to use IT-application where all personnel administrative issues can be handled by both employee and leader. During the coming years the portal will be rolled out across all Nordic countries, making it possible for leaders with staff in several countries to fulfil their leader duties across all countries in one system and one process. This will make Nordic cooperation even more effective.

Stronger People Focus in Mandatum Life

Mandatum Life's business has changed significantly and today combines the knowledge and know-how of life insurance and wealth management. Enabling and leading this change as well as developing the competencies vital in the new business have been focus areas in 2009.

Over 80 per cent of Mandatum Life employees have participated in Investment Management training in order to ensure that all company employees have basic level knowledge of investment issues. In a strategy day 100 leaders and senior specialist gathered to discuss Mandatum Life services, in order to find the best solutions to serve clients.

The company has also established its own HR department to act as the business partner for managers and company executives in people issues. The new department will also lead the way in building common ways of working, culture and spirit in Mandatum Life.



"We will continue to produce value to our shareholders."

Björn Wahlroos on shareholder value in CEO's review video published on 11 February 2009.

ADMINISTRATION

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 the Sampo Group.

Corporate Governance Statement

Acting in compliance with Recommendation 2 of the Corporate Governance Code, Sampo has published a separate Corporate Governance Statement on its website at *www.sampo.com/cg* in fulfilment of the requirement referred to in the Finnish Securities Markets Act, chapter 2, section 6, subsection 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, takes responsibility for the proper organisation of the Group's operations, and decides, within the framework of the company's business area, on other exceptional and far-reaching matters with respect to the scope and nature of Sampo Group.

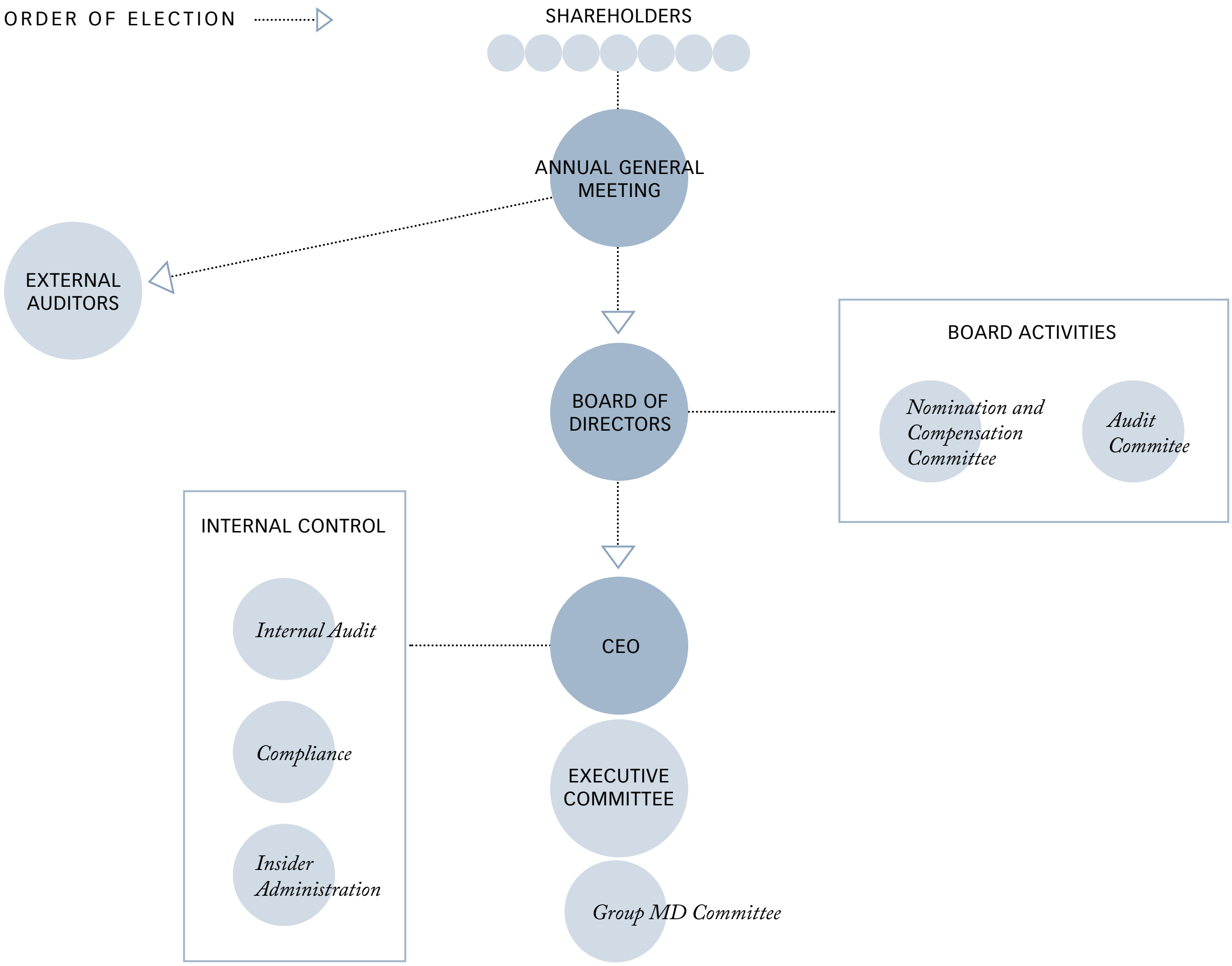
In addition, the Board regularly evaluates its own activities and cooperation with the management.

The Board elects the Group CEO and President, the members of the Group Executive Committee and the Group Chief Audit Executive, and releases them from their duties. The Board also decides on the terms and conditions of their employment and on other compensation. In addition, the Board confirms the Group's staff planning targets and monitors their 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 2009 decided that the Board would consist of eight members until the close of the Annual General Meeting to be held in 2010. 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 elect a Chairman and Vice Chairman from among their members at their first meeting following the Annual General Meeting.

Governance Structure



Following persons served on Sampo plc's Board of Directors in 2009:

- Georg Ehrnrooth, *Chairman (until 7 April 2009)*
- Björn Wahlroos, *member (until 7 April 2009), Chairman (from 7 April 2009)*
- Matti Vuoria, *Vice Chairman*
- Tom Berglund, *member*
- Anne Brunila, *member*
- Lýdur Gudmundsson, *member (until 7 April 2009)*
- Veli-Matti Mattila, *member (from 7 April 2009)*
- Eira Palin-Lehtinen, *member*
- Jukka Pekkarinen, *member*
- Christoffer Taxell, *member*

Following Board members are independent of the company and its major shareholders: Tom Berglund, Anne Brunila, Veli-Matti Mattila, Eira Palin-Lehtinen, Jukka Pekkarinen and Christoffer Taxell.

The Board convened 11 times in 2009. The average attendance of Board members at meetings was 95.6 per cent.

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

> 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.

In 2009, 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 three members elected from among the members of the Board. From 8 April 2009, the Chairman of the Nomination and Compensation Committee is Björn Wahlroos (Georg Ehrnrooth until 7 April 2009), and the other members are Anne Brunila, Eira Palin-Lehtinen, Matti Vuoria and Christoffer Taxell. The Committee convened seven times in 2009.

Audit Committee

The Audit Committee is responsible for monitoring the statutory auditing and reporting process of the financial statements and consolidated financial statements, and for overseeing the veracity of Sampo Group's financial statements and the financial reporting process. Furthermore, the Audit Committee is responsible for evaluating the auditors' and auditing firm's professional competence and independence and particularly their provision of related services to Sampo Group, and for preparing proposals to the Annual General Meeting concerning the auditors' election and their fees. The Committee also oversees the actions of the auditors under the laws of Finland, monitors the auditors' invoicing for audit and non-audit services as deemed appropriate, monitors the efficiency of the Group's internal control, internal audit and risk management systems, and monitors the Group's risks and the quality and scope of risk management. In addition, the Committee approves the internal audit action plan, monitors the internal audit's reporting, monitors the fulfilment of risk policies, the use of limits and the development of profit in various business areas, oversees the preparation of and compliance with risk management policies and other 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 executes any other duties that may be bestowed upon it by the Board.

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

In 2009, the Chairman of the Audit Committee was Christoffer Taxell, and the other members were Tom Berglund, Veli-Matti Mattila and Jukka Pekkarinen. Also participating in the meetings were the Auditor's representative, Group CEO, Group CFO, Group Chief Risk Officer, Group Chief Audit Executive, and the Group Chief Counsel, who also served as secretary to the Committee.

The Audit Committee convened four times in 2009.

Sampo Group Executive Committee

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

The Sampo Group Executive Committee supports the Group 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 following persons served on the Group Executive Committee in 2009:

- Björn Wahlroos, *Group CEO and President (until 7 April 2009)*
- Kari Stadigh, *Group CEO and President (from 8 April 2009)*
- 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*
- Timo Vuorinen, *Group Executive Vice President, Baltic and Russian operations, If P&C (from 1 September 2009)*
- Ricard Wennerklint, Group *Executive Vice President, If Skadeförsäkring Holding AB (publ.)*

The Group MD Committee comprised Björn Wahlroos, Chairman (until 7 April 2009), Kari Stadigh, Chairman (from 8 April 2009), Ilona Ervasti-Vaintola (from 8 April 2009), Peter Johansson (from 8 April 2009), Patrick Lapveteläinen, Torbjörn Magnusson, Petri Niemisvirta (from 8 April 2009), and Ricard Wennerklint (from 8 April 2009).

In 2009, the Executive Committee convened four times at the request of Group CEO and President. The Group MD Committee, which assists the Executive Committee, met 15 times.

Chief Executive Officer

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

The Group 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.

Under the terms of the Group CEO contract, the notice period for the Group CEO is six months. In addition to receiving salary for the period of notice, the Group CEO is entitled to severance compensation of 18 months' full salary, provided that the service contract has been terminated by Sampo.

Compensation

Salary and Remuneration Report

Sampo has published a Salary and remuneration report on the company´s website at the address *www.sampo.com/cg* in accordance with section 7 (Remuneration) of the Corporate Governance Code.

Compensation of the Members of the Board of Directors

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

In accordance with the decision of the Annual General Meeting in 2009, the following annual fees will be paid to the members of the Board of Directors for their Board and committee work up to the close of the Annual General Meeting in 2010: EUR 160,000 to the Chairman, EUR 100,000 to the Vice Chairman, and EUR 80,000 to the other members of the Board, with 50 per cent of each Board member's fee being paid, after taxes and corresponding charges, in Sampo A shares and the rest in cash. Board members employed by the company will not receive separate compensation for Board work during the validity of the employment or service relationship.

Members of the Board of Directors did not receive any other benefits, nor did they participate in Sampo's incentive systems.

Compensation of the Managing Director and other Executives

The Board of Directors decides on the terms of employment and compensation of the Group CEO and other executives on the Sampo Group Executive Committee, on the basis of a proposal by the Nomination and Compensation Committee. However, the Nomination and Compensation Committee 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 CEO.

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 profit bonus is determined on the basis of the Group result, the business area result and individual performance. The maximum profit bonus that can be paid for 2009 to executives who are members of the Executive Committee is an amount corresponding to nine months' salary.

The members of the Group Executive Committee are also participants in the long-term incentive systems 2006 II, 2008 I, 2008 II and 2009 I for Sampo's management and in the long-term share-based incentive scheme 'Sampo 2006' for the Group's key management. The terms of the incentive systems are available on Sampo's website at *www.sampo.com/cg.*

Based on his employment contract, the Group CEO will be paid a fixed monthly salary and a yearly performance bonus, which may be no more than an amount corresponding to nine months' pay. The Group CEO is also a participant in the long-term incentive systems 2008 I and 2009 I for Sampo's management and in the long-term share-based incentive scheme 'Sampo 2006' for the Group's key management.

Björn Wahroos was Sampo Group CEO until 7 April 2009 and Kari Stadigh as of 8 April. For year 2009 the Group CEO was paid in salaries and bonuses as follows:

Björn Wahlroos was paid for the period 1.1.-7.4.2009 EUR 201,102 in fixed salary and EUR 370,800 in profit and incentive bonuses, altogether totaling EUR 571,902.

Kari Stadigh was paid for period 8.4.-31.12.2009 EUR 474,953 in fixed salary and EUR 417,000 in profit and incentive bonuses, altogether totaling EUR 891,953.

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, the majority of the members of the Group Executive Committee also participate in supplementary retirement programs. The retirement ages are 60 or 65 years.

More detailed information on compensation in Sampo Group during 2009 is available at the Salary and remuneration report published by Sampo.

Internal Audit

Sampo's Internal Audit is a function independent of business operations which evaluates the sufficiency and effectiveness of the internal control system and the quality with which tasks are performed in Sampo Group. The Internal Audit reports to the Group CEO. The Internal Audit has been 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 Group CEO and the Audit Committee. Company-specific audit observations are reported to the respective companies' governing bodies and management.

In its auditing work, the Internal Audit complies with 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 NASDAQ OMX Helsinki Ltd's Guidelines for Insiders and the Standards of the Financial Supervisory Authority. Sampo Group's Guidelines for Insiders are stricter than the above-mentioned norms on matters that concern the Group Executive Committee, other corporate executives and other specifically-named persons, as these persons must 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 2,141,426. In addition, Ernst & Young Oy were paid fees for non-audit services rendered and invoiced totalling EUR 223,583.

Info Sampo plc's insider guidelines and insider register may be viewed on the Internet at *www.sampo.com/cg*.

Corporate Social Responsibility

Sampo Group's companies share the values of ethicality, loyalty, openness and entrepreneurship and aim to follow these values in all business operations and with all stakeholders.

Since the sale of Sampo Bank in early 2007 Sampo Group has not published a separate Social Responsibility Report. This does not, however, mean that these issues would not be on the agenda in the Group. If P&C, the largest P&C insurer in the Nordic countries, represents 93 per cent of the Group's personnel and almost 80 per cent of pre-tax profit in 2009. It is a natural focal point for CSR activities in Sampo Group.

If's operations are based on promoting a society in which everyone can live a safe and secure life. Property & casualty insurers, together with the police, fire and rescue services and the judicial system, play a key role in ensuring safety and security in everyday life. In 2009 alone, If handled 1.4 million insurance claims, including everything from private customers injured in traffic accidents to companies forced to shut-down production because of an accident. In total, If paid out or reserved for future claims payments more than EUR 2.5 billion 2009.

As the leading insurer in the Nordic countries, If takes a broader social responsibility than that resulting from its business operations alone. If makes use of its unique knowledge to handle risks in order to promote safety in the areas in which it operates, and the aim is to always operate in a way that meets or exceeds the ethical, legal and commercial expectations placed on operations.

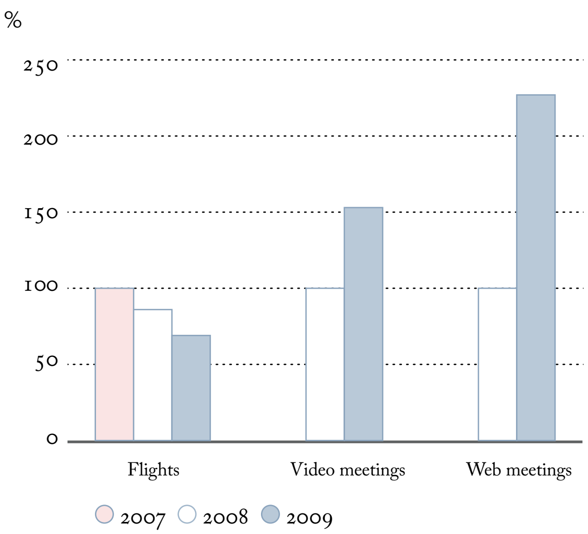
An example of this is the environment; If has been working on environmental issues intensively for some years and has a robust environmental policy in place that steers all activity in the company. The policy is centred on the fact that If will always seek to identify the best possible environmental solution for If, its customers, its suppliers and its partners.

If's operations are based on promoting a society in which everyone can live a safe and secure life.

The company is currently carrying out an ambitious internal programme in which 100 improvements are being implemented. One of the focus areas is business travels, which during the last two years have fallen by 35 per cent as a result of a concerted effort to use video and web conferencing. Another key issue concerns the environmental demands placed on If's suppliers;

Number of flights and virtual meetings in 2007–2009

INDEXED DEVELOPMENT



If's environmental policy

- We must take concrete measures to improve the environment on a daily basis.
- We always endeavour to find the best possible environmental solution - for our company, our customers, our suppliers and our partners.
- We must always give our staff the possibilities to act in an environmentally friendly way through the provision of guidelines and support.
- We are developing products, processes and damage prevention services in order to help our customers to act in a more environmentally friendly manner.
- We encourage and support our suppliers and partners in their efforts to use more environmentally friendly methods in their work.
- We must always provide information about environmental risks and participate actively in the public debate concerning the climate.

this influences how If makes supplier decisions and concerns matters such as transportation, materials, methods, emissions and waste. Every year, If redeems more than 300,000 damaged cars and orders repairs to homes and commercial property worth millions of euros.

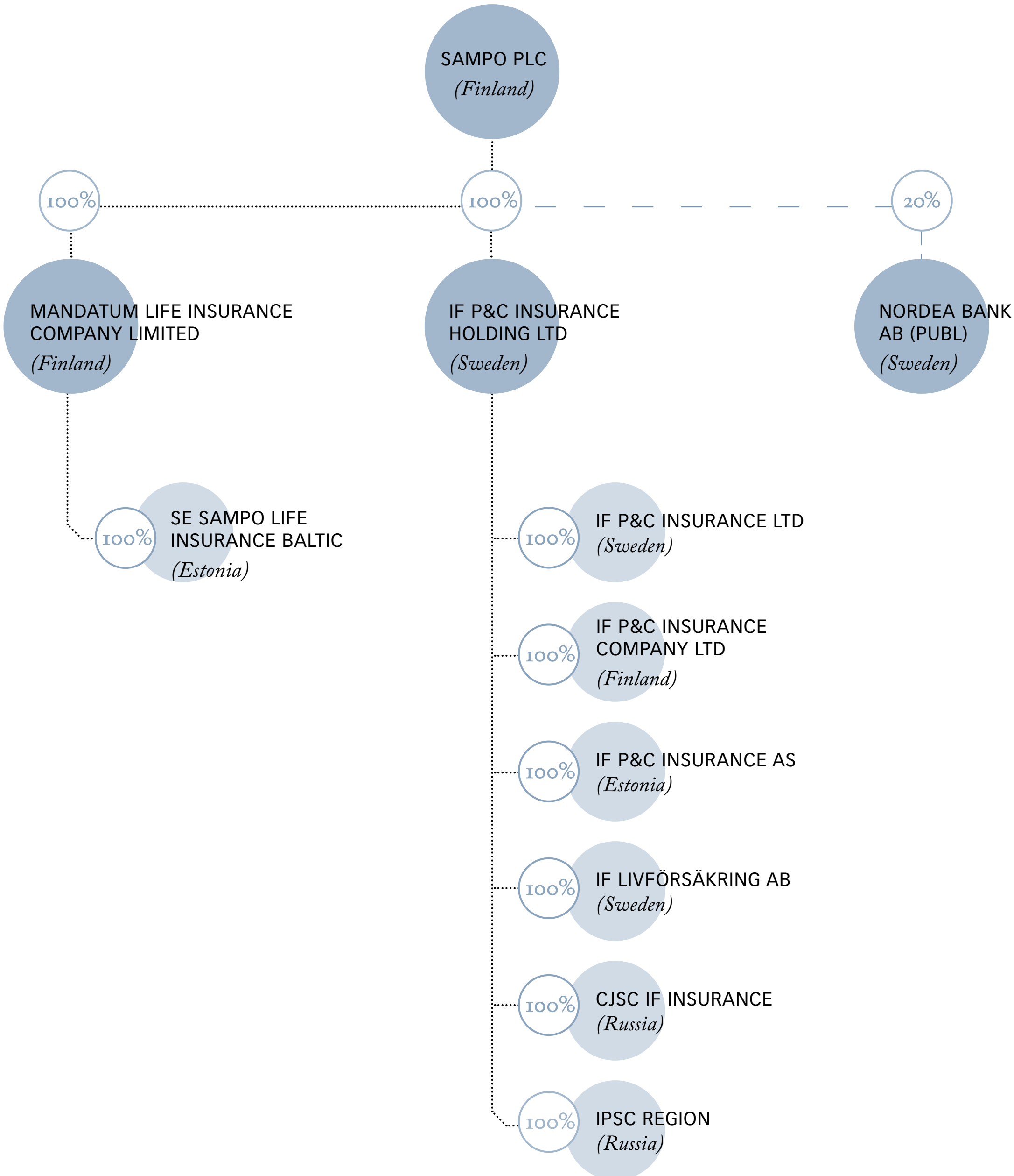
If has a comprehensive programme to support investment into safety in society in a broad sense. In Sweden, for example, If supports Save the Children's work to combat cyber bullying. In Norway If is engaged in nationwide cooperation with the Directorate for Civil Protection and Emergency Planning and the Norwegian fire safety association Norsk Brannvernforening. In Finland If donates bright yellow caps to children starting school in order to make them more visible on their way to school.

In addition, If actively helps its customers to prevent accidents. This ranges from offering affordable safety products to private customers to assisting corporate clients with systematic risk analyses.

If naturally also influences decision-makers in reaching decisions that make the best sense in the long term. In Sweden, for instance, If's goal is to get community planners to take rising sea levels into account when they make decisions about housing close to the sea. Another example is traffic safety where If's researchers analyse the company's extensive traffic accident statistics in order to provide data that can be used to increase traffic safety.

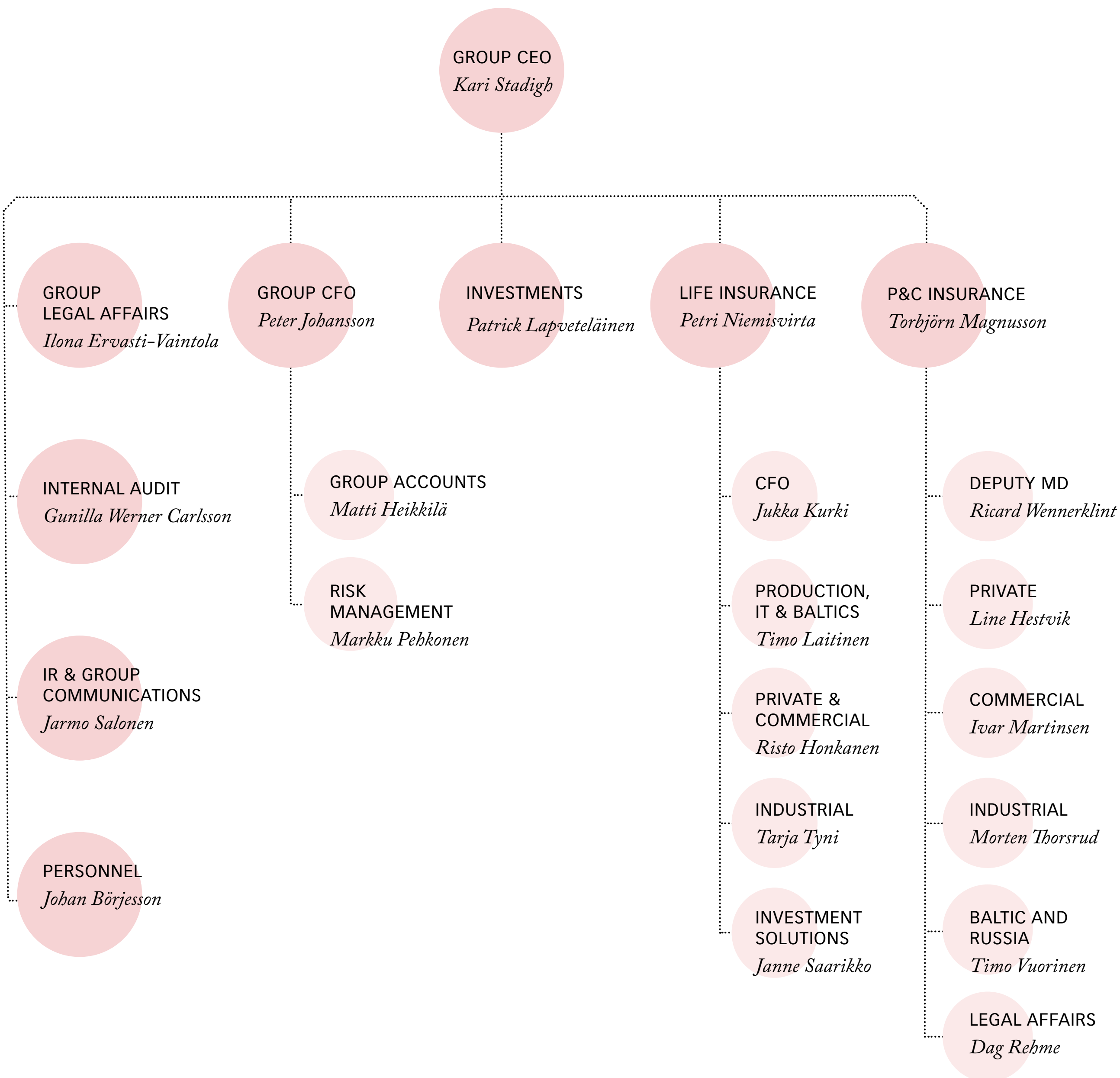
Legal Structure

31 DECEMBER 2009



Organisation

31 DECEMBER 2009



Board of Directors

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 Shareholder's Meeting.

CHAIRMAN

Björn Wahlroos

(b. 1952)

Positions of Trust: *UPM-Kymmene Corporation*, Chairman of the Board, *Nordea Bank AB*, Vice Chairman of the Board, *Finnish Business and Policy Forum EVA*, Member of the Board, *The Research Institute of the Finnish Economy ETLA*, Member of the Board, *Hanken School of Economics*, Chairman of the Board

–Wahlroos was appointed to the Board of Directors of Sampo plc on 5 April 2001.

–Wahlroos holds 11,854,301 Sampo plc shares directly or through a controlled company.

VICE CHAIRMAN

Matti Vuoria

(b. 1951)

CEO, President of Varma Mutual Pension Insurance Company

Positions of Trust: *Wärtsilä Corporation*, Vice Chairman of the Board, *Stora Enso Oyj*, Member of the Board, *Danisco A/S, Denmark*, Member of the Board (1999–2009), *Securities Market Association*, Chairman of the Association's Board, *Federation of Finnish Financial Services*, Member of the Board, *The Finnish Pension Alliance TELA*, Member of the Board, *Finnish-Russian Chamber of Commerce*, Chairman

–Member of the Board of Directors of Sampo plc since 7 April 2004.

–Vuoria holds 31,116 Sampo plc shares directly or through a controlled company.

Tom Berglund

(b. 1951)

Professor of Hanken School of Economics

Positions of Trust: *The European Shadow Financial Regulatory Committee*, Member, *Federal Reserve Bank of Atlanta's Center for Financial Innovation and Financial Stability, Advisory Committee*, Member

–Member of the Board of Directors of Sampo plc since 25 May 2000.

–Berglund holds 5,206 Sampo plc shares directly or through a controlled company.

Anne Brunila

(b. 1957)

Executive Vice President of Fortum Corporation

Positions of Trust: *Kone Corporation*, Member of the Board, *The Research Institute of the Finnish Economy ETLA*, Member of the Board, *Finnish Business and Policy Forum EVA*, Member of the Board, *Varma Mutual Pension Insurance Company*, Deputy of the Board, *Aalto University Foundation*, Member of the Board, *Aalto-yliopistokiinteistöt Oy*, Member of the Board

–Member of the Board of Directors of Sampo plc since 9 April 2003.

–Brunila holds 4,993 Sampo plc shares directly or through a controlled company.

Veli-Matti Mattila

(b. 1961)
President and CEO of Elisa Corporation
Positions of Trust: *Confederation of Telecommunications and Information Technology FiCom ry,* Member of the Board (1999-2009), *Central Chamber of Commerce,* Member of the Board, *The Finnish Fair Association,* Member of the Supervisory Board, *Confederation of Finnish Industries EK,* Member of Representative Assembly
–Member of the Board of Directors of Sampo plc since 7 April 2009.
–Mattila holds 1,080 Sampo plc shares directly or through a controlled company.

Eira Palin-Lehtinen

(b. 1950)
Positions of Trust: *Elisa Corporation,* Member of the Board, *Sigrid Juselius Foundation,* Deputy Board Member and Member of Finance Committee, *Nordea Funds (Nordea Alternative Investment, Nordea Funds of Funds, Nordea I Sicav), Luxembourg,* Member of the Board, *Svenska konstsamfundet,* Member of Investment Committee
–Member of the Board of Directors of Sampo plc since 15 April 2008.
–Palin-Lehtinen holds 3,409 Sampo plc shares directly or through a controlled company.

Jukka Pekkarinen

(b. 1947)
Director General of 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
–Member of the Board of Directors of Sampo plc since 5 April 2006.
–Pekkarinen holds 5,048 Sampo plc shares directly or through a controlled company.

Christoffer Taxell

(b. 1948)
Positions of Trust: *Stiftelsen för Åbo Akademi,* Chairman of the Board, *Åbo Akademi University,* Chancellor (2004-2009), *Finnair plc,* Chairman of the Board, *Stockmann plc,* Chairman of the Board, *Föreningen Konstsamfundet,* Chairman of the Board, *Society of Swedish Literature in Finland,* Member of Investment Committee, *Nordkalk Corporation,* Member of the Board, *Luvata Oy,* Member of the Board
–Taxell was transferred to the Board of Directors of Sampo plc from the Supervisory Board on 1 January 1998.
–Taxell holds 5,848 Sampo plc shares directly or through a controlled company.

Info Information as on 31 December 2009. The CVs of members of the Board of Directors can be viewed on the Internet at *www.sampo.com/board.*

Group Executive Committee


Kari Stadigh


Ilona Ervasti-Vaintola


Line Hestvik


Peter Johansson


Patrick Lapveteläinen


Torbjörn Magnusson

The Sampo Group Executive Committee supports the CEO in the preparation of strategic issues relating to Sampo Group.


Ivar Martinsen


Petri Niemisvirta


Morten Thorsrud


Timo Vuorinen


Ricard Wennerklint

Kari Stadigh (b. 1955)

Group CEO and President, MD of Sampo plc (from 8 April 2009)
Positions of Trust: *If P&C Insurance Holding Ltd (publ), Sweden,* Chairman of the Board, *Mandatum Life Insurance Company Limited,* Chairman of the Board, *Kaleva Mutual Insurance Company,* Chairman of the Board, *Alma Media Corporation,* Chairman of the Board, *The Federation of Finnish Financial Services,* Member of the Board, *Varma Mutual Pension Insurance Company,* Member of the Board
–Member of Sampo Group Executive Committee since 2001.
–Stadigh holds 231,465 Sampo plc shares directly or through controlled companies.

Ilona Ervasti-Vaintola (b. 1951)

Group Chief Counsel, Principal Attorney, Sampo plc
Positions of Trust: *Fortum Corporation,* Member of the Board, *Fiskars Corporation,* Member of the Board, *Central Chamber of Commerce of Finland, Legal Committee,* Chairman, *Finnish Literature Society,* Board Member
–Member of Sampo Group Executive Committee and Secretary of the Board of Directors of Sampo plc since 2001.
–Ervasti-Vaintola holds 276,301 Sampo plc shares directly or through controlled companies.

Line Hestvik (b. 1969)

Group Executive Vice President, Head of BA Private, If P&C Insurance
Positions of Trust: *FNH Norway (the organisation for the Financial Sector in Norway),* Member of the Board
–Member of Sampo Group Executive Committee since 2005.
–Hestvik holds 14,496 Sampo plc shares directly or through controlled companies.

Peter Johansson (b. 1957)

Group CFO, Sampo plc
Positions of Trust: *If P&C Insurance Holding AB (publ), Sweden,* Member of the Board, *Mandatum Life Insurance Company Limited,* Vice Chairman of the Board
–Member of Sampo Group Executive Committee since 2001.
–Johansson holds 45,037 Sampo plc shares directly or through controlled companies.

Patrick Lapveteläinen (b. 1966)

Group CIO, Sampo plc
Positions of Trust: *If P&C Holding AB (publ), Sweden,* Member of the Board, *Mandatum Life Insurance Company Limited,* Member of the Board
–Member of Sampo Group Executive Committee since 2001.
–Lapveteläinen holds 220,240 Sampo plc shares directly or through controlled companies or persons closely associated with the Insider.

Torbjörn Magnusson (b. 1963)

President and CEO of If P&C Insurance
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,* Member
–Member of Sampo Group Executive Committee since 2004.
–Magnusson holds 23,318 Sampo plc shares directly or through controlled companies.

Ivar Martinsen (b. 1961)

Group Executive Vice President, Head of BA Commercial, If P&C Insurance
Positions of Trust: *FNH Norway (the organisation for the Financial Sector in Norway),* Chairman of the Executive committee of P&C Insurance
–Member of Sampo Group Executive Committee since 2005.
–Martinsen holds 13,911 Sampo plc shares directly or through controlled companies.

Petri Niemisvirta (b. 1970)

President and Head of Life Insurance, Managing Director of Mandatum Life Insurance Company Limited
Positions of Trust: *Amanda Capital Plc,* Member of the Board, *Federation of Finnish Financial Services, Life Insurance Executive Committee,* Chairman, *Silta Oy,* Member of the Board, *BenCo Insurance Holding B.V., Netherlands,* Member of the Board, *Euroben Life and Pension Limited, Ireland,* Member of the Board
–Member of Sampo Group Executive Committee since 2001.
–Niemisvirta holds 36,476 Sampo plc shares directly or through controlled companies.

Morten Thorsrud (b.1971)

Group Executive Vice President, Head of BA Industrial, If P&C Insurance
Positions of Trust: *Forsikring & Pension, Denmark,* Member of the Board, *CJSC If Insurance, Russia,* Member of the Board, *IPSC Region, Russia,* Member of the Board
–Member of Sampo Group Executive Committee since 2006.
–Thorsrud holds 10,588 Sampo plc shares directly or through controlled companies.

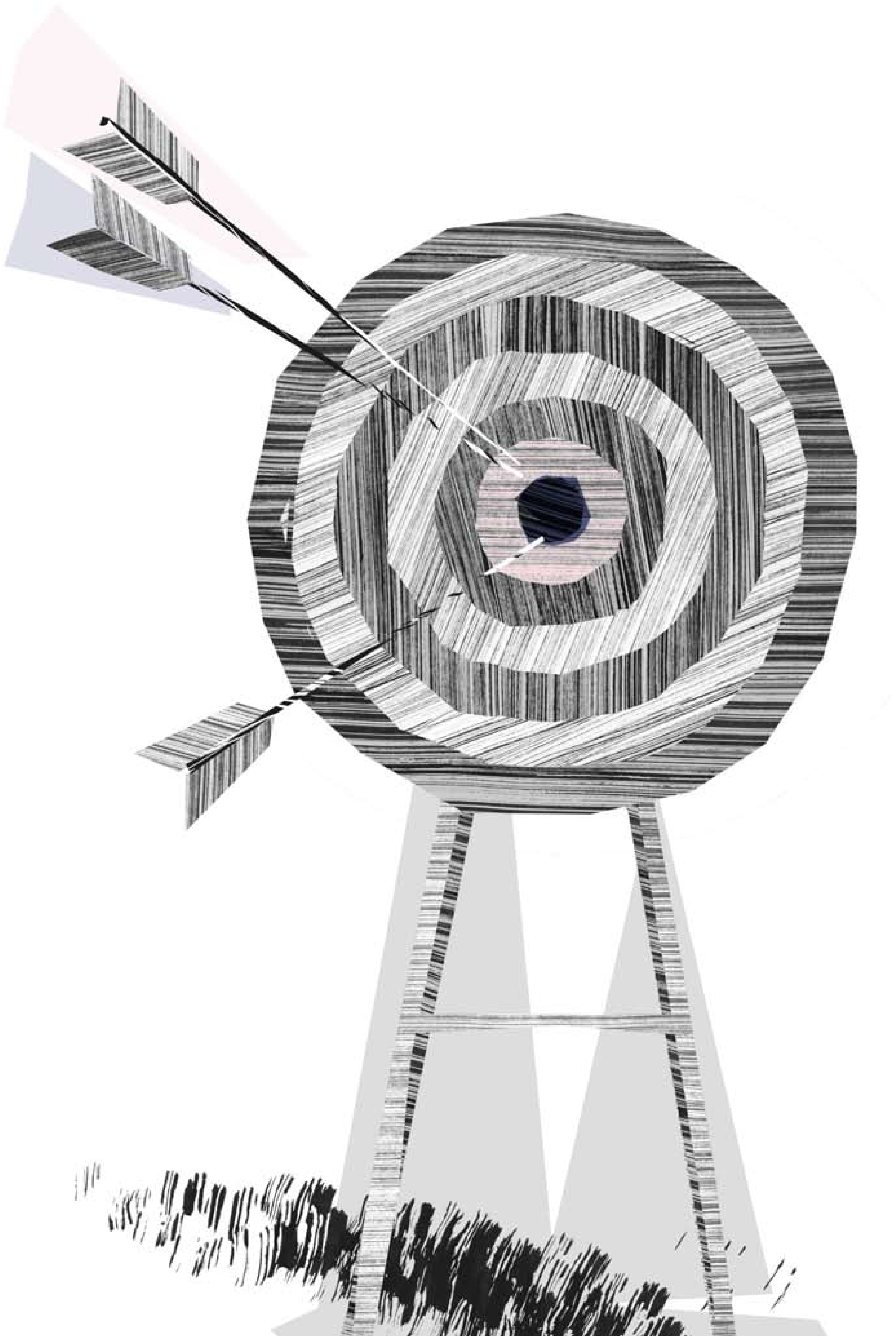
Timo Vuorinen (b. 1964)

Group Executive Vice President, Head of BA Baltic and Russia, If P&C Insurance, Managing Director of If P&C Insurance Company Ltd
Positions of Trust: *If P&C Insurance AS, Estonia,* Chairman of the Board, *CJSC If Insurance, Russia,* Chairman of the Board, *IPSC Region, Russia,* Chairman of the Board
–Member of Sampo Group Executive Committee since 2009.
–Vuorinen holds 4,737 Sampo plc shares directly or through controlled companies or persons closely associated with the Insider.

Ricard Wennerklint (b. 1969)

Group Executive Vice President, Deputy MD, If P&C Insurance Holding, MD of If P&C Insurance
Positions of Trust: *If P&C Insurance Company Ltd, Finland,* Member of the Board, *If P&C Insurance AS, Estonia,* Member of the Board, *SOS International a/s, Denmark,* Member of the Board, *CJSC If Insurance, Russia,* Member of the Board, *IPSC Region, Russia,* Member of the Board
–Member of Sampo Group Executive Committee since 2005.
–Wennerklint holds 14,328 Sampo plc shares directly or through controlled companies.

Info Personal information as on 31 December 2009. The CVs of the members of Sampo Group Executive Committee can be viewed on the Internet at *www.sampo.com/management.*



> “We run a very disciplined operation and we target stable as well as predictable earnings.”

Kari Stadigh on the conference call on Sampo Group’s first quarter results on 6 May 2009.

BOARD OF DIRECTORS’ REPORT

Sampo plc – Board of Directors' Report for 2009

Sampo Group's profit before taxes for 2009 amounted to EUR 825 million (870). Total comprehensive income for the period, taking changes in the market value of assets into account, surged to EUR 3,423 million (-2,254).

Earnings per share amounted to EUR 1.14 (1.18). Earnings per share, including the change in the fair value reserve, rose to EUR 5.88 per share (-3.52). The return on equity for the Group was 53.7 per cent for 2009 (-32.4).

Meanwhile, net asset value per share amounted to EUR 14.63 (8.28). The fair value reserve on the Group level increased to EUR 296 million (-2,364). Without the change in the accounting treatment of Sampo's holding in Nordea, the fair value reserve would have been EUR 588 million higher and consequently earnings per share, including the change in the fair value reserve, would have been more than one euro higher. The accounting treatment of Nordea also decreased the return on equity and return on asset figures reported.

The Board proposes to the Annual General Meeting to be held on 13 April 2010 a dividend of EUR 1.00 per share (0.80) and an authorization to repurchase a maximum of 50 million Sampo A shares.

If P&C, Sampo Group's P&C insurance operation, produced its highest ever mark-to-market result of EUR 1,353 million (-19). The insurance technical performance remained sound with a combined ratio of 92.1 per cent for the full year 2009 (91.8). The profit before taxes rose to EUR 644 million (549). Return on equity was 53.2 per cent (-0.8) and the fair value reserve increased to EUR 105 million (-414).

Reported profit before taxes for Mandatum Life, Sampo Group's life insurance operation, decreased slightly to EUR 121 million (140) but the mark-to-market result was the highest ever at EUR 658 million (-511). The fair value reserve increased to EUR 210 million as at 31 December 2009 (-192). Meanwhile, return on equity at market value was 97.6 per cent (-68.8).

Profit before taxes for the 'Holding' segment decreased to EUR 36 million (180). The fair value reserve increased to EUR -3 million (-1,759).

Sampo Group's total investment assets at the end of the reporting period amounted to EUR 17 billion (16), of which 82 per cent was invested in fixed income instruments (80), 14 per cent in equities (18)and 3 per cent in other assets (2). Reported investment income rose to EUR 1,155 million (275) and investment income mark-to-market reached EUR 4,415 million (-2,274).

The Group's equity as at 31 December 2009 amounted to EUR 7,613 million (4,631). Equity was strengthened by the change in the fair value reserve of EUR 2,662 million and a profit of EUR 641 million. It was reduced by the dividends of EUR 449 million.

By the end of 2009, Sampo Group's own funds exceeded the minimum solvency requirements by EUR 2,315 million (2,656) and the solvency ratio stood at 158.3 per cent (433.6).

The biggest change in the assets held in Sampo Group's balance sheet was the change in the accounting treatment of Nordea as it became an associated company. In the balance sheet liabilities the biggest change was in Group's debt position, which is explained in more detailed in section Debt financing.

Key Figures

EURm	2009	2008	Change %
Profit before taxes	**825**	870	-5
P&C insurance	**644**	549	17
Life insurance	**121**	140	-13
Holding	**36**	180	-80
Profit for the period	**641**	675	-5
			Change
Dividend per share, EUR	**1.00**	0.80	0.20
Earnings per share, EUR	**1.14**	1.18	-0.04
EPS (incl. change in FVR) EUR	**5.88**	-3.52	9.40
NAV per share, EUR	**14.63**	8.28	6.35
Average number of staff (FTE)	**7,311**	7,145	166
Group solvency ratio, %	**158.3**	433.6	-275.3
RoE, %	**53.7**	-32.4	86.1

Nordea Bank Became an Associated Company in December 2009

Sampo plc's Board of Directors decided on 27 August 2009 to submit an application to the Swedish Financial Supervisory Authority for a license to increase the holding in Nordea Bank AB (publ) above 20 per cent. The Swedish Financial Supervisory Authority granted Sampo plc on 20 October 2009 the license and subsequently on 11 December 2009 Sampo plc's ownership in Nordea exceeded 20 per cent.

As at 11 February 2010 Sampo plc held 809,429,180 Nordea shares corresponding to a holding of 20.1 per cent. With Sampo's holding exceeding 20 per cent Nordea is accounted as an associated company in Sampo Group's accounts as of 31 December 2009.

In connection with this the carrying value of the Nordea shares held by Sampo and valued at fair value, was on 31 December 2009 reinstated at acquisition cost of EUR 5,168 million. The ensuing reduction of the fair value reserve decreased Sampo Group's equity by EUR 588 million. The equity accounting of Nordea has, however, no effect on Sampo Group's net asset value because in the NAV calculation Nordea is valued at fair value.

The purchase price in excess of the carrying amount of the net assets of Nordea was EUR 1.2 billion. Based on the purchase price allocation EUR 330 million was allocated to customer related intangibles and will be depreciated in equal installments during 10 years. The annual depreciation will be EUR 24 million.

As of 1 January 2010 Sampo's share of Nordea's net profit will be shown on the face of Sampo Group's profit and loss account on the line Share of associate´s profit/loss.

Sampo Group's solvency capital on 31 December 2009 includes the proportion of Nordea's solvency capital corresponding to Sampo's shareholding.

Business Areas in 2009

P&C Insurance

If P&C 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 & Russia.

Key Figures

EURm	2009	2008	Change %
Premiums, net	**3,677**	3,821	-4
Net income from investments	**394**	268	47
Other operating income	**23**	26	-13
Claims incurred	**-2,477**	-2,592	-4
Change in insurance liabilities	**-33**	-14	145
Staff costs	**-470**	-460	2
Other expenses	**-439**	-473	-7
Finance costs	**-30**	-29	3
Profit (loss) before taxes	**644**	549	17
			Change
Combined ratio, %	**92.1**	91.8	0.3
Risk ratio, %	**68.0**	68.1	-0.1
Cost ratio, %	**24.1**	23.7	0.4
Expense ratio, %	**17.6**	17.4	0.2
Return on equity, %	**53.2**	-0.8	54.0
Average number of staff (FTE)	**6,807**	6,655	152

In 2009 If P&C, Sampo Group's P&C insurance arm, maintained its excellent technical result and produced its best ever mark-to-market result of EUR 1,353 million (-19).

Profit before taxes for P&C insurance for the 2009 calendar year rose to EUR 644 million (549). The technical result was EUR 488 million (548), of which the Private business area accounted for 50 per cent, Commercial 29 per cent, Industrial 15 per cent and Baltic and Russia 5 per cent. The decrease in the technical result was due to the smaller allocation of investment income in the result caused by lower interest rates.

Insurance margin (technical result in relation to net premiums earned) decreased from the previous year to 13.4 (14.3). Return on equity (RoE) was high at 53.2 per cent (-0.8) while the fair value reserve increased to EUR 105 million (-414).

The combined ratio for 2009 was 92.1 per cent (91.8), which is significantly better than the long-term target of below 95 per cent.

In the Private business area the combined ratio increased to 92.5 (91.3). Higher claims frequency and large claims deteriorated the risk ratio to 68.0 per cent (67.3). In the Commercial business area risk ratio improved to 68.3 per cent (68.6) but the weakening cost ratio drove the combined ratio slightly up to 92.6 per cent (92.4).

Large claims and claims frequency developed favorably in the Industrial business area and the combined ratio consequently improved to 90.7 per cent (93.4). Although the premiums written decreased substantially in the Baltic and Russia business area the stable trends in average claims and frequency continue and the combined ratio improved to 91.7 per cent (92.6).

Geographically the development was mixed as the combined ratios for the Swedish and Danish operations increased to 95.2 per cent (92.0) and to 93.7 per cent (91.3), respectively, but improved for the Finnish and Norwegian operations, to 88.5 per cent (89.3) and to 92.0 per cent (93.3), respectively.

Gross written premiums decreased by 4 per cent to EUR 3,888 million (4,057). However, adjusted for currency the premiums were flat for the whole If Group and increased 2.2 per cent in the Private business area.

The cost ratio increased by 0.4 percentage points to 24.1 per cent compared to a year earlier. The increase was mainly due to the premium volume development. The consolidation of the Russian SOAO Region since June 2008 increased the cost ratio by 0.2 percentage points. The total costs decreased to EUR 939 million (962) largely because of the weakening of Swedish krona.

Claims incurred decreased to EUR 2,477 million (2,592) and risk ratio improved to 68.0 per cent (68.1). EUR 87 million (90) was released from the technical reserves, which related to prior year claims. Reserve ratio was 170 per cent (177) of net premiums written and 238 per cent (250) of claims paid.

Investment markets improved clearly from the year before and net income from investments amounted to EUR 394 million (268). Net income from investments contains impairment losses of EUR 86 million. As at 31 December 2009, total investment assets amounted to EUR 10.7 billion (9.0) of which 89 per cent (95) was invested in fixed income instruments and 11 per cent (5) in equities. Investment return for 2009 was 12.3 per cent (-3.1). Duration for interest bearing assets was 2.5 years (3.1).

As at 31 December 2009 If P&C had a solvency ratio (solvency capital in relation to net premiums written) of 77 per cent (66). Despite the EUR 488 million paid to Sampo plc in dividends during 2009, the solvency capital amounted to EUR 2,943 million (2,221) in comparison to the regulatory minimum capital requirement of EUR 634 million.

Life Insurance

Mandatum Life Group consists of Mandatum Life, a wholly-owned subsidiary of Sampo plc, operating in Finland, and 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.

Key Figures

EURm	2009	2008	Change %
Premiums written	**803**	529	52
Net income from investments	**629**	-222	-
Other operating income	**0**	0	-
Claims incurred	**-628**	-763	-18
Change in liabilities for inv. and ins. contracts	**-600**	681	-
Staff costs	**-29**	-23	25
Other operating expenses	**-46**	-51	-9
Finance costs	**-8**	-11	-29
Profit before taxes	**121**	140	-13
			Change
Expense ratio, %	**111.0**	113.1	-2.1
Return on equity, %	**97.6**	-68.8	-
Average number of staff (FTE)	**450**	437	13

In 2009 Mandatum Life, Sampo Group's life insurance arm, performed well both in terms of profitability and growth. Mark-to-market result rose to an all-time high at EUR 658 million (-511).

Profit before taxes in life insurance for 2009 was EUR 121 million (140). Net investment income, excluding income on unit-linked contracts, amounted to EUR 270 million (263). Meanwhile, net income from unit-linked investments was EUR 359 million (-485). The fair value reserve increased to EUR 210 million from EUR -192 million a year earlier. Return on equity (RoE) in life insurance surged to 97.6 per cent (-68.8).

Excluding the assets of EUR 2.4 billion (1.6) covering unit-linked liabilities, Mandatum Life Group's investment assets amounted to EUR 5.4 billion (4.7) at market values as at 31 December 2009. Fixed income represented 68 per cent (78), equity 23 per cent (12), private equity 4 per cent (5), real estate 3 per cent (3) and other assets 2 per cent (2) of the total assets.

Return on investments during 2009 was 16.8 per cent (-7.8) because of high equity returns and well-performing fixed income markets. Net investment income contains impairment losses of EUR 140 million. At the end of December 2009 the duration of fixed income assets was 2.6 years (3.6).

Mandatum Life Group's solvency margin strengthened significantly during 2009 and amounted to EUR 926 million (378) as at 31 December 2009, exceeding clearly the minimum requirements of EUR 226 million. The solvency ratio was 18.5 (7.9). Total technical reserves were EUR 6.8 billion (6.1) based on the strong growth of unit-linked reserves, which accounted for 2.4 billion (1.6). The share of unit-linked reserves of total technical reserves increased to 35 per cent (27).

Expense ratio in Sampo Group's life operations improved slightly to 111.0 per cent (113.1). This ratio does not take into account all fees intended to cover the operating expenses. Assuming all fees were to be taken into account, Mandatum Life Group's expense ratio would be 91.8 per cent (89.6). Mandatum Life does not defer acquisition costs, which burdens the first year's result.

Mandatum Life Group's premium income on own account reached an all-time high. Premiums increased by 52 per cent to EUR 803 million (529). Premiums in the main focus area of unit-linked insurance almost doubled to EUR 551 million (287) and the share of unit-linked premiums was 68 per cent of total premiums (54). Good performance was due to the successful cooperation between the wealth management unit and the proprietary corporate sales force. Towards the end of 2009 the sales through Sampo Bank also picked up significantly. Premium income from the Baltic countries grew by 32 per cent and was EUR 43 million (31).

Mandatum Life's overall market share in Finland measured by premium income rose to 24.8 per cent (19.3) and market share in unit-linked business was 27.8 per cent (21.5). Unit-linked market share in the Baltic countries amounted to 26.6 per cent (17.9).

The tax treatment of private persons' savings for old age has changed in Finland as of 1 January 2010 with the introduction of a new Act extending the tax deductibility previously enjoyed only by individual pension premiums to a new set of savings products. Mandatum Life has together with Sampo Bank decided, for the time being, not to actively offer new individual pension products to private persons through Sampo Bank's branch office network, however the present private pension clients are expected to contribute to their existing policies also in the future. The influence to Mandatum Life's result will be minor.

Holding

Sampo plc controls its subsidiaries engaged in P&C and life insurance. In addition Sampo plc held on 31 December 2009 approximately 20 per cent of the share capital of Nordea, the largest bank in the Nordic countries. Nordea is an associated company to Sampo plc.

Key Figures

EURm	2009	2008	Change %
Net investment income	**109**	232	-53
Other operating income	**13**	8	52
Staff costs	**-11**	-11	-2
Other operating expenses	**-17**	-13	36
Finance costs	**-58**	-37	58
Profit before taxes	**36**	180	-80
Average number of staff (FTE)	**54**	53	2

The segment's profit before taxes amounted to EUR 36 million (180). The decrease in the reported profit reflects the change in segment's investment assets with an increase in Nordea holding and a decrease in fixed income assets. With regard to Nordea in 2009 only the dividend of EUR 80 million was included in the income statement. The fair value reserve at the end of 2009 was EUR -3 million (–1,759).

On 31 December 2009 Sampo started to account Nordea as an associated company and in connection with this the carrying value of the Nordea shares was on 31 December 2009 reinstated at acquisition cost. Without this the fair value reserve would have been EUR 588 million larger.

On 31 December 2009 Sampo plc held shares in Nordea Bank to a market value of EUR 5.8 billion. Sampo plc has invested EUR 5.2 billion in Nordea and at the end of 2009 held 809,429,180 Nordea shares corresponding to a holding of 20.1 per cent. Average price paid per share amounted to EUR 6.38 and the closing price of Nordea on 31 December 2009 was EUR 7.11.

The assets on Sampo plc's balance sheet as at 31 December 2008 included holdings in subsidiaries for EUR 2.4 billion (2.4).

Changes in Group Structure

If P&C Insurance Holding Ltd finalized combining its Baltic subsidiaries into one company on 1 July 2009. The new company, If P&C Insurance AS, operates in all the Baltic countries and has its domicile in Estonia and branches in Latvia and Lithuania.

Administration

Annual General Meeting

The Annual General Meeting of Sampo plc held on 7 April 2009 adopted the financial accounts for 2008 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 Annual General Meeting decided to distribute a dividend of EUR 0.80 per share for 2008. The dividend was paid on 21 April 2009.

The AGM re-elected Tom Berglund, Anne Brunila, Eira Palin-Lehtinen, Jukka Pekkarinen, Christoffer Taxell, Matti Vuoria and Björn Wahlroos to the Board of Directors. Veli-Matti Mattila was elected as new Board member. Georg Ehrnrooth, Chairman of the Board, had already at the AGM of 2008 announced that he will leave Sampo's Board of Directors at the end of the AGM of 2009.

At its organizational meeting, the Board elected Björn Wahlroos as Chairman. The following members were elected to the Nomination and Compensation Committee: Björn Wahlroos (Chairman), Matti Vuoria (Vice Chairman), Christoffer Taxell, Anne Brunila and Eira Palin-Lehtinen. Christoffer Taxell

Group Quarterly Income Statement

EURm	10–12/2009	7–9/2009	4–6/2009	1–3/2009	10–12/2008
Insurance premiums written	1,077	896	1,036	1,470	872
Net income from investments	259	348	384	165	-6
Other operating income	6	6	5	3	11
Claims incurred	-792	-767	-729	-818	-761
Change in liabilities for insurance and investment contracts	-61	-17	-165	-390	367
Staff costs	-134	-136	-125	-115	-120
Other operating expenses	-130	-115	-122	-129	-140
Finance costs	-25	-23	-21	-17	-16
Share of associates' profit/loss	0	0	0	0	0
Profit for the period before taxes	199	192	264	169	206
Taxes	-51	-44	-46	-42	-53
Profit for the period	148	148	217	127	153
Other comprehensive income for the period					
Exchange differences on translating foreign operations	-8	102	17	10	-186
Available-for-sale financial assets	-189	1,549	1,875	-247	-1,396
Cash flow hedges	-3	1	-8	8	15
Income tax relating to components of other comprehensive income	-50	-175	-143	42	-99
Other comprehensive income for the period, net of tax	-250	1,477	1,741	-186	-1,665
Total comprehensive income for the period, net of tax	-102	1,624	1,959	-59	-1,512
Profit attributable to					
Owners of the parent	148	148	217	127	153
Non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to					
Owners of the parent	-101	1,625	1,958	-59	-1,512
Non-controlling interests	0	0	0	0	0

(Chairman), Tom Berglund (Vice Chairman), Jukka Pekkarinen and Veli-Matti Mattila were elected to the Audit Committee.

The Board of Directors assessed on 7 April 2009 the independence of its members based on the Finnish Corporate Governance Code and concluded that Berglund, Brunila, Mattila, Palin-Lehtinen, Pekkarinen and Taxell were non-executive members independent of the company and its major shareholders. Based on the Board's assessment, Wahlroos and Vuoria were not independent of the company.

The Annual General Meeting decided to pay the following fees to the members of the Board of Directors until the close of the 2010 Annual General Meeting: the Chairman of the Board will be paid EUR 160,000 per year, the Vice Chairman EUR 100,000 per year and the other members EUR 80,000 per year. After deduction of taxes and similar payments, 50 per cent of the Board members' annual compensation will be paid in Sampo A shares and the rest in cash.

Board members employed by the company will not be paid a separate fee for Board work during the validity of the employment or service relationship.

Governance

Kari Stadigh started as Group CEO and President of Sampo Group on 8 April 2009 in accordance with the nomination by Sampo's Board of Directors on 5 November 2008. Stadigh's predecessor Björn Wahlroos was elected Sampo's Chairman of the Board at the Annual General Meeting of 7 April 2009.

On 6 May 2009 Sampo Group's Board of Directors decided that the Group MD Committee's composition will be following: Kari Stadigh (chairman), Ilona Ervasti-Vaintola, Peter Johansson, Patrick Lapveteläinen, Torbjörn Magnusson, Petri Niemisvirta and Ricard Wennerklint.

On 27 August 2009 Sampo's Board of Directors nominated Timo Vuorinen as a member of Group Executive Committee starting from 1 September 2009. Vuorinen is responsible for business area Baltic and Russia in If P&C Insurance and Managing Director of If P&C Insurance Company Ltd (Finland).

Sampo Group follows the Finnish Corporate Governance Code, as approved by The Board of the Securities Market Association in October 2008. A more detailed description of the Group's governance systems is available in both the Annual Report and on the Group's website at *www.sampo.com/cg*.

Disclosures on related party are presented in the notes to the Group accounts.

Corporate Responsibility

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

The management of Sampo Group is based on healthy and sound business principles. It aims at anticipating changes in society and the capital market, and adapting its operations accordingly to these changes. Sampo Group also aims at providing a non-discriminative, pleasant and open work environment. Through its services, Sampo Group aims to contribute towards the well-being and safety of society. Sampo Group is aware of its corporate responsibility and is committed to developing its operations to further economic, social and environmental sustainability.

More information regarding corporate responsibility in Sampo Group is available in the section 'Corporate Responsibility' in the Annual Report 2009.

Personnel

The number of full-time equivalent staff decreased to 7,087 employees as at 31 December 2008 (7,458). In P&C insurance, the number of staff mainly decreased in the Baltic and Russian operations. In life insurance, the number of staff decreased slightly both in Finland and the Baltics.

During 2009, approximately 93 per cent of the staff was working in P&C insurance, 6 per cent in life insurance and 1 per cent in the holding company. Geographically, 31 per cent were working in Finland, 27 per cent in Sweden, 22 per cent in Norway and 20 per cent in the Baltic countries, Russia, Denmark and other countries. The average number of employees during 2009 was 7,311, which compares to an average of 7,145 during 2008.

In Sampo Group people issues such as performance and competence development, leadership, employment relations, compensation and health management were focus areas during 2009.

Further information on staff in Sampo Group is available in the section 'Personnel' in the Annual Report 2009.

Management Incentive Schemes

The management incentive schemes of Sampo Group are of two types; long-term management incentive schemes based on share appreciation rights and one share-based incentive scheme.

The outcome of the long-term management incentive schemes is determined by Sampo's share-price development over a period of approximately three years starting from the issue of the respective program. The programs are subject to thresholds on share price development and company profitability, as well as ceilings for maximum bonuses. Furthermore, the programs are subject to rules requiring part of the paid bonus to be used to acquire Sampo shares, which must in turn be held for a specified period of time.

In 2006, Sampo's Annual General Meeting decided on a share-based incentive scheme for the Executive Management belonging to the Group Executive Committee. 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. The bonus will be paid in Sampo shares, in cash or a combination thereof. Furthermore, the programs are subject to lock-up on Sampo shares received.

No payments based on the long-term management incentive schemes were made during 2009 and EUR 2 million was paid out based on the share-based incentive scheme.

Continuity is emphasized in committing and remunerating Sampo Group's management and other key employees. Sampo plc's Board of Directors decided on 27 August 2009 to adopt a new long-term incentive scheme 2009:1. The scheme complements earlier schemes and is targeted at Sampo Group's management and other key employees. Currently 115 key employees are participating in the scheme. The long-term management incentive schemes 2006II – 2009I extend to 2013.

The terms of all incentive schemes are available on Sampo's website at *www.sampo.com/compensation*.

Risk Management

Sampo considers that a high quality risk management process is a prerequisite for business operations. The key objectives of risk management are:

- to ensure that risks affecting our profitability and other material risks are identified, assessed and analyzed;
- to ensure that risk buffers – in the form of capital and foreseeable profitability of businesses – are adequate in terms of current risks inherent in business activities and existing business environment;
- to ensure that risk bearing capacity is allocated into different business-areas according to chosen strategies and that risks are properly priced;
- to limit and mitigate fluctuations in the economic values of group companies; and
- to ensure the overall efficiency, security and continuity of operations.

Sampo Group's major risks arise from the insurance activities and investment portfolios. Risk management related to these areas is seen as core competence and is therefore under constant development. Like all companies Sampo Group is exposed to operational risks and risks related to business environment. Sampo Group is continuously working at 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 operational and business risks.

A more detailed description of Sampo Group's Risk Management organization and activities is available in the Risk Management section of the 2009 Annual Report.

Shares, Share Capital and Shareholders

Shares and Share Capital

As at 31 December 2009, Sampo plc had 561,372,390 shares, which were divided into 560,172,390 A shares and 1,200,000 B shares. According to the company's Articles of Association, A Shares must number at least 179,000,000 and no more than 711,200,000. Meanwhile, B shares must number at least zero and no more than 4,800,000. Each A share entitles the holder to one vote and each B share entitles the holder to five votes at the General Meeting of Shareholders.

Sampo A shares have been quoted on the main list of the NASDAQ OMX Helsinki since 1988 and all of the B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into A shares at the request of the holder.

Sampo plc's share capital amounted to EUR 98 million (98) as at 31 December 2009. The Annual General Meeting decided to reduce the share premium account and the reserve fund on the company's Balance Sheet by transferring all the funds in the share premium account and reserve fund on the Balance Sheet on 31 December 2008 to the invested unrestricted equity. The transfer was completed during 2009.

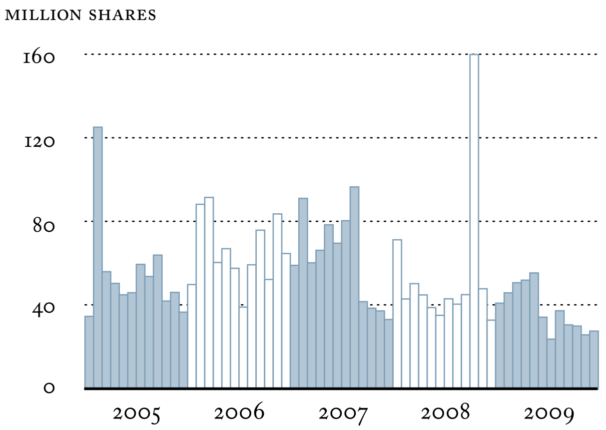
At the end of the financial year, Sampo plc held 90,000 of its own A shares. The other Group companies held no shares in the parent company.

Authorizations Granted to the Board

The Annual General Meeting authorized the Board to acquire in one or several lots a maximum of 50,000,000 Sampo A shares. Shares can be repurchased in other proportion than the

Sampo's monthly share price performance 2005–2009

Sampo's monthly trading volume 2005–2009



shareholders' proportional shareholdings (private repurchase). The share price will be no higher than the highest price paid for Sampo shares in public trading at the time of purchase. The authorization will be valid until the close of the next Annual General Meeting, nevertheless not more than 18 months after AGM's decision.

The shares are to be acquired through public trading on the NASDAQ OMX Helsinki at the 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.

Based on the above authorization, Sampo plc's Board of Directors decided on 11 December 2009 to repurchase Sampo's A shares with distributable capital and reserves. The maximum amount to be repurchased is 5,000,000 A shares, corresponding to approximately 0.9 per cent of the total number of shares. Repurchases shall decrease the distributable capital and reserves.

During 2009, Sampo plc repurchased a total of 90,000 of its own A shares corresponding to 0.02 per cent of the total number of shares and voting rights. The shares were purchased at an average price of EUR 16.53 per share and the total amount paid for the shares was EUR 1.5 million.

Shareholders

As at 31 December 2009, Sampo plc had 78,855 shareholders, representing an increase of more than 17 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 49.0 per cent (53.3) of the shares and 48.6 per cent of the votes (52.9).

At the end of 2009, the members of Sampo plc's Board of Directors either directly or indirectly owned 11,911,001 Sampo A shares. Their combined holdings constituted 2.1 per cent of the share capital and related votes.

During 2009, Sampo received the following notification of change in holdings pursuant to Chapter 2, Section 9 of the Securities Markets Act:

On 17 December 2009, Sampo plc received a disclosure according to which Capital Research and Management Company (taxpayer I.D. 86–0206507) had on 16 December 2009 risen above one twentieth (1/20) of Sampo plc's entire stock and voting rights. According to the notification Capital Research held 5.1 per cent of Sampo's total share capital and 5.0 per cent of related votes.

The complete disclosure is available at *www.sampo.com*.

Shareholders by Sectors on 31 December 2009 (A and B shares)

Group	Number of shares	%
Corporations	97,402,830	17.4
Financial Institutions and Insurance Corporations	25,101,654	4.5
Public Institutions	78,175,384	13.9
Non-profit Institutions	13,343,997	2.4
Households	65,064,320	11.6
Foreign Ownership and Nominee Registered	274,955,355	49.0
On Joint Account	7,328,850	1.3
Total	561,372,390	100.0

Shareholders by Number of Shares Owned on 31 December 2009

Number of shares	Shareholders number	Shareholders %	Shares number	Shares %	Votes number	Votes %
1–100	20,524	26.028	1,315,677	0.234	1,315,677	0.232
101–500	35,141	44.564	9,402,399	1.675	9,402,399	1.661
501–1,000	11,039	13.999	8,614,398	1.535	8,614,398	1.522
1,001–5,000	9,967	12.64	21,442,711	3.82	21,442,711	3.787
5,001–10,000	1,163	1.475	8,415,000	1.499	8,415,000	1.486
10,001–50,000	812	1.03	16,155,188	2.878	16,155,188	2.853
50,001–100,000	78	0.099	5,654,116	1.007	5,654,116	0.999
100,001–500,000	92	0.117	19,302,532	3.438	19,302,532	3.409
500,001–99,999,999	39	0.049	463,741,519	82.609	468,541,519	82.756
Total	78,855	100	554,043,540	98.694	558,843,540	98.706
Nominee registered	18		267,136,889	47.586	267,136,889	47.183
On waiting list, total	0		0	0	0	0
On joint account			7,328,850	1.306	7,328,850	1.294
Total			0	0	0	0
Total Shares issued			561,372,390	100	566,172,390	100

Shareholders on 31 December 2009

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	16,007,445	2.85	2.83
Wahlroos Björn	11,754,301	2.09	2.08
Kaleva Mutual Insurance Company*	6,127,855	1.09	1.93
The State Pension Fund	5,560,000	0.99	0.98
OP-Delta Fund	3,710,782	0.66	0.66
Folketrygdfondet	1,956,311	0.35	0.35
Wärtsilä Oyj Abp	1,901,000	0.34	0.34
Etera Mutual Pension Insurance Company	1,846,610	0.33	0.33
The Local Government Pensions Institution	1,609,805	0.29	0.28
Odin Norden c/o Odin Forvaltning AS	1,599,351	0.28	0.28
Mutual Insurance Company Pension-Fennia	1,575,000	0.28	0.28
Nordea Norden Fund	1,395,603	0.25	0.25
Nordea Fennia Fund	1,380,000	0.25	0.24
Society of Swedish Literature in Finland	1,224,600	0.22	0.22
OP Focus Non-UCITS Fund	1,073,749	0.19	0.19
SEB Gyllenberg Finlandia Fund	1,007,000	0.18	0.18
OMX Helsinki 25 Exchange Traded Fund	998,634	0.18	0.18
Alfred Berg Mutual Funds	968,016	0.17	0.17
Nominee registered total	267,136,889	47.59	47.18
Other	105,549,938	18.80	18.64
Total	561,372,390	100.00	100.00

* 4,927,855 A shares and 1,200,000 B shares.

Sampo A share 2005–2009

Mode of increase/decrease	Subscription period/ registration	Terms of subscription or subscriber or reason for decrease	Number of new shares	Number of A-share after increase/decrease
Bond with Warrants, 1998 A shares	One conversions in 2005	Warrant conversion	2,018,850	562,562,415
Bond with Warrants, 1998 and Options 2000 A shares	Six conversions in 2005	Warrant and option conversion	7,555,900	570,118,315
Bond with Warrants, 2000 A shares	One conversion in 2006	Warrant conversion	382,200	570,500,515
Decrease in share capital	15 April 2006	Cancellation of shares bought back (7,000,000 A shares)	-7,000,000	563,500,515
Bond with Warrants, 2000 A share	Five conversions in 2006	Warrant conversation	2,917,630	566,418,145
Bond with Warrants, 2000 A share	Three conversions in 2007	Warrant conversation	15,740,245	582,158,390
Decrease in share capital	23 February 2007	Cancellation of shares bought back (4,827,500 A shares)	-4,827,500	577,330,890
Decrease in share capital	16 May 2008	Cancellation of shares bought back (6,715,000 A shares	-6,715,000	570,615,890
Decrease in share capital	10 November 2008	Cancellation of shares bought back (10,443,500 A shares	-10,443,500	560,172,390

No changes during 2009

Financial Standing

Internal Dividends

In 2009, Sampo plc received a total of EUR 488 million (SEK 5.1 billion) in dividends from If P&C Insurance Holding AB. Mandatum Life paid no dividends to Sampo plc during 2009.

Ratings

All the main ratings for Sampo Group companies remained unchanged in 2009.

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

Group Solvency

With Nordea Bank AB (publ) as its associated company as of 31 December 2009 Sampo Group became a financial and insurance conglomerate according to the Act on the Supervision of Financial and Insurance Conglomerates (2004/699).

Group solvency has in 2009 been calculated according to Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates (2004/699). The Act is based on Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment.

Sampo Group Solvency

EURm	**31 December 2009**	31 December 2008
Group capital	**7,613**	4,631
Sectoral items	**1,545**	391
Intangibles and other deductibles	**-2,314**	-1,571
Dividends for the current period	**-561**	-
Group's own funds, total	**6,283**	3,452
Minimum requirements for own funds, total	**3,968**	796
Group solvency	**2,315**	2,656
Group solvency ratio (Own funds % of minimum requirements)	**158.3**	433.6

The Group's solvency ratio (own funds in relation to minimum requirements for own funds) was 158.3 per cent (433.6) as at 31 December 2009. The decrease is due to the treatment of Nordea as an associated company in the solvency calculation for 2009. The part of Nordea's capital requirement corresponding to Sampo's holding in Nordea is taken into account in the Group's capital requirement.

In Sampo Group solvency is assessed internally by comparing the capital required to the capital available. Capital requirement assessment is based on an economic capital framework, in which Group companies quantify the amount of capital required for measurable risks over a one year time horizon at 99.5 per cent´s confidence level. In addition to economic capital companies are assessing their capital need related to non-measurable risks like risks in business environment. Capital available or Adjusted Solvency Capital include regulatory capital and in addition other loss absorbing items like the effect of discounting technical reserves and other reserves excluded from regulatory capital.

The economic capital tied up in Group's operations on 31 December 2009 was EUR 3,783 million (1,895)and adjusted solvency capital was EUR 7,077 million (4,023).

Debt Financing

As at 31 December 2008 Sampo plc's debt financing included a subordinated note with face value of EUR 600 million. At the same time Sampo plc had interest bearing assets of EUR 1,184 million. As at 31 December 2009 Sampo Plc´s debt financing was EUR 1,595 million and interest bearing assets were of EUR 525 million. During the year the net debt increased by EUR 1,653 million to EUR 1,069 (-584). Main reason for the change of the net debt position was the increase in Nordea holding. Gross debt to Sampo plc's equity was 24 per cent (11).

During the year the Euro Medium Term Note Programme of EUR 2,000,000,000 was established in order to enable the issuance of bonds in the capital markets. Sampo undertook a senior bond issue under the Euro Medium Term Note Programme and announced a debt exchange offer in respect of the earlier mentioned subordinated note which was to be exchanged for new Euro Denominated Senior Fixed Rate Notes. Concurrently, Sampo issued additional notes for cash which will be fungible with the new notes.

In connection with the Exchange Offer, the following terms were announced:

Aggregate amount of New Notes:	EUR 750,000,000
(i) Aggregate amount of New Notes created in exchange for Existing Notes:	EUR 562,181,000
(ii) Aggregate amount of Additional New Notes:	EUR 187,819,000
Outstanding amount of Existing Notes after completed Exchange Offer:	EUR 36,597,000
Maturity Date:	10 April 2012
New Issue Price:	100.00 per cent
New Issue Coupon:	6.339 per cent
(i) New Issue Spread:	4.00 per cent
(ii) New Issue Mid-Swap Rate:	2.339 per cent

Sampo plc also activated its Domestic CP Programme during 2009 and in addition issued further senior bonds and notes. As at 31 December 2009 Sampo plc's balance sheet liabilities consisted of issued senior bonds and notes of EUR 962 million and EUR 466 million of outstanding CPs issued. Sampo plc also raised a TEL-pension loan of EUR 130 million in August 2009. The average interest on the afore-mentioned debt as of 31.12.2009 was 3.2 per cent.

To strengthen its liquidity position Sampo plc furthermore signed a EUR 200 million revolving credit facility in April 2009. The facility is undrawn.

Outlook for 2010

Markets have once again proved their resilience and the clouds of systemic collapse have evaporated from the financial market. In early 2010 expectations of economic recovery have risen significantly and confidence has largely been restored in the capital markets. Equities are expected to continue to perform well with current low interest rates and the short end of the yield curve is not expected to move upwards any time soon.

Sampo Group is expected to report a good result for 2010 on the back of stable insurance technical results supported by solid investment performance and the profit contribution of the associated company Nordea Bank.

If P&C is expected to reach its long-term combined ratio target of below 95 per cent in 2010 and profit-wise produce another excellent year. The macro economic situation will continue to dampen the premium growth but has a limited impact on profitability.

Mandatum Life's mark-to-market profit is highly dependent on capital markets and is expected to remain good. Reported profit is foreseen to reach year 2009 level. The company seeks further growth in the unit-linked volumes.

As of 1 January 2010 Sampo will consolidate its share of Nordea's profit with equity method. Nordea's contribution to the Group profit is expected to be significant.

The Most Significant Risks to Operations

As a diverse financial institution, Sampo is exposed to a variety of different risks, both financial and non-financial. The major risks associated with Sampo Group's activities during 2009 were insurance risks arising from P&C and Life insurance business areas, as well as market and credit risks emanating from the Group's investment portfolios and the debt financing of Sampo plc.

The critical success factor in insurance business is the capability to manage the randomness of insured events. Insurance risk is the risk that the cost of future insurance claims will prove higher than expected at the time of pricing the insurance covers. During 2009, Sampo Group's business risk profile in the insurance businesses remained relatively stable.

The main market risks of Sampo Group's during 2009 were equity risk, interest rate risk and credit risk. Equity risk arises from the Group's equity portfolio amounting to EUR 2.4 billion (2.7). Interest rate risk is related to the Group's fixed income investments and insurance liabilities. In the short run, rising interest rates would decrease the valuation of fixed income assets. However, over a long period the risk that interest rates fall and remain at a low level is economically more important. Fixed income investments also expose the Group to credit risks, the significance of which has increased during the year.

The amount of the Group's fixed income investments increased to EUR 13.5 billion (13.2) during 2009.

Currency risk is the risk that Sampo Group will incur losses due to changes in foreign currency exchange rates. In If P&C and Mandatum Life currency risk is mainly related to net currency exposures. In Sampo plc currency risk consists of the translation risk linked to the net asset value and dividends of If P&C.

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 throughout all business areas. The perceived risks in the businesses and operating environment did not change significantly during 2009.

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. However, dividends cannot exceed reported profit after tax (excluding extraordinary items) for the calendar year for which the dividend is paid. Share buy-backs can be used to complement dividends.

The parent company's distributable capital and reserves totaled EUR 6,435,539,685.41, of which profit for the financial year was EUR 531,142,474.88.

The Board proposes to the Annual General Meeting a dividend of EUR 1.00 per share to company's 561,372,390 shares. The dividends to be paid are EUR 561,282,390 in total as no dividend is paid to the 90,000 Sampo A shares held by the company itself. Rest of funds are left in the equity capital.

The dividend will be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd as at the record date of 16 April 2010. The Board proposes that the dividend be paid on 23 April 2010.

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

New dividend policy

The Board decided today to change the existing dividend policy. According to the new policy total annual dividends paid will be higher than 50 per cent of Group's net profit for the year (excluding extraordinary items). In addition share buy-backs can be used to complement the cash dividend. The new policy will for the first time be applied to the dividend paid for 2010.

Sampo plc
Board of Directors

Key Figures

Group key figures[1]		2009	2008	2007	2006	2005
Profit before taxes	EURm	**825**	870	3,833	1,353	1,295
Return on equity (at fair values)	%	**53.7**	-32.4	52.6	22.6	28.4
Return on assets (at fair values)	%	**16.5**	-7.4	11.5	4.0	4.4
Equity/assets ratio	%	**28.6**	21.9	30.5	10.9	10.1
Group solvency[2]	EURm	**2,315**	2,656	5,969	2,443	2,124
Group solvency ratio[2]	%	**158.3**	433.6	774.6	202.7	196.1
Average number of staff		**7,311**	7,145	6,855	11,657	11,730

Property & casualty insurance						
Premiums written before reinsurers' share	EURm	**3,888**	4,057	4,085	4,019	3,962
Premiums earned	EURm	**3,643**	3,807	3,797	3,765	3,709
Profit before taxes	EURm	**644**	549	534	730	800
Return on equity (at fair values)	%	**53.2**	-0.8	19.2	22.0	24.1
Risk ratio[3]	%	**68.0**	68.1	66.9	65.9	66.2
Cost ratio[3]	%	**24.1**	23.7	23.7	24.0	24.3
Loss ratio[3]	%	**76.2**	76.0	74.9	73.9	74.1
Loss ratio excl. unwinding of discount[3]	%	**74.6**	74.4	73.4	72.5	72.7
Expense ratio[3]	%	**17.6**	17.4	17.2	17.4	17.8
Combined ratio	%	**93.8**	93.4	92.1	91.3	91.9
Combined ratio excl. unwinding of discount	%	**92.1**	91.8	90.6	89.9	90.5
Solvency capital*	EURm	**2,943**	2,221	2,681	2,841	3,216
% of technical provisions*	%	**36.3**	29.8	33.3	36.8	43.9
Solvency ratio*	%	**77.3**	65.7	71.3	73.6	87.5
Average number of staff		**6,807**	6,655	6,415	6,428	6,592

* Based on the financial statements of If Group.

Life insurance						
Premiums written before reinsurers' share	EURm	**809**	536	622	662	655
Profit before taxes	EURm	**121**	140	342	295	234
Return on equity (at fair values)	%	**97.6**	-68.8	9.1	30.0	39.0
Expense ratio	%	**111.0**	113.1	101.6	101.9	93.4
Solvency capital (IFRS)	EURm	**927**	382	844	1,031	1,075
% of technical provisions (IFRS)	%	**18.5**	7.8	16.4	20.1	21.3
Average number of staff		**450**	437	384	365	370

Holding[4]						
Profit before taxes	EURm	**36**	180	95	-27	-49
Average number of staff		**54**	53	56	435	567

Per share key figures						
Earnings per share	EUR	**1.14**	1.18	6.18	1.73	1.68
Earnings per share, continuing operations	EUR	**-**	-	1.25	1.27	-
Options diluted earnings per share	EUR	**-**	-	-	1.69	1.65
Options diluted earnings per share, continuing operations	EUR	**-**	-	-	1.24	-
Earnings per share, incl. change in fair value reserve	EUR	**5.88**	-3.52	5.89	1.89	1.97
Earnings per share, incl. change in fair value reserve, continuing operations	EUR	**-**	-	0.95	1.44	-
Capital and reserves per share	EUR	**13.56**	8.25	13.47	9.18	7.65
Net asset value per share	EUR	**14.63**	8.28	13.49	9.21	7.67
Dividend per share[5]	EUR	**1.00**	0.80	1.20	1.20	0.60
Dividend per earnings	%	**87.7**	67.8	19.4	69.4	35.7
Effective dividend yield	%	**5.9**	6.0	6.6	5.9	4.1
Price/earnings ratio		**14.9**	11.2	2.9	11.7	8.8
Adjusted number of shares at 31 Dec.[6]	1,000	**561,282**	561,372	574,209	562,791	564,701
Average adjusted number of shares[6]	1,000	**561,370**	569,442	577,802	563,092	564,864
Weighted average number of shares, incl. dilutive potential shares[6]	1,000	**561,370**	569,442	577,802	576,341	575,268
Market capitalisation	EURm	**9,553**	7,433	10,382	11,413	8,312

A shares

		2009	2008	2007	2006	2005
Adjusted number of shares at 31 Dec.[6]	1,000	**560,082**	560,172	573,009	561,591	563,501
Average adjusted number of shares[6]	1,000	**560,170**	568,242	576,602	561,892	563,664
Weighted average number of shares, incl. dilutive potential shares[6]	1,000	**560,170**	568,242	576,602	575,141	574,068
Weighted average share price	EUR	**13.84**	15.96	21.43	16.78	11.97
Adjusted share price, high	EUR	**17.72**	19.30	24.79	20.74	14.95
Adjusted share price, low	EUR	**8.63**	11.42	17.95	13.58	9.83
Adjusted closing price	EUR	**17.02**	13.24	18.08	20.28	14.72
Share trading volume during accounting period	1,000	**452,367**	650,816	750,748	592,839	663,491
Relative share trading volume	%	**80.8**	114.5	130.2	105.5	117.7

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 2005 and 2006 include the average staff number of the Banking and investment services (discontinued operations).

2 On 31 Dec. 2009, Nordea was consolidated as an associate to Sampo and Sampo became a financial and insurance conglomerate, in accordance with the Act on Supervision on Financial and Insurance Conglomerates (2004/699). In 2009, the group solvency was calculated according to Chapter 3. In 2007 and 2008 the group solvency was based on adjusted solvency calculations for insurance groups according to the Decree of the Ministry of Social Affairs and Health (1106/2000). The adjusted solvency was determined on the basis of the Group financial statements as permitted by the Financial Supervisory Authority (former Insurance Supervisory Authority). In 2005 and 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.

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 comparison average numbers of staff for the years 2005–2006 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 2009.

6 In calculzating the per share key figures, the number of shares used at the balance sheet date was 561,282,390 and the average number of shares 561,369,678. The 90,000 treasury shares acquired by Sampo Plc have been taken into account in both numbers of shares.

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.

Calculation of the Key Figures

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

Group key figures

Profit before taxes

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

Property & Casualty and Life Insurance

+ insurance premiums written
+ net income from investments
+ other operating income
– claims incurred
– change in liabilities for investment and insurance contracts
– staff costs
– other operating expenses
– finance costs
± share of associates' profit/loss

Holding

+ net income from investments
+ other operating income
– staff costs
– other operating expenses
– finance costs
± share of associates' profit/loss

Return on equity (at fair values), %

+ profit before taxes
± change in fair value reserve
± change in valuation differences on investments
– tax (incl. change in deferred tax relating to valuation differences on investments)

———————————————— × 100%

+ total equity
± valuation differences on investments less deferred tax
(average of values on 1 Jan. and 31 Dec.)

Return on assets (at fair values), %

+ operating profit
+ interest and other financial expenses
+ calculated interest on technical provisions
± change in fair value reserve
± change in valuation differences on investments

———————————————— × 100%

+ balance sheet total
– technical provisions relating to unit-linked insurance
± valuation differences on investments
(average of values on 1 Jan. and 31 Dec.)

Equity/assets ratio (at fair values), %

+ total equity
± valuation differences on investments less deferred tax

———————————————— × 100%

+ balance sheet total
± valuation differences on investments

Group solvency

+ total equity
+ sectoral items
– intangible assets and sectoral deductibles

own funds, total
– minimum requirements for own funds, total

group solvency

Group solvency ratio, %

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

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, %

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

Loss ratio excl. unwinding of discount, %

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

Expense ratio, %

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

Combined ratio, %
Loss ratio + expense ratio

Combined ratio excl. unwinding of discount, %
Loss ratio before unwinding of discount + expense ratio

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

Solvency capital, % of technical provision (IFRS)

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

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)

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

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, %

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

Dividend per earnings, %

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

Effective dividend yield, %

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

Price/earnings ratio

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

Market capitalisation

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

Relative share trading volume, %

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

“Nothing dramatic – that is what our shareholders actually expect us to deliver.”

Kari Stadigh on Sampo’s results in CEO’s interview video published on 4 November 2009.

SAMPO GROUP RISK MANAGEMENT DISCLOSURE 2009

The information presented in this Risk Management section is part of the IFRS financial statements.

Sampo Group Risk Management Disclosure 2009

1 Earnings Logic and Risks

Sampo Group has two business areas: P&C insurance (If P&C) and life insurance (Mandatum Life), wholly owned by the holding company (Sampo plc). In addition to the insurance subsidiaries, Sampo plc also holds 20.1 per cent in Nordea AB (publ) at December 31, 2009. Nordea´s risk management is not covered in Sampo Group´s annual report.

Sampo plc as a holding company does not have any own business operations. Sampo plc sets the main financial and capitalisation targets for the subsidiaries and defines the risk management principles. The subsidiaries independently organise their risk management according to these principles, taking into account the special characteristics that arise from the company specific earnings logic and risks.

As a pan-Nordic insurance group *If P&C* underwrites policies that cover various risks of individuals and corporations on a geographically diverse area. If P&C is hence exposed to various risks, which are selected carefully and priced reflecting the risks. Reinsurance is used to handle low frequency, but high impact events. A critical success factor is also the company's capability to maximise investment returns while taking all risks as well as the features of insurance liabilities, solvency, regulatory asset coverage rules and rating requirements into account.

Mandatum Life mainly operates in Finland and offers life and pension policies as well as policies covering insurance risks. Profitability of life insurance is dependent on the investment result, insurance risk result and expense result. In Mandatum Life, investment result is the margin between investment return from assets covering other than unit-linked reserves and the cost of guaranteed rate and bonuses of with-profit insurance policies. Insurance risk result is the margin between actual claims and the amount of claims assumed in pricing. Expense result is the expense charges from policies less the actual expenses.

Investment result is the main source of profitability in life insurance. The basis for Mandatum Life's investment operations is the structure of technical reserves and solvency. The life insurance policies usually have long maturity and the predictability of the cash flows allows the company to aim for returns exceeding the risk-free rate. This will naturally lead to higher volatility of investment returns in the short-term, which is considered in the company's internal capitalisation.

In addition to the risks discussed above, Sampo Group is exposed to operational risks and business risks, such as failures in internal processes or changes in the economic environment. These risks are inherent in all business areas.

Sampo Group's main risks are illustrated in Figure 1. The classification of risks is based on the major risk factors that affect Sampo Group. Moreover, certain risks such as ALM risk (Asset and Liability Management) related to the value and earnings potential of the whole balance sheet, as well as concentration risk and reputation risk are dependent simultaneously on various risk factors.

2 Development of Sampo Group's Risk Exposures and Solvency Position in 2009

Insurance Operations

The total P&C insurance market decreased during the year, affected by a low economic activity. The insurance market for private customers was challenging, especially due to the financial crisis and aggressive competition, especially in Norway and in Sweden. Motor insurance, which is a large part of If P&C's insurance portfolio, decreased due to a low level of new car sales. On a Nordic level the impact of large claims was approximately in line with an expected normalised year. On a country level, the impact of large claims was somewhat higher in Norway and lower in Finland.

In Mandatum Life, unit-linked liabilities have grown significantly due to increased premium income and excellent investment return in unit-linked funds. Analysis of the change in provisions is presented in Table 8 in the Insurance risk section. Surrender rates also stabilised after the year 2008 peak. Other liabilities were as stable as was expected. There were no major changes in the overall insurance risk position.

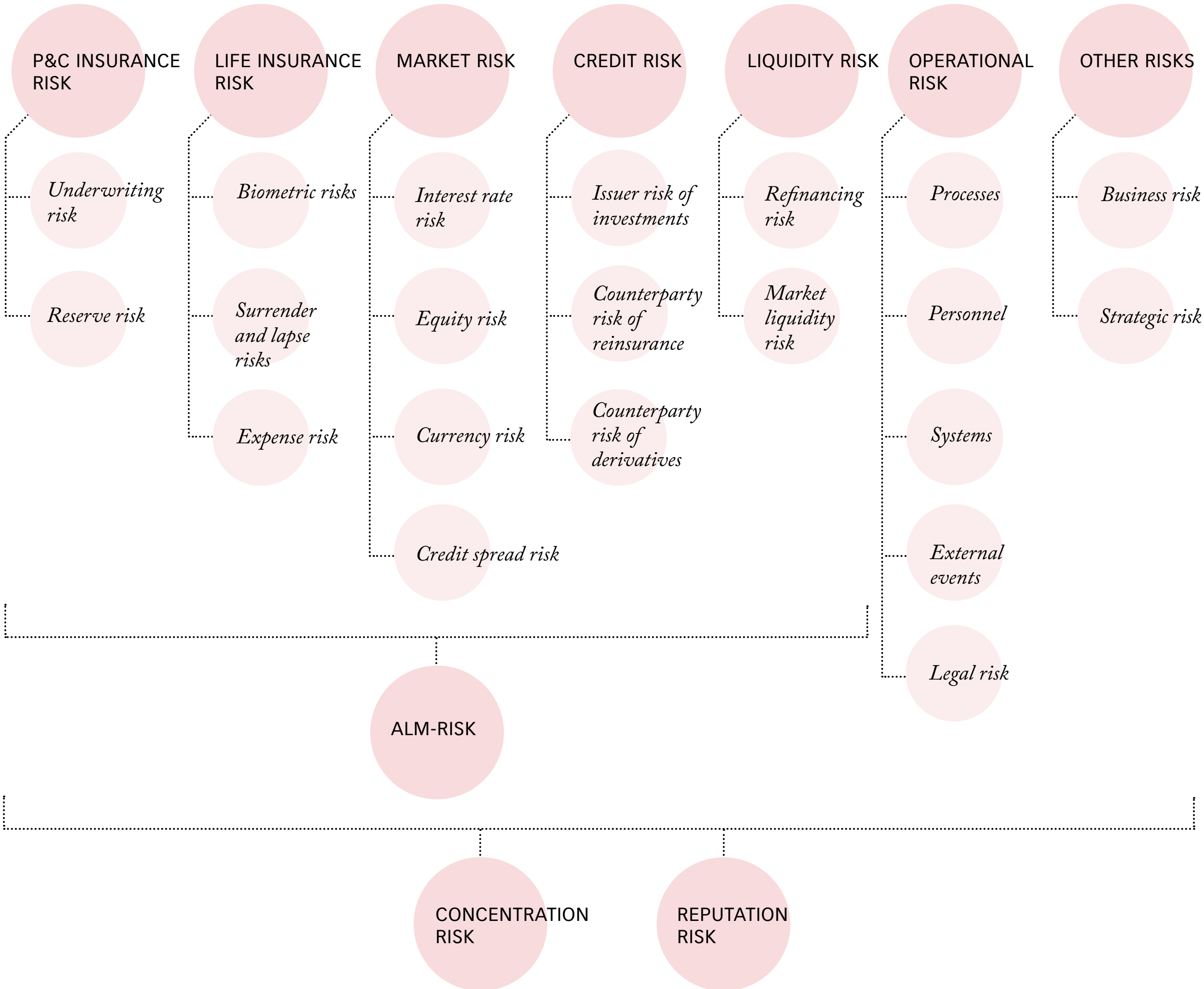
Investment Operations

The challenging economic circumstances created investment opportunities especially in the credit products and equities for companies with strong solvency. The proportion of these investments has actively been increased in Sampo Group's investment portfolios. The values of Sampo Group's investment portfolios have increased during the year due to the recovery in equity prices and strong returns from credit investment products. The recovery took place mainly during the second half of the year. The development of the investment portfolios are shown in Figure 2.

Sampo Group's investment returns were very strong during 2009, compensating the exceptionally bad investment year 2008. The average results of the years 2008 and 2009 are in line with the long-term returns in both business areas. Figure 3 shows the investment returns of If P&C and Mandatum Life during 2000–2009.

Figure 1

The classification of risks in Sampo Group



During 2009, the holding company Sampo plc increased its holding in Nordea. At year-end 2009, Sampo plc's holding in Nordea amounted to over 20 per cent. Nordea is now treated as an associated company and it is consolidated in the Group's financial statements using the equity method. Consequently, the Nordea shares are from 2010 no longer reported in the investment assets of Sampo Group.

At year end, Sampo plc's investments (at book values) consisted of subordinated loans issued by its subsidiaries amounting to EUR 122 million, short-term money market instruments amounting to EUR 404 million and other investments amounting to EUR 42 million. The amount invested in liquid, low-risk money market investments was unusually high due to the dividends paid by If P&C in December 2009. During the year, Sampo plc´s net debt changed considerably from EUR -584 million as of 31 December 2008 to EUR 1,069 million as of 31 December 2009. The main risk of Sampo plc is thus interest rate risk that arises from the net debt position.

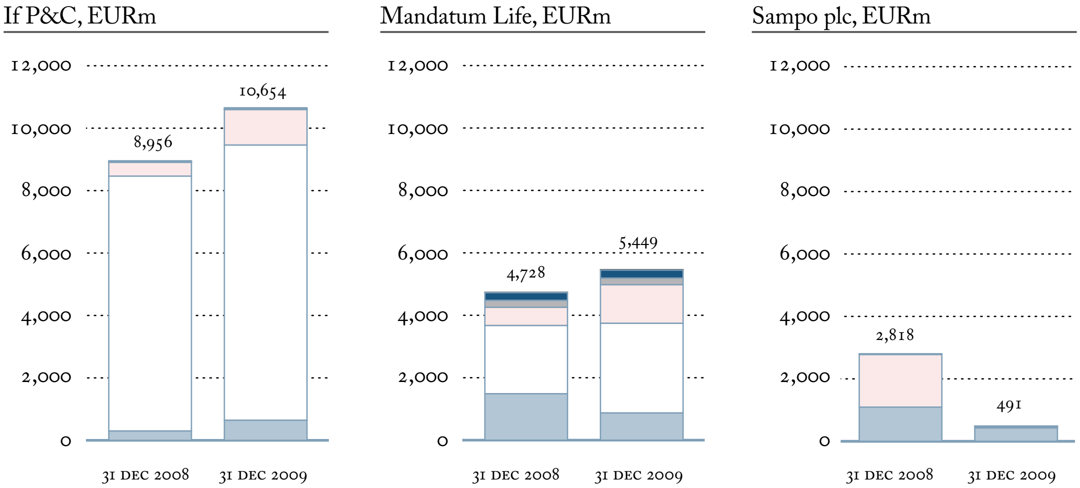
Solvency

The solvency of Sampo Group's insurance subsidiaries have improved markedly during the year due to the improved financial market environment and good investment returns. The solvency position of Sampo Group was affected by the change in the way Nordea is treated in consolidation and solvency calculations as well as by the fact that the Nordea holding was increased considerably during the year.

Regulatory solvency capital of If P&C increased to EUR 2,427 million (EUR 2,021 million) while the regulatory capital requirement was EUR 634 million (EUR 570 million). Regulatory sol-

Figure 2

Development of investment portfolios during 2009

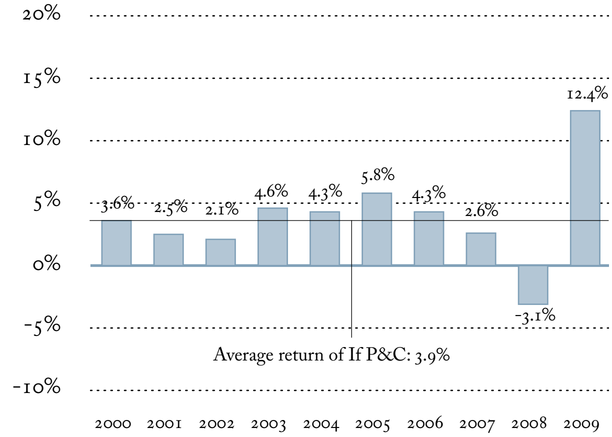


	If P&C 31 DEC 2008	If P&C 31 DEC 2009	Mandatum Life 31 DEC 2008	Mandatum Life 31 DEC 2009	Sampo plc 31 DEC 2008	Sampo plc 31 DEC 2009
Money market	3%	6%	31%	16%	39%	87%
Bonds	91%	83%	46%	53%	0%	3%
Equity	5%	11%	12%	23%	60%	4%
Private equity	0%	0%	5%	4%	0%	3%
Other	0%	0%	5%	5%	0%	3%

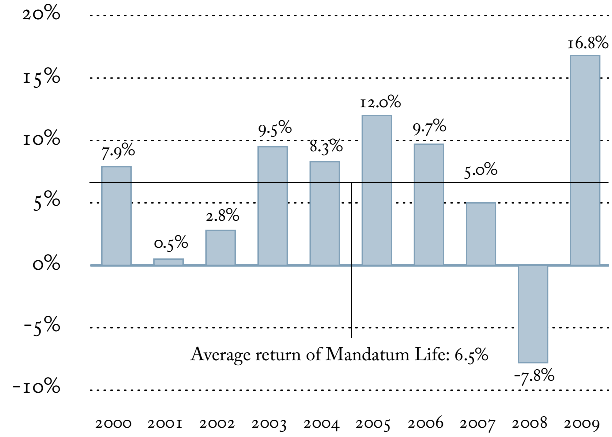
Figure 3

Investment returns at fair values in If P&C and Mandatum Life during 2000–2009

Annual investment returns at fair values since 2000, If P&C



Annual investment returns at fair values since 2000, Mandatum Life



vency capital in Mandatum Life Group increased to EUR 926 million (EUR 379 million) while the regulatory capital requirement was EUR 226 million (EUR 224 million). Also Sampo Group's consolidated capital position was very strong. The Group solvency ratio was 158 per cent (434 per cent). The Group's adjusted solvency capital was EUR 7,076 million (EUR 4,023 million) while the economic capital calculated with a confidence level of 99.5 per cent was EUR 3,783 million (1,895 million).

In May, If P&C paid SEK 1.1 billion in dividends to Sampo plc. At the end of the year, If P&C paid further dividends of SEK 4.0 billion. In order to strengthen Mandatum Life's capacity to aim for higher investment returns, the company's solvency was not reduced with dividends. The development of the solvency position in Sampo Group and the insurance subsidiaries are further described in the *Capital Management* section of this annual report.

3 Risk Management and Governance

The overall risk management and internal control principles as well as divisions of responsibilities of the insurance subsidiaries are defined on the Sampo Group level. The insurance subsidiaries organise their operations according to these principles while taking into account the specific characteristics of the respective business area. The principles for risk management and risk governance structure in If P&C, Mandatum Life and Sampo plc are presented below.

Risk Management Principles

Risk is an essential and inherent element of Sampo Group´s business activities and operating environment. A high quality risk management process is a prerequisite for running the business. The core competence in Sampo Group's businesses is the pricing of risks and the proper management of the arising risk exposures.

In Sampo Group the key objectives for risk management are to:

- ensure that risks affecting profitability as well as other material risks are identified, assessed and analysed;
- ensure that risks are properly priced and that risk bearing capacity is correctly allocated into different business areas;
- ensure that risk buffers – in the form of capital and foreseeable profitability of businesses – are adequate in relation to the current risks inherent in business activities and existing environment;
- limit and mitigate fluctuations in the economic values of group companies; and
- ensure the overall efficiency, security and continuity of operations.

To meet these objectives, Sampo Group's risk management process includes the tasks described in Figure 4.

Figure 4

Risk management process

DEFINITION AND CLEAR DIVISION OF RESPONSIBILITIES	Prerequisite for the efficient, high-quality operations is that authorisations and responsibilities of different companies, business areas, centralized units and administrative bodies are clearly defined.
IDENTIFICATION OF RISKS	The risks involved in business operations and business environment are identified and monitored continuously. Particularly, when new services are launched, risks are thoroughly analysed.
DETERMINATION OF RISK BUFFERS	Risk buffers, i.e. the difference between actual level of capitalisation and internally assessed economic capital, is monitored and managed regularly.
PRICING OF RISKS	Sound pricing of insurance policies and the assessment of risk-return relationship of investments are prerequisites for achieving the targeted financial performance and profitability over time. From risk management's angle, the basis of pricing is defined by allocated capital and expected return on it as well as reliable estimates for claims costs and operating costs.
MANAGEMENT OF RISK EXPOSURES	Risk portfolios, both investments and liabilities, are adjusted to maintain a sound risk to return ratio and return on capital. The portfolio management responsibilities are based on defined limits and respective authorisations.
MEASUREMENT AND REPORTING OF RISKS	Results, risks and profitability are measured and reported by Management Accounting and Risk Control units, which are independent from business activities.

Reporting

Risk Governance

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.

If P&C and Mandatum Life organise their activities autonomously but in accordance with the Group level risk management principles. The Board of Directors of Sampo plc, the parent company, defines return and capitalisation targets of the subsidiaries. The risk exposures and capitalisation of the subsidiaries are consolidated on the Group level on a quarterly basis and reported to the Board and Audit Committee of Sampo plc.

The roles and responsibilities of different governing bodies in Sampo Group and individual subsidiaries are described in more detail below.

Group Risk Governance

The Board of Directors of Sampo plc is responsible for ensuring that the Group's risks are properly managed and controlled.

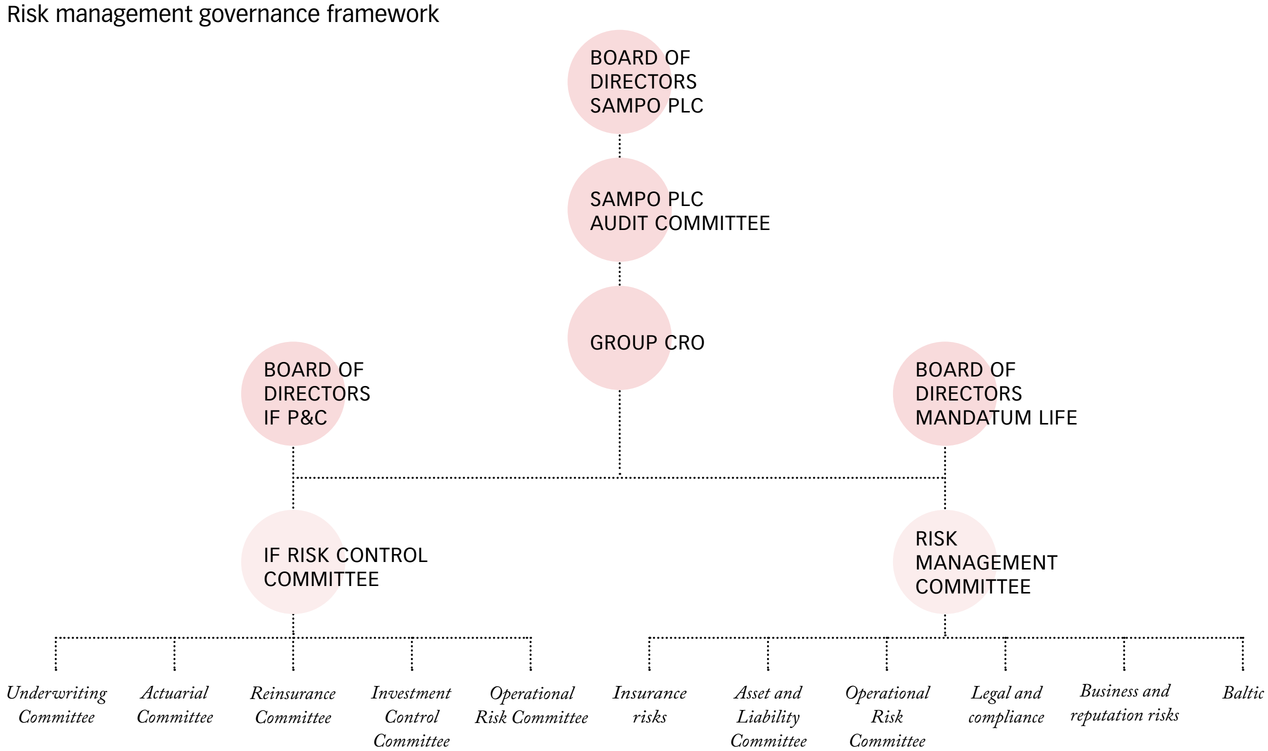
The Audit Committee (AC) is responsible, on behalf of the Board of Directors, for the preparation of Sampo Group's risk management principles and other related guidelines. The AC shall ensure that the operations are in compliance with these, control Sampo Group's risks and risk concentrations as well as control the quality and scope of risk management in each company. The committee shall also monitor the implementation of risk policies, capitalisation 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.

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

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 monitoring of the risks are satisfactory, and approves the risk management plan. The Boards of Directors of If P&C and Mandatum Life appoint the individual risk management committees within each legal entity and are also responsible for identifying needs for changing policies, guidelines and instructions related to risk management.

Figure 5

Risk management governance framework



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. The Risk Management department is the responsible function for coordinating the risk management work on behalf of the IRCC.

The separate risk committees in If P&C which are reporting to the IRCC are the Investment Control Committee (ICC), Underwriting Committee (UWC), Actuarial Committee (AC), Reinsurance Committee (RC), and Operational Risk Committee (ORC). ICC is responsible for the control of investment activities in If P&C by ensuring compliance with the principles and limits specified in the Investment Policy. ICC reports to the Board and meets at minimum once a month. UWC 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 reserve risk to the IRCC on a quarterly basis. RC is responsible for approving deviations from the Reinsurance Security Policy and for 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

In Mandatum Life the Board of Directors is responsible for risk management and adequacy of internal controls. The Board annually approves the risk management plan, investment strategy and other risk management and internal control instructions.

The *Managing Director* has the overall responsibility for the risk management according to Board of Directors' instructions.

The *Risk Management Committee* (RMC) coordinates and monitors all risks in Mandatum Life. The Committee is chaired by the Managing Director. Risks are divided into main groups which are insurance risks, market risks, operational risks, legal and compliance as well as business and reputation risks. Risks related to the Baltic subsidiary are also included. Each risk area has a responsible person in the Committee.

During the year 2009, the responsibilities for the control of market risks and investment decisions were revised in Mandatum Life. Mandatum Life's *Asset and Liability Committee* (ALCO) was established to control Mandatum Life's solvency and investments, which are managed by Sampo plc's investment unit. ALCO 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. The decisions regarding the biggest investment risks are made by the Board.

The *actuarial department* is responsible for the risk management of insurance 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 the company's own account and approves the reinsurance policy annually. The actuarial department 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.

Operational Risk Committee (ORC) analyses and handles operational risks, e.g. in relation to new products and services, changes in processes and risks as well as realised operational risk incidents. These are reported to the Risk Management Committee and to the Board of Directors quarterly. ORC is also responsible for maintaining and updating the continuity and preparedness plan.

The Baltic subsidiary has its own risk management system. All major incidents are also reported to Mandatum Life's Risk Management Committee.

Internal audit ensures with its audit recommendations that adequate internal controls are in place.

4 Risk and Capital Measurement

Sampo Group´s objective is to increase its economic value. Therefore, in addition to the statutory financial statements and solvency figures, Sampo Group also uses internal performance, risk and capital measures which are based on fair values of assets and liabilities. This chapter describes the methods Sampo Group uses internally for the measurement of risks and capital. The valuation methods of financial instruments are described in the Note 17 to the Financial Statements.

Risks and the respective capital requirements in Sampo Group are assessed internally, as well as according to the methods defined by the regulators and rating agencies. All of the methods include the assessment of *capital required* to cover different risks and the amount of *capital available*.

Although the new regulatory framework under development, Solvency II, will recognise different risks more accurately than the current regulations, Sampo Group still considers that there is a need for internal assessments of capitalisation because regulatory and rating agency models cannot take the specific features of different companies accurately enough into account.

Economic Capital as a Basis for Capital Required

Sampo Group uses *economic capital* as an internal measure of capital required for risks the Group is exposed to. Sampo Group defines economic capital as the amount of capital required to protect the solvency over a one year time horizon with a probability of 99.5 per cent.

Economic capital accounts for market, credit, insurance and operational risks, as well as the diversification effect between these risks. Economic capital is calculated using a set of calculation methods, which have been developed for the specific needs of each business area. When assessing the economic capital need arising from Nordea, Sampo plc uses the economic capital calculated by Nordea multiplied by the proportion of Sampo plc's share in Nordea (20.1 per cent at year end).

In Sampo Group, economic capital is considered to be a good estimate of the capital required to cover risks that can be measured in a reliable way and within a normal business environment. In the assessment of the adequacy of capital the effects of potential changes in the business environment as well as the effects of low probability risks are taken into account.

Adjusted Solvency Capital as an Internal Measure for Capital Available

Different stakeholders have different views when assessing the available capital. Regulators have defined which items can be included into the solvency capital and rating agencies have their own definitions for capital. As an internal measure of available capital, Sampo Group uses *adjusted solvency capital*. The basis for adjusted solvency capital is capital items included in regulatory solvency capital. On top of those, other loss absorbing items such as the difference between the book value and market value (including a risk margin) of technical provisions are added.

5 Capital Management in Sampo Group

Capital Management Process

In Sampo Group, capital management is about ensuring the adequacy of the available capital in relation to risks arising from the company's activities and business environment. Capital management activities are conducted continuously in various parts of the organisation. Figure 6 depicts the capital management actions in Sampo Group on a general level.

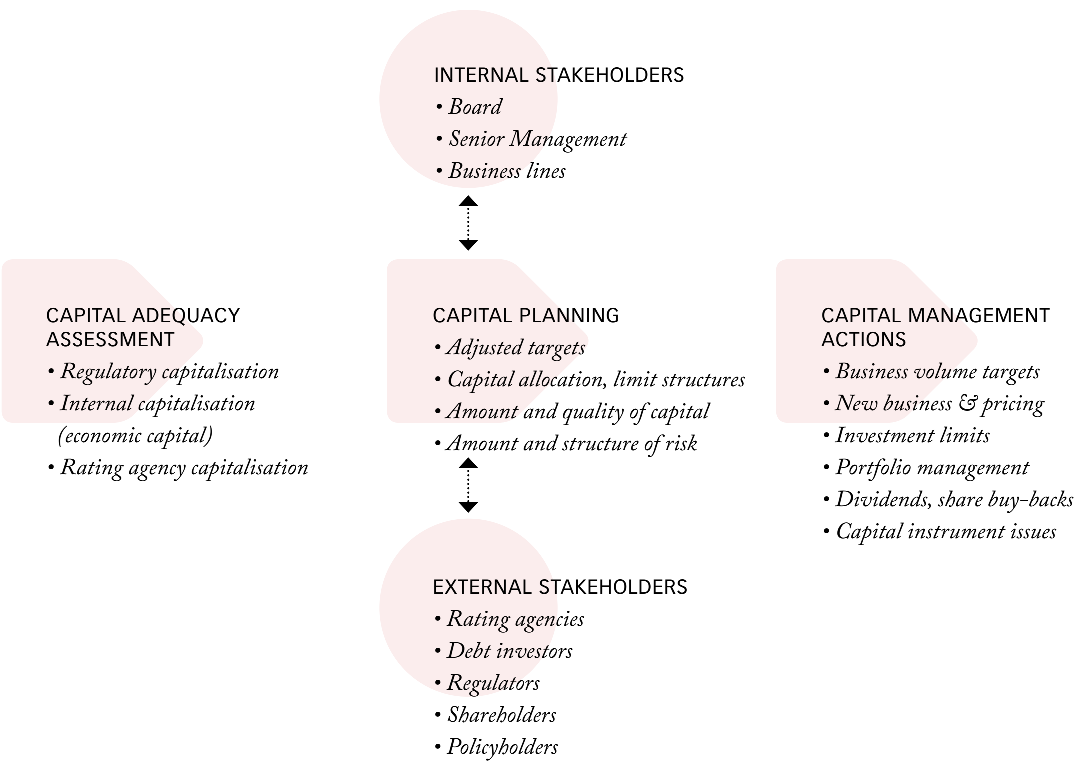
Capital Adequacy Assessment

The *current* capital adequacy is assessed by comparing the amount of available capital to the amount of capital required to bear the risks arising from the current business activities. Internally, the assessment of capital has three phases. First, economic capital is used to assess the capital required by the current activities. Second, the less quantifiable, low probability and high impact, risks as well as uncertainties related to the business environment are considered. Third, expected profitability is taken into account because earnings are the first buffer against potential losses.

The economic capital and adjusted solvency capital as well as the regulatory capital measures are disclosed quarterly. Rating agency capital measures are also calculated regularly, but they are not disclosed.

Figure 6

Capital management process



Capital Planning

When assessing the *future* capital requirement, the views of the management and different stakeholders – regulators and supervisors, rating agencies, debt investors, policyholders and shareholders – are considered.

Managements' views and plans regarding the future development of the business and investment activities are used when analysing the future capital requirement. Within the planning process it is considered how changes either in business volumes and business mix or changes in existing risk factors may affect profitability, risks and capital needs. The results of these considerations are reflected in risk management and capitalisation recommendations to the business management and the Board of Directors. The recommendations are also affected by the external stakeholders' views on the capitalisation of Sampo Group.

Capital Management Actions

A prudent assessment of capital adequacy and a careful capital planning are important phases when creating an understanding of the actions that maintain a proper balance between capital and risks. However, Sampo Group believes that the proactive management of risks and capitalisation is the most important phase in the risk and capital management process. Risk limits and decision making authorisations are set up in a way that, together with profitability targets, they facilitate business and investment units to take well considered risks. The limits reflect the capital adequacy targets and risk appetite in general.

The capitalisation of Sampo Group and insurance subsidiaries during 2009 is described in the following chapter.

Sampo Group's Capitalisation in 2009

Sampo Group continuously monitors the balance of available capital and capital required. The amount of adjusted solvency capital is compared to economic capital and regulatory solvency capital is compared to the regulatory capital requirement. Furthermore, rating agency capital targets for different ratings are compared to the respective rating agency measures of available capital.

The development of capitalisation in Sampo Group within the internal and regulatory perspectives during the year 2009 is shown below in Figure 7.

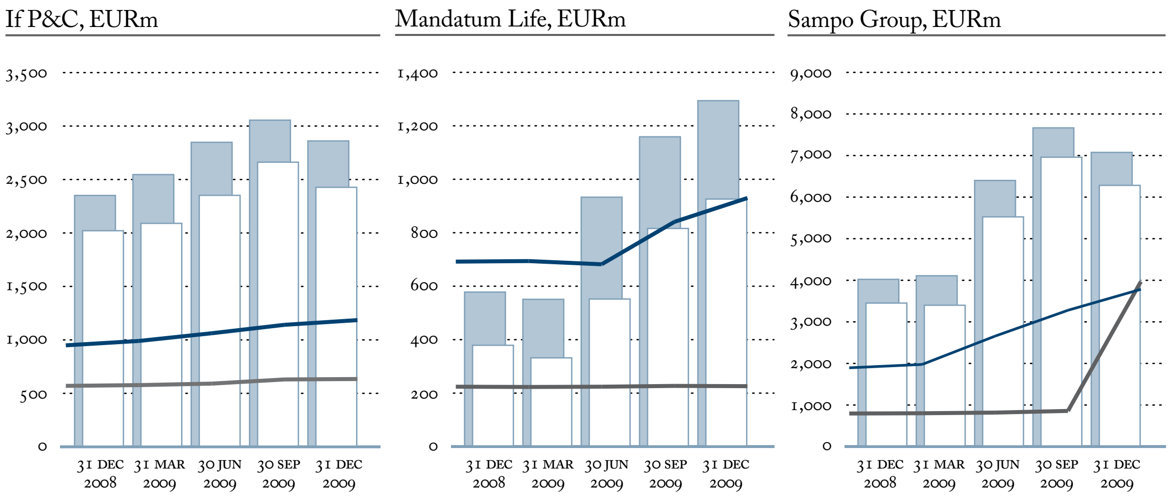
The capitalisation is described in more detail in the following subchapters.

Internal Capital Measures

Economic capital tied up in Sampo Group's operations on December 31, 2009 was EUR 3,783 million compared to EUR 1,895 million on 31 December, 2008. The increase in economic capital is mainly related to the overall increase of investment portfolio

Figure 7

Development of capitalisation in If P&C, Mandatum Life and Sampo Group during 2009



	If P&C 31 DEC 2008	31 MAR 2009	30 JUN 2009	30 SEP 2009	31 DEC 2009	Mandatum Life 31 DEC 2008	31 MAR 2009	30 JUN 2009	30 SEP 2009	31 DEC 2009	Sampo Group 31 DEC 2008	31 MAR 2009	30 JUN 2009	30 SEP 2009	31 DEC 2009
Adjusted solvency capital	2,351	2,546	2,848	3,055	2,861	578	551	933	1,159	1,294	4,023	4,109	6,401	7,666	7,076
Economic capital	949	990	1,062	1,141	1,185	692	694	682	841	930	1,895	1,976	2,657	3,279	3,783
Regulatory solvency capital	2,021	2,090	2,352	2,662	2,427	379	332	552	816	926	3,452	3,400	5,525	6,960	6,283
Regulatory capital requirement	570	577	591	630	634	224	223	224	227	226	796	802	818	858	3,968

and to the change in investment allocations. Investment allocations changed due to the increase of the values of equity and credit risk investments and due to the active investment decisions. The most important factor during the year was the sale of Sampo plc's short-term money market instruments to purchase Nordea shares.

Finally, the economic capital of Nordea has been used as the basis for economic capital calculation as from the fourth quarter instead of treating Nordea as an equity investment.

Although this has increased economic capital, the volatility of economic capital and adjusted solvency capital will be lower going forward.

Figure 8 shows the breakdown of economic capital in the Group between different risks and by the different business areas.

The distribution of economic capital has changed considerably from 2008. The most significant risk area for the Group in terms of economic capital in 2009 is credit risk. The main reason for the change is that in 2009, Nordea's economic capital is broken down into different risk areas whereas in 2008 the Nordea holding was affecting only market risk.

The breakdown of economic capital in insurance subsidiaries is further depicted in the Figure 9. The biggest risks are insurance risks related to P&C insurance and market risks in life insurance operations.

Adjusted solvency capital is compared with economic capital. The economic capital and adjusted solvency capital are presented in Table 1. The amount of adjusted solvency capital on the Group level exceeded the economic capital by EUR 3,294 million (EUR 1,438 million in 2008). On the basis of the calculations presented in Table 1, Sampo Group's capitalisation is strong.

Regulatory Capital Measures

Sampo Group reports its group solvency quarterly to the Finnish supervisory authorities monitoring Sampo Group. Subsidiaries' solvency is reported to the local supervisors.

The regulatory capital requirements and the regulatory solvency capital of If P&C and Mandatum Life are presented in Table 2. All of the companies fulfilled their regulatory capital requirement during the year 2009. Regulatory solvency capital, which is used to assess the solvency of an insurance company, is not calculated for the holding company Sampo plc.

The calculation of group solvency is broken down in Table 3. The group solvency ratio on 31 December 2009 was 158 per cent (434 per cent).

Rating Agency Capital Measures

If P&C Insurance Ltd. (publ) (Sweden) and If P&C Insurance Company Ltd. (Finland) are rated by Moody's and Standard & Poor's and Sampo plc by Moody's. The Group's main rating objective is to retain at least a single A rating for If P&C. The S&P rating model in If P&C is updated regularly. Sampo Group has a continuous dialogue with the rating agencies.

Figure 8

Breakdown of economic capital by different risks and by segment on 31 December 2009 and by different risks on 31 December 2008

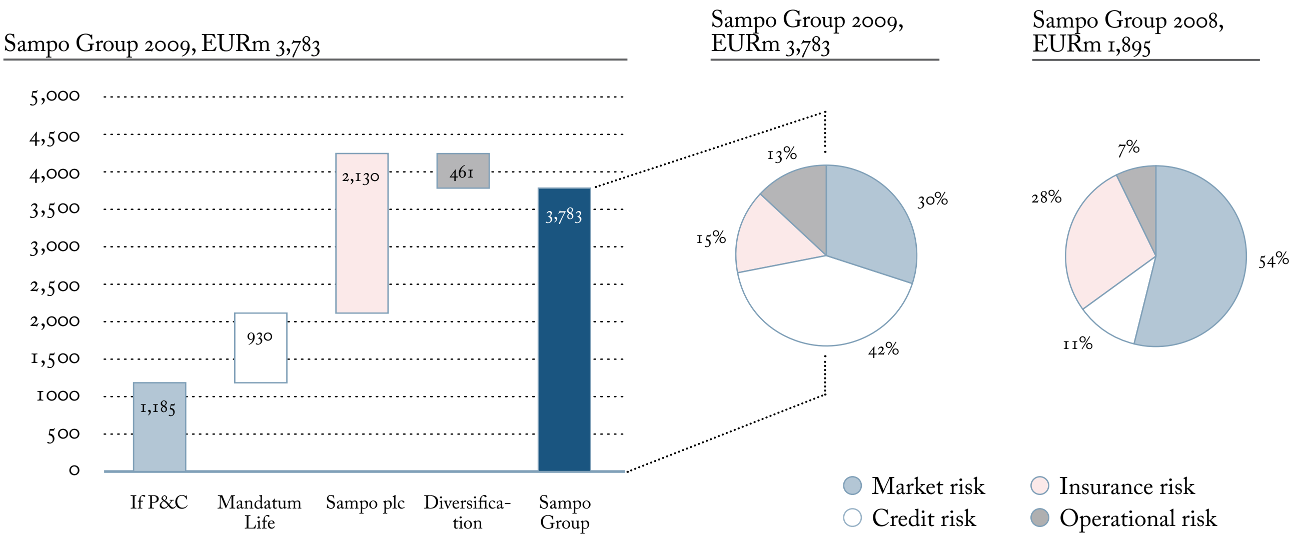


Figure 9

Economic capital in If P&C and Mandatum Life on 31 December 2009

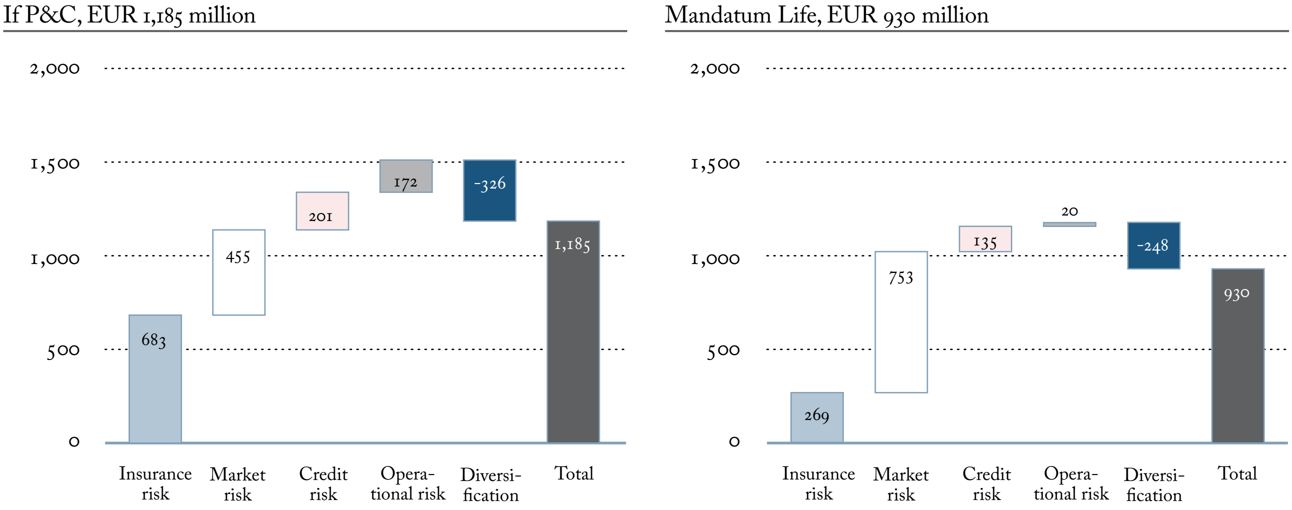


Table 1

Economic capital and adjusted solvency capital on 31 December 2009 and 2008

EURm	**31 DEC 2009** If P&C	**Mandatum Life**	**Sampo plc**	**Sampo Group**	31 DEC 2008 If P&C	Mandatum Life	Sampo plc	Sampo Group
Adjusted solvency capital	**2,861**	**1,294**	**-**	**7,076**	2,351	578	-	4,023
Economic capital	**1,185**	**930**	**2,130**	**3,783**	949	692	534	1,895

Table 2

Regulatory capital measures of If P&C and Mandatum Life on 31 December 2009 and 2008

EURm	**31 DEC 2009** If P&C	**Mandatum Life**	31 DEC 2008 If P&C	Mandatum Life
Regulatory capital requirement	**634**	**226**	570	224
Regulatory solvency capital	**2,427**	**926**	2,021	379

The official terminology for regulatory capital requirements differs between countries and companies. In the table, generic terms are used for simplicity.

Table 3

Group solvency according to the Act on the Supervision of Financial and Insurance Conglomerates (1193/2004) on 31 December 2009 and 31 December 2008

EURm	31 DEC 2009	31 DEC 2008
Group capital	**7,613**	4,631
Sectoral items	**1,545**	391
Valuation differences and deferred taxes	**369**	3
Subordinated loans	**287**	388
Share of Nordea's capital not included in Group capital*	**889**	-
Intangibles and other deductables	**-2,875**	-1,571
Intangibles (insurance companies)	**-688**	-663
Intangibles (Nordea)	**-1,179**	0
Equalisation provision (Finland)	**-348**	-333
Contingency reserve (Finland)	**-33**	-31
Other	**-66**	-94
Planned dividends for the current period	**-561**	-449
Solvency capital, total	**6,283**	3,452
Minimum requirements for solvency capital, total	**3,968**	796
Group solvency	**2,315**	2,656
Group solvency ratio (solvency capital % of minimum requirement)	**158%**	434%

In 2008 Group solvency was calculated according to the Decree of the Ministry of Social Affairs and Health (1106/2000).

* Includes Hybrid capital loans (EUR 363 million), Tier-2 capital (EUR 964 million), deductions for investments in insurance companies (EUR -236 million) and other items (EUR -201 million).

6 Insurance Risks

Insurance risk is the risk that the insurance claims will be higher than excepted.

P&C Insurance

P&C insurance risk can be assessed from two perspectives:

- *Underwriting Risk* is the risk that the claims cost for future claims exceeds the premium charged. Underwriting risk occurs due to unexpected deviations in the frequency of claims (i.e. the number of claims incurred during the period being higher than expected) and / or in the size of claims (i.e. claims when they occur being larger than anticipated). Such deviations can be purely random, i.e. an effect of the inherent volatility of the claims results. The deviations can also be the result of more systematic and permanent changes in e.g. inflation, legislation or exposures. Random deviations are typical in the Industrial insurance business, with claims which could potentially be very large, e.g. a fire in a large factory. Systematic deviations to a larger degree affect the Private business line, which is characterised by a large number of small claims and consequently a lower degree of random variation.
- *Reserve Risk* is the risk that technical provisions are not sufficient to cover the claims cost for already written business. Reserve risk is closely linked to underwriting risk and driven by the same types of underlying factors.

P&C insurance activities are subject to If P&C´s main underwriting principle; the company should always have the necessary knowledge, expertise and statistical data to understand and quantify the risks. If P&C mainly writes insurance agreements in the Nordic and Baltic countries, as well as policies for Nordic clients with operations outside the Nordic countries.

Underwriting Risk in P&C Insurance

P&C insurance undertakes the obligation to indemnify the insured in case of claims, and 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 correspondingly.

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

Sensitivity of profit and hence underwriting risk is presented by changes in certain key figures in Table 4.

Underwriting Risk 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. It sets general principles, restrictions, limits and directions for the 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 how to conduct underwriting within

Table 4

Sensitivity test of underwriting result, If P&C

Parameter	Current level (2009)	Change	Effect on pretax profit, EURm 2009	2008
Combined ratio, business area Private	**92.4%**	+/- 1 percentage point	**+/- 20**	+/- 20
Combined ratio, business area Commercial	**92.6%**	+/- 1 percentage point	**+/- 11**	+/- 12
Combined ratio, business area Industrial	**90.4%**	+/- 1 percentage point	**+/- 4**	+/- 5
Combined ratio, business area Baltics	**91.7%**	+/- 1 percentage point	**+/- 2**	+/- 2
Premium level	**3,646**	+/- 1 per cent	**+/- 36**	+/- 38
Claims frequency	**2,716**	+/- 1 per cent	**+/- 27**	+/- 28
Ceded reinsurance premium	**216**	+/- 10 per cent	**+/- 22**	+/- 24

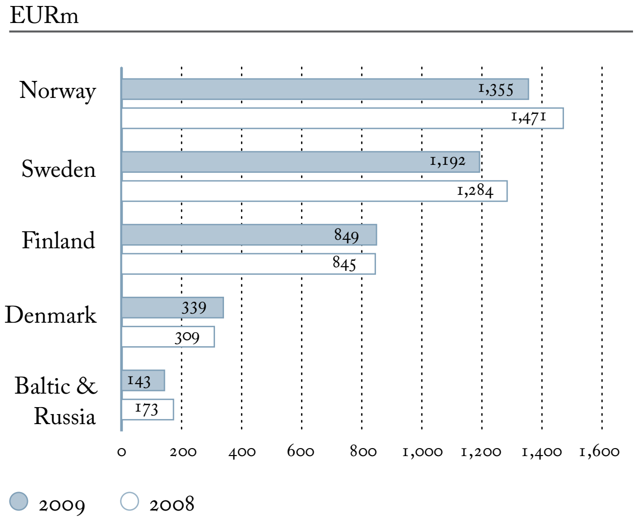
each business unit. These guidelines cover, among other things, tariff and rating models for pricing, guidelines in respect of standard conditions and manuscript wordings, as well as underwriting authorities, underwriting limits such as sums insured and lists risks that are not acceptable to undertake.

Risk Management and Control

The business units manage underwriting risk on a day-to-day basis. Separate underwriting and pricing units 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.

Figure 10

Premium income per country, If P&C, 2009 and 2008



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 is shown in Figure 10.

Regardless of the diversification, 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 2009 the retentions levels for different classes of insurance were between SEK 100 million (approximately EUR 9.8 million) and SEK 200 million (approximately EUR 19.5 million) per risk and SEK 200 million per event.

Reserve Risk in P&C Insurance

Technical provisions in P&C insurance always 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 determine the final indemnity.

Technical provisions are divided into the provision for unearned premiums and the provision for claims outstanding in the company's balance sheet. *Provisions for unearned premiums* are recognised 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.

The uncertainty of technical provisions is normally larger for new portfolios for which complete run-off statistics are not yet available and for portfolios that include long-tailed business. Examples of portfolios including long-tailed business are Workers' Compensation (WC), Motor Third Part Liability (MTPL), Personal Accident, and Liability insurance.

Figure 11

Durations of technical provisions per product and country (book value), If P&C, 31 December 2009

Table 5

Technical provisions per product and country (book value), If P&C, 31 December 2009

	Sweden		Norway		Finland		Denmark		Total	
	EURm	Duration	EURm	Duration	EURm	Duration	EURm	Duration	EURm	Duration
Motor	2,060	7.3	815	3.1	799	8.7	121	2.6	3,795	6.5
Workers' compensation	0	0.0	371	5.6	995	9.6	258	5.8	1,624	8.1
Liability	292	3.0	154	3.6	107	3.4	79	2.9	632	3.2
Accident	212	5.5	275	3.2	83	1.9	49	2.5	619	3.7
Property	364	1.2	538	1.1	196	0.9	97	0.9	1,194	1.1
Cargo	38	0.9	27	0.9	31	1.1	10	0.8	106	0.9
Total	2,965	5.8	2,180	3.0	2,210	7.7	614	3.7	7,970	5.4

The expected 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.

In product lines such as MTPL and WC, legislation and hence the product features and risks, differ significantly between countries. For instance, 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 68 per cent.

Also, the technical provisions for many lines of business are sensitive to changes in inflation. Inflation risk refers to the risk that technical provisions increase due to higher inflation than expected. 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 taken into account in the investment strategy of If P&C. The sensitivity towards inflation differs between countries due to the different national rules.

The sensitivity of technical provisions to different risk factors on 31 December 2009 is presented in Table 6.

If P&C's technical provisions are further analysed by claims year in the claims cost trend tables before and after re-

Table 6

Sensitivities of technical provisions, If P&C

Technical provision item	Risk factor	Change in risk parameter	Country	Effect EURm 2009
Nominal reserves	Inflation increase	Increase by 1%-point	Sweden	**175.6**
			Denmark	**15.1**
			Norway	**81.1**
			Finland	**23.2**
Discounted reserves (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1%-point	Sweden	**48.1**
			Denmark	**7.9**
			Finland	**163.9**
Annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	**8.3**
			Denmark	**0.3**
			Finland	**17.1**

insurance. These are disclosed in the Note 27 to the Financial Statements.

Reserve Risk 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 the calculation of technical provisions 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.

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 adequacy of 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 calculating technical provisions include the Chain Ladder and the Bornhuetter-Fergusson methods combined with projections of number of claims and average claim costs.

Reinsurance

If P&C's Reinsurance Policy stipulates guidelines for the 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 analyse 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.

Life Insurance

Biometric Risks

Biometric risks in life insurance refer to the risk that the company has to pay larger mortality, disability or morbidity benefits to insured or that the company is obliged to pay pensions to the policy holder for a longer time (*longevity risk*) than the company has anticipated when pricing the policies.

These risks arise as many policies have long maturities and fixed prices. If the premiums turn out to be inaccurate and pricing cannot be changed afterwards, technical provisions have to be supplemented with an amount corresponding to the expected losses.

Table 7 shows the insurance risk result in Mandatum Life's Finnish life insurance policies. The ratio of the actual claims costs to the assumed was 87 per cent in 2009 (84 per cent in 2008). Sensitivity of the insurance risk result can also be assessed on the basis of the information in the table. For instance the increase of mortality by 100 per cent would increase the amount of benefit payments from EUR 15 million to EUR 30 million.

Longevity risk is the most critical biometric risk in Mandatum Life. Most of the longevity risk arises from the Group pension portfolio. The main mortality uncertainties in the Group pension portfolio are related to the socio-economical structure of the insured and the future mortality trend among the relatively old insured. In the 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 result and longevity trend is analysed regularly. The longevity risk result for the year 2009 was slightly negative (Table 7). The assumed life expectancy in all group pensions was revised in 2002 and in part of the portfolio in 2007.

Mortality risk result is positive (Table 7) and the mortality trend has been favourable to the company. The most significant risk that could adversely affect the mortality risk result is possible pandemics. At this stage, no reliable predictions of mortality in the case of pandemics are available.

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

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

In addition to the biometric risks described above, Mandatum Life is exposed to other risks such as discount rate risk, lapse risk and surrender risk which are described below.

Discount Rate Risk in Technical Provisions

Discount rate risk in technical provisions is the main risk affecting the adequacy of technical provisions. The guaranteed interest rate in policies is fixed for the whole policy period. Thus, if market interest rates and expected investment returns fall, technical provisions may have to be supplemented. Interest rate risk of assets and liabilities is further discussed in the *Market and ALM risks* section of this Annual Report.

In most with-profit policies, the guaranteed interest rate is 3.5 per cent. In individual policies sold in Finland before 1999, the guaranteed interest rate is 4.5 per cent, which is also the statutory maximum discount rate of these policies. With respect to these policies, the maximum discount rate used when discounting liabilities has been decreased to 3.5 per cent. As a result, technical provisions have been supplemented with EUR 95 million (EUR 119 million in year 2008).

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 2009.

Table 9 shows the expected maturity and duration of insurance and investment contracts of Mandatum Life. The sensitivity of technical provisions to changes in discount rates can be assessed on the basis of the durations shown in the table.

Other Risks

The most significant other risks arise from the uncertainty related to the behaviour of the policyholders. The policyholders have the right to cease paying premiums (lapse risk) and the possibility to interrupt their policies (surrender risk). The expense result of individual unit-linked pension policies is most exposed to lapse risk. Surrender risk also increases the uncertainty of the expense result, but it mainly affects the company's ALM risk. For Mandatum Life, the effect of surrender risk on ALM exposure is immaterial because in Mandatum Life, approximately 90 per cent of with-profit policies are pension policies in which surrender is possible only in exceptional cases. For ALM risk, surrender risk is therefore only relevant in individual life and capital redemption policies. In these policies, the risk is reduced by the relatively short maturity of the contracts. Furthermore, the supplements to liabilities are not paid out at surrender.

Surrender and lapse risks are taken into account when the company is analysing its ALM risk. This is described in more detail in the *Market and ALM* risk section.

Table 7

Claim ratios of Mandatum Life after reinsurance

	2009			2008		
EURm	**Risk income**	**Claim expense**	**Claim ratio**	Risk income	Claim expense	Claim ratio
Life insurance	**40.5**	**24.8**	**61%**	36.2	23.5	65%
Mortality	**26.8**	**15.4**	**57%**	23.2	15.0	65%
Morbidity	**13.7**	**9.4**	**69%**	13.0	8.5	65%
Pension	**49.9**	**53.9**	**108%**	51.7	50.7	98%
Individual pension	**9.9**	**10.4**	**105%**	9.1	9.7	106%
Group pension	**40.0**	**43.5**	**109%**	42.6	41.1	96%
Mortality*	**34.9**	**39.4**	**113%**	36.7	37.1	101%
Disability	**5.1**	**4.1**	**80%**	5.9	4.0	68%
Mandatum Life	**90.4**	**78.7**	**87%**	87.9	74.2	84%

* Note: the 2008 figures are reproduced by adding the employees' group life which was excluded in 2008 figures.

The company is also exposed to expense risk because loadings may not be enough to cover the realised expenses.

Risk Management and Control
Biometric risks are managed by careful risk selection, by pricing to reflect the risks and costs, by setting upper limits for the protection granted and by reinsurance.

Reinsurance is used to limit the amount of individual mortality and disability risks. 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 jointly by Finnish life insurance companies. Possible pandemics are not covered by the reinsurance.

Technical provisions are analysed and the possible supplement needs are assessed regularly. Assumptions related to the liabilities are reviewed annually.

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.

The actuarial department conducts thorough analyses of underwriting result annually. It measures the efficiency of risk selection and adequacy of tariffs 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. Also administration and acquisition expenses are monitored annually.

In addition, adequacy of liabilities is tested quarterly. If seen necessary, tariffs are set, the underwriting policy is updated and changes are made to the provisions relating to existing business. Tariffs and prices, as well as the reinsurance principles and reserving principles are reviewed and approved annually by the Board of Directors.

Table 8

Analysis of the change in provisions in Mandatum Life, 2009

Liabilities arising from insurance and investment contracts of Mandatum Life Group*

EURm	Liability 2008	Premiums	Claims paid***	Expense charges	Guaranteed interest	Bonuses	Other	Liability 2009	Share %
MANDATUM LIFE PARENT COMPANY									
Group pension	2,450	111	-185	-10	83	15	-9	2,456	36%
Guaranteed rate 3.5%	2,423	101	-182	-9	82	15	-11	2,419	36%
Guaranteed rate 2.5% or 0.0%	28	10	-3	-1	1	1	2	37	1%
Individual pension insurance	1,400	43	-122	-8	60	2	8	1,383	20%
Guaranteed rate 4.5%	1,234	28	-109	-7	54	0	0	1,202	18%
Guaranteed rate 3.5%	142	9	-10	-1	5	1	4	150	2%
Guaranteed rate 2.5% or 0.0%	24	6	-3	0	1	1	4	32	0%
Individual life insurance	367	46	-62	-10	13	1	-3	351	5%
Guaranteed rate 4.5%	91	15	-22	-2	4	0	1	87	1%
Guaranteed rate 3.5%	230	14	-32	-4	8	1	-3	214	3%
Guaranteed rate 2.5% or 0.0%	46	18	-9	-4	1	1	-2	51	1%
Capital redemption operations**	62	20	-27	0	2	0	-1	57	1%
Guaranteed rate 4.5%	5	0	-7	0	0	0	1	0	0%
Guaranteed rate 3.5%	48	20	-19	0	2	0	-1	49	1%
Guaranteed rate 2.5% or 0.0%	9	0	-1	0	0	0	-1	8	0%
Unit-linked liabilities	1,579	514	-141	-24	0	0	332	2,259	33%
Individual pension insurance	424	97	-4	-11	0	0	140	646	10%
Individual life	937	104	-109	-8	0	0	108	1,032	15%
Capital redemption operations**	99	279	-27	-2	0	0	49	398	6%
Group pension	119	35	-2	-3	0	0	35	183	3%
Future bonus reserves	17	0	0	0	0	0	2	18	0%
Reserve for decreased discount rate	119	0	0	0	0	0	-24	95	1%
Assumed reinsurance	4	2	0	0	0	0	-2	3	0%
Other liabilities	48	31	-13	-11	1	0	-8	49	1%
MANDATUM LIFE PARENT COMPANY TOTAL	6,046	766	-549	-63	158	18	294	6,671	98%
SUBSIDIARY SE SAMPO LIFE INSURANCE BALTIC	77	43	-16	-3	1	0	17	119	2%
Unit-linked liabilities	58	38	-12	-2	0	0	19	101	1%
Other liabilities	19	5	-4	-1	1	0	-2	18	0%
MANDATUM LIFE GROUP TOTAL	6,123	809	-564	-66	159	18	311	6,790	100%

* Before reinsurers' share

** Investment contracts

*** Operating expenses not included

Table 9

Expected maturity of insurance and investment contracts, Mandatum Life, 31 December 2009

Maturity of insurance and investment contracts of Mandatum Life Group*

EURm	Duration	2010–2011	2012–2013	2014–2018	2019–2023	2024–2028	2029–2033	2034–
MANDATUM LIFE PARENT COMPANY								
Group pension	9.6	385	363	796	640	485	350	566
Guaranteed rate 3.5%	9.6	377	358	785	632	480	346	558
Guaranteed rate 2.5% or 0.0%	8.5	8	6	11	7	5	4	8
Individual pension insurance	6.7	319	327	529	306	187	98	96
Guaranteed rate 4.5%	6.6	284	291	465	268	161	81	78
Guaranteed rate 3.5%	7.5	28	30	54	32	22	15	14
Guaranteed rate 2.5% or 0.0%	7.4	7	6	9	6	4	2	4
Individual life insurance	5.5	130	87	90	40	28	19	40
Guaranteed rate 4.5%	7.1	22	20	33	15	11	7	15
Guaranteed rate 3.5%	4.6	96	57	39	18	12	9	21
Guaranteed rate 2.5% or 0.0%	6.2	12	10	18	7	5	3	4
Capital redemption operations**	1.6	53	1	0	3	2	0	0
Guaranteed rate 4.5%	0.0	0	0	0	0	0	0	0
Guaranteed rate 3.5%	0.8	50	0	0	0	0	0	0
Guaranteed rate 2.5% or 0.0%	6.8	3	1	0	3	2	0	0
Unit-linked liabilities	7.5	461	356	587	350	263	228	260
Individual pension insurance	11.5	27	54	153	144	124	93	117
Individual life	4.7	338	220	280	88	56	39	41
Capital redemption operations**	7.7	84	66	108	71	43	66	44
Group pension	12.4	11	16	46	48	40	30	58
Future bonus reserves	1.0	18	0	0	0	0	0	0
Reserve for decreased discount rate	6.2	18	17	28	16	8	4	4
Assumed reinsurance	0.5	3	0	0	0	0	0	0
Other liabilities	0.9	43	5	2	0	0	0	0
MANDATUM LIFE PARENT COMPANY TOTAL	7.9	1,430	1,156	2,032	1,355	975	698	965
SUBSIDIARY SE SAMPO LIFE INSURANCE BALTIC		36	16	30	25	10	5	8
Unit-linked liabilities		33	13	24	20	8	4	7
Other liabilities		3	4	6	5	2	1	1
MANDATUM LIFE GROUP TOTAL		1,466	1,172	2,062	1,380	985	703	973

* Before reinsurers' share

** Investment contracts

7 Market and ALM risks

Market risks refer to the effects of fluctuations in the value of investments or technical provisions on the Group's results or value of the balance sheet. For investments, the most significant market risks are equity, interest rate and credit risks. For technical provisions the most significant market risks are interest rate and inflation risks. *ALM risk* arises when the effects of market risks for investment assets are different from what they are for technical provisions. ALM risk is caused by differences in the sensitivity of investments and technical provisions to interest rates, inflation and foreign exchange rates. These differences are mainly attributable to differences in cash flows. The cash flows of technical provisions are modelled estimates and therefore uncertain in relation to both their timing and amount. ALM risk therefore also arises from this uncertainly.

The basis for market risk management is that the subsidiaries analyse their respective ALM risks. These are then taken into account together with capitalisation when managing the companies' investment portfolios.

In this section, the general principles for market risk management are presented, the Group's ALM risks are described and finally the market risks from a pure investment portfolio perspective are described.

Market Risk Management and Control in Sampo Group

The following principles for market risk management are applied in Sampo Group:

- *The structure of liabilities.* Each subsidiary's technical provisions are modelled and analysed regularly to form an understanding of their expected future cash flows and their sensitivities to changes in different factors such as inflation, interest rates and currencies.
- *Risk bearing capacity.* The solvency position and the holding company's capacity to capitalise are reflected in risk taking. When the solvency position is strong, market views can more freely be utilised in investment 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 the general risk appetite are taken into account.

- *Investment management.* Market risks are managed actively within the limitations stemming from the liabilities´ features and the solvency situation. Sampo Group has a thorough understanding of Nordic markets and issuers and consequently Sampo Group's direct investments are mainly made into Nordic securities. When investing in non-Nordic securities fund investments are often used. These funds are primarily used as a tool in tactical asset allocation and secondarily to increase diversification. Maintaining good diversification among various asset classes and within each asset class is a goal in investment activities.
- *Investment policies and separate controlling bodies.* The Boards of Directors of If P&C and Mandatum Life annually approve the companies' Investment Policies, which define investment portfolio allocations and their limits, the risk governance of investment activities and the decision making authorisations. The Investment Policies also include other guidelines of investment management like the use of derivatives and management of foreign currency risk. The Board of Directors in If P&C appoints ICC and the Board of Directors in Mandatum Life appoints ALCO. These committees are responsible for the control of investment activities within the respective legal entity.
- *Centralised investment management.* If P&C and Mandatum Life have outsourced part of their investment management activities. Sampo plc's Chief Investment Officer is responsible for all investments within the limitations of the companies' Investment policies. The investment administration units have a common Group-wide infrastructure for performance and risk reporting.
- *Independent risk control.* Market risk control is separated from portfolio management activities. Middle-office functions measure risks and performance and control limits on a daily basis. Market risks and limits are controlled by the ICC and ALCO in If P&C and Mandatum Life, respectively, on a monthly basis. The aggregated market risks on Sampo Group level are controlled by the Group's Audit Committee at least quarterly.
- *Regulatory rules.* Local regulatory rules are always taken into account in investment activities.

Market Risk Management and Control in P&C Insurance

If P&C's approach in market risk management has been defined in accordance with the above described group wide principles.

First a neutral fixed income investment portfolio with features (in terms of nominal and real yields, durations and currencies) corresponding to the technical provisions is defined. The ALM framework is then used to derive a replicating investment allocation, because in practice, there are often no perfect replicates available for all liability types. For instance, sufficiently long-term inflation-linked instruments may not be available in all currencies. In these cases, techniques are used to create portfolios from available instruments that are good approximations of the neutral portfolio.

The *investment allocation for surplus capital* is based on risk-return optimisation. In order to enhance returns with acceptable risks, this portfolio may also contain equities in addition to fixed income investments.

Investment allocations and limits are defined in If P&C's Investment Policy. When the investment allocation and limits are decided, the above described *replicating investment allocation* and the *investment allocation for surplus capital* as well as the capitalisation and strategic market view are taken into account. Within the limits set in the Investment Policy, investments are managed actively by utilising market views.

Market Risk Management and Control in Life Insurance

In Mandatum Life, the approach to market risk management is also based on an ALM-analysis of technical provisions. A common feature for all with-profit liabilities is the guaranteed rate and bonuses based on principle of fairness. The cash flows of Mandatum Life´s liabilities are relatively well predictable because in most of the company's with-profit products, surrenders and extra-investments are not possible. The company's liabilities are not exposed to inflation risk. Inflation risk in Mandatum Life is related to administrative expenses only.

The long-term target for investments is to provide sufficient return to cover the guaranteed interest rate plus bonuses based on principle of fairness as well as the shareholder's return requirement with acceptable level of risk. In order to enhance returns, the company actively manages its investment portfolio. Mandatum Life's market risk arises mainly from ALM-risk and also from the equity and credit risks related to investments.

The Board approves the Investment Policy annually, which sets principles and limits for investment activities. The Investment Policy also includes measures and limits for maximum acceptable market risk. These measures and limits are based on both Solvency I and Solvency II type approaches. The general objective is to maintain the required solvency and to ensure that investments are sufficient and eligible for covering technical provisions.

Sampo plc's investment organisation makes the day-to-day investment decisions based on principles set in Mandatum Life's Investment Policy. The ALCO regularly controls that limits and principles defined in the Investment Policy are followed.

Market Risk Management and Control in Holding

Sampo plc's risks are mainly indirect risks arising from it's holdings in subsidiaries and the associated company. Interest rate risk arising from the company's gross debt and the liquidity reserve invested into short-term money market securities is the company's most significant market risk. Most of Sampo plc's debt is tied to short-term reference rates. This mitigates the Group-level interest rate risk because while lower interest rates would reduce subsidiaries' investment returns in the long-term, the interest expense in Sampo plc would be lower. Market risks related to Sampo plc's investment portfolio are monitored and regularly reported to the company's Board of Directors and the Audit Committee.

ALM Risks in Sampo Group

In Sampo Group, ALM risks are analysed regularly. These analyses are used as an input for investment and business decisions. According to the Investment Policies in Sampo Group's insurance subsidiaries, the composition of investment assets shall take into account the nature of the insurance commitments with respect to currency, interest rate and inflation risk.

ALM Risk in If P&C

Most of the technical provisions in P&C insurance are stated in the balance sheet in nominal terms. For annuities in Finland, Sweden and Denmark, the reserves 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 market interest rate environment. Hence, from an accounting perspective, the company is mainly exposed to changes in expected future claims inflation and in the regulatory discount rate.

The economic value of these reserves, i.e. the present value of future claims payments, is however exposed to changes in market interest rates. The sensitivity of this economic value to changes in market interest rates can be approximated with duration. The weighted average duration of If P&C's insurance liabilities was 5.4 years (6.0 years in 2008). The duration of fixed income investments was 2.5 years at year end (3.1 years in 2008).

The duration of fixed income investment is presented in more detail in Table 13 in the *fixed income investments* section. The duration of technical provisions and thus the sensitivity to changes in interest rates is analysed 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 18 in the *liquidity risk* section.

ALM Risk in Mandatum Life

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. The probability of 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.

Mandatum Life has prepared for low interest rates on the liability side by e.g. reducing the minimum guaranteed interest rate in new contracts and by supplementing the technical provisions by applying a lower discount rate. In addition, existing contracts have been changed to accommodate improved management of reinvestment risk.

The weighted average duration of Mandatum Life's insurance liabilities (excluding unit-linked liabilities) was 7.9 years (7.9 years in 2008). The duration of fixed income investments was 2.6 years at year end (3.6 years in 2008).

The duration of fixed income investment is presented in Table 13 in the *fixed income investments* section. 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 18 in the *liquidity risk* section.

Sensitivity Analysis of Financial Assets and Liabilities

Table 10 shows the sensitivity analysis of the fair values of financial assets and financial liabilities given different market risk scenarios. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 December, 2009.

The sensitivity of financial assets and liabilities to changes in foreign exchange rates is assessed on business area level because the base currencies are different. In P&C insurance, 10 percentage point depreciation of all other currencies against SEK would have resulted in an effect recognised in profit/loss of EUR 3 million and in an effect recognised directly in equity of EUR 6 million. In life insurance, 10 percentage point depreciation of all other currencies against EUR would have resulted in an effect recognised in profit/loss of EUR 28 million and in an effect recognised directly in equity of EUR -49 million. In holding, 10 percentage point depreciation of all other currencies against EUR would have resulted in an effect recognised in profit/loss of EUR -43 million and in an effect recognised directly in equity of EUR -3 million.

Further, the sensitivity can be measured by examining the sensitivity of the capital position. In Table 11 the total sensitivity of equity is shown separately for the insurance subsidiaries together with the corresponding effect on the discounted value of liabilities, adjusted solvency capital and economic capital. For example a rise in interest rates 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 value of insurance liabilities would fall as a result of applying a higher discount rate. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values as of 31 December, 2009.

The sensitivity of capitalisation to changes in foreign exchange rates is assessed on business area level. In P&C insurance 10 percentage point depreciation of all other currencies against the base currency SEK would have resulted in a EUR 9 million increase in equity. In life insurance and holding, 10 percentage point depreciation of all other currencies against the base currency EUR would have resulted in a EUR 21 million and a EUR 46 million decrease in equity, respectively.

Market Risks Related to the Investments in Sampo Group

The amount of investment assets excluding Nordea holding was EUR 16,593 million (16,502 million in 2008 including Nordea). The investment allocations of Sampo Group are shown in Figure 12.

The investments of Mandatum Life's Baltic subsidiary are included in Mandatum Life's investment assets as an equity,

Table 10

Sensitivity analysis of the fair values of financial assets and liabilities, Sampo Group, 31 December 2009

	Interest rate		Equity	Other financial investments
EURm	1% parallel shift down	1% parallel shift up	20% fall in prices	20% fall in prices
Effect recognised in profit/loss	-18	6	-5	-8
Effect recognised directly in equity	331	-313	-469	-109
Total effect	312	-307	-474	-117

The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes. The debt issued by Sampo plc is not included.

Table 11

Sensitivity analysis of capitalisation to market risks on 31 December 2009

	Interest 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	239	-225	-227	-12
Life Insurance	71	-80	-247	-98
Holding	2	-2	0	-6
Total effect on equity	312	-307	-474	-117
Change in liability side adjustment	-879	575	16	6
Effect on adjusted solvency capital	-567	272	-458	-98
Effect on economic capital	-3	-87	-104	-25

The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes. The debt issued by Sampo plc as well as the sensitivity related to Nordea are not included.

unless otherwise indicated. Mandatum Life's reported investment assets include fixed income investments issued by If P&C of EUR 43.5 million.

Sampo Group mainly invests into fixed income assets. Fixed income assets are further broken down in Table 12 and in Figure 13.

During 2009, the major change in the investment portfolio of Sampo Group was the increase of equity investments. The increase in the proportion of equity in the investment portfolio is due to the rise in equity prices as well as net purchases. At year end, the proportion of equity investments of all investments was 14.4 per cent excluding Nordea shares (7.4 per cent in 2008). The fair value of Nordea shares at the end of 2009 was EUR 5,756 million (EUR 1,602 million in 2008).

If P&C's investment operations generated a return of 12.4 per cent in 2009 (-3.1 per cent in 2008). The investment assets amounted to EUR 10,654 million (8,956 million in 2008). The proportion of equities in the investment portfolio increased from 4.9 per cent to 10.7 per cent during the year, while the proportion of fixed income investments decreased from 94.5 per cent to 88.8 per cent.

The investment return of Mandatum Life in 2009 was 16.8 per cent (-7.8 per cent in 2008). The amount of investment assets was EUR 5,449 million (4,728 million in 2008). The proportion of equities in the investment portfolio increased from 12.3 per cent to 22.7 per cent during the year, while the proportion of fixed income investments decreased from 77.7 per cent to 68.7 per cent. The proportion of other investments was 8.6 per cent (10.0 per cent in 2008).

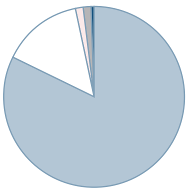
At the beginning of the year 2009, Sampo plc had a substantial amount of short-term money market investments that were used for purchases of Nordea shares during the year.

The composition of investment assets in Sampo Group, If P&C and Mandatum Life by industry sectors and ratings for fixed income investments is shown in Table 12.

Figure 12

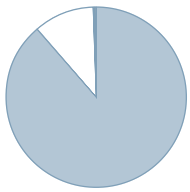
Allocation of investment assets, Sampo Group, If P&C and Mandatum Life, 31 December 2009

Sampo Group, EUR 16,593 million



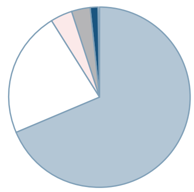
- Fixed income 82.2%
- Equities 14.4%
- Private equity 1.5%
- Real estate 1.3%
- Hedge funds 0.5%
- Commodities 0.0%

If P&C, EUR 10,654 million



- Fixed income 88.8%
- Equities 10.7%
- Private equity 0.3%
- Real estate 0.2%

Mandatum Life, EUR 5,449 million



- Fixed income 68.7%
- Equities 22.7%
- Private equity 3.9%
- Real estate 3.2%
- Hedge funds 1.6%
- Commodities 0.0%

Table 12

Investment allocation according to asset classes, industry sectors and fixed income investments according to rating, Sampo Group, If P&C and Mandatum Life, 31 December 2009

Allocation of fixed income and equity investments to sectors, fixed income investments broken down by rating, Sampo Group

EURm	AAA	AA+ – AA–	A+ – A–	BBB+ – BBB–	BB+ – C	D	Not rated	Fixed income total	Equities	Other	Derivatives (Counterparty Risk)	Total
Asset-backed securities	0	0	3	2	0	0	10	16	0	0	0	16
Basic Industry	0	0	4	123	421	0	198	746	171	4	0	921
Capital Goods	21	3	169	46	32	0	37	310	382	0	0	691
Consumer Products	0	6	44	300	13	0	48	410	247	7	0	664
Covered bonds	2,903	84	0	1	0	0	0	2,987	0	0	0	2,987
Energy	0	22	0	21	26	0	381	449	24	0	0	473
Financial institutions	265	1,398	2,989	296	133	0	51	5,132	17	19	64	5,233
Governments	1,033	12	28	1	3	0	10	1,087	0	0	0	1,087
Index-linked bonds	530	3	126	54	21	0	10	745	0	0	0	745
Insurance	0	0	27	34	0	0	25	86	214	0	0	299
Media	0	0	0	0	7	2	0	9	62	0	0	71
Municipalities	66	0	0	0	0	0	0	66	0	0	0	66
Real estate	0	0	0	0	0	0	53	53	0	183	0	237
Services	0	0	0	27	29	0	11	66	49	0	0	115
Technology and Electronics	0	0	0	27	0	0	9	36	97	0	0	133
Telecommunications	0	0	110	129	17	0	0	257	37	0	0	294
Transportation	0	0	0	0	58	0	199	257	17	0	0	274
Utilities	0	13	373	92	0	0	0	479	37	0	0	516
Others	0	0	12	0	0	0	62	74	33	1	0	108
Funds	0	0	0	0	244	0	22	267	1,002	414	0	1,683
Total	4,818	1,541	3,886	1,153	1,005	2	1,125	13,530	2,389	628	64	16,611

Allocation of fixed income and equity investments to sectors, fixed income investments broken down by rating, If P&C

EURm	AAA	AA+ – AA–	A+ – A–	BBB+ – BBB–	BB+ – C	D	Not rated	Fixed income total	Equities	Other	Derivatives (Counterparty Risk)	Total
Asset-backed securities	0	0	0	0	0	0	0	0	0	0	0	0
Basic Industry	0	0	0	72	105	0	150	327	80	0	0	407
Capital Goods	21	0	35	0	32	0	37	126	240	0	0	366
Consumer Products	0	6	0	225	13	0	47	290	198	0	0	488
Covered bonds	2,814	37	0	1	0	0	0	2,851	0	0	0	2,851
Energy	0	7	0	21	26	0	370	423	11	0	0	434
Financial institutions	265	678	1,513	218	72	0	48	2,794	0	0	20	2,814
Governments	1,022	12	7	1	0	0	10	1,052	0	0	0	1,052
Index-linked bonds	530	3	126	54	21	0	10	745	0	0	0	745
Insurance	0	0	0	17	0	0	0	17	179	0	0	197
Media	0	0	0	0	7	2	0	9	0	0	0	9
Municipalities	66	0	0	0	0	0	0	66	0	0	0	66
Real estate	0	0	0	0	0	0	33	33	0	35	0	68
Services	0	0	0	20	17	0	11	48	3	0	0	51
Technology and Electronics	0	0	0	10	0	0	9	19	6	0	0	25
Telecommunications	0	0	59	38	17	0	0	114	27	0	0	141
Transportation	0	0	0	0	58	0	168	226	3	0	0	229
Utilities	0	0	189	26	0	0	0	215	1	0	0	216
Others	0	0	0	0	0	0	36	36	21	0	0	57
Funds	0	0	0	0	0	0	22	22	367	90	0	480
Total	4,718	742	1,930	702	369	2	951	9,414	1,136	125	20	10,695

Allocation of fixed income and equity investments to sectors, fixed income investments broken down by rating, Mandatum Life

EURm	AAA	AA+ – AA–	A+ – A–	BBB+ – BBB–	BB+ – C	D	Not rated	Fixed income total	Equities	Other	Derivatives (Counterparty Risk)	Total
Asset-backed securities	0	0	3	2	0	0	10	16	0	0	0	16
Basic Industry	0	0	4	51	316	0	48	419	91	4	0	514
Capital Goods	0	3	134	46	0	0	0	183	142	0	0	325
Consumer Products	0	0	44	75	0	0	1	120	49	7	0	175
Covered bonds	89	47	0	0	0	0	0	136	0	0	0	136
Energy	0	15	0	0	0	0	11	26	13	0	0	39
Financial institutions	0	711	1,048	78	60	0	0	1,897	17	19	44	1,977
Governments	11	0	21	0	3	0	0	35	0	0	0	35
Index-linked bonds	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	27	17	0	0	25	69	17	0	0	86
Media	0	0	0	0	0	0	0	0	62	0	0	62
Municipalities	0	0	0	0	0	0	0	0	0	0	0	0
Real estate	0	0	0	0	0	0	20	20	0	135	0	155
Services	0	0	0	7	11	0	0	18	46	0	0	64
Technology and Electronics	0	0	0	17	0	0	0	17	91	0	0	108
Telecommunications	0	0	51	91	0	0	0	142	10	0	0	153
Transportation	0	0	0	0	0	0	31	31	14	0	0	45
Utilities	0	13	183	66	0	0	0	263	36	0	0	300
Others	0	0	12	0	0	0	26	38	11	0	0	49
Funds	0	0	0	0	244	0	0	244	635	306	0	1,186
Total	100	789	1,528	451	636	0	171	3,675	1,235	471	44	5,425

In the tables, interest rate funds are categorised according to their average rating. Regarding derivatives, only netted positive market values of OTC derivatives are presented. The fixed income investments of If P&C include Credit Default Swaps, which decrease the reported exposure by EUR 45 million. The fixed income investments of If P&C exclude an interest rate fund investment of EUR 66 million which is included in the category Other.

Fixed income investments

Figure 13 presents the breakdown of fixed income investments of Sampo Group by type of instruments. During 2009, the proportion of money market securities and cash decreased from 22 per cent to 14 per cent. The proportion of high yield bonds increased to 14 per cent (11 per cent in 2008).

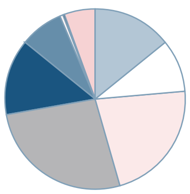
The interest rate sensitivity, i.e. duration, of fixed income investments of Sampo Group is shown in Table 13. The duration of fixed income investments in If P&C was 2.5 years (3.1 years in 2008). The duration of fixed income investments in Mandatum Life was 2.6 years (3.6 years in 2008).

In order to mitigate the interest rate risk of the balance sheet, Mandatum Life has interest rate swap agreements with nominal amounts of EUR 1.1 billion at the end of 2009. For these swaps, Mandatum Life pays short-term floating rate and receives fixed interest rate (average 4.7 per cent). The fair value of these swaps was EUR 60 million at year-end and they have a maturity that range between 2 months and 4 years.

Figure 13

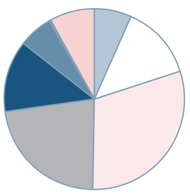
Market value of fixed income investments by type of instrument,
Sampo Group, If P&C and Mandatum Life, 31 December 2009

Sampo Group, EUR 13,642 million



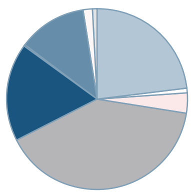
- Money market securities and cash 14.2%
- Government bonds 9.6%
- Covered bonds 21.9%
- Investment grade bonds 26.7%
- High yield bonds 13.6%
- Asset backed securities 0.1%
- Sub-ordinated loans 7.6%
- Interest rate derivatives 0.7%
- Policy loans 0.2%
- Swedish index-linked bonds 5.5%

If P&C, EUR 9,458 million



- Money market securities and cash 6.8%
- Government bonds 13.5%
- Covered bonds 30.1%
- Investment grade bonds 22.6%
- High yield bonds 12.8%
- Sub-ordinated loans 6.1%
- Interest rate derivatives 0.3%
- Swedish index-linked bonds 7.9%

Mandatum Life, EUR 3,743 million



- Money market securities and cash 23.3%
- Government bonds 0.8%
- Covered bonds 3.6%
- Investment grade bonds 40.0%
- High yield bonds 17.3%
- Asset backed securities 0.4%
- Sub-ordinated loans 12.1%
- Interest rate derivatives 1.8%
- Policy loans 0.7%

Table 13

Duration of fixed income investments If P&C and Mandatum Life, 31 December 2009

	If P&C		Mandatum Life	
	EURm	Duration	EURm	Duration
Money market securities and cash	644	0.2	870	0.1
Government bonds	1,273	3.3	31	3.5
Covered bonds	2,850	2.8	136	4.9
Investment grade bonds	2,141	1.9	1,497	2.5
High yield bonds	1,206	0.9	648	3.2
Asset backed securities	0	0.0	16	1.5
Sub-ordinated loans	576	1.4	452	2.2
Interest rate derivatives	24	1.9	68	1.5
Policy loans	0	0.0	24	0.2
Swedish index-linked bonds	745	7.8	0	0.0
Total	9,458	2.5	3,743	2.6

In the calculation of weighted average duration, nominal amount of interest rate derivatives are used instead of the fair values, which are presented in the table.

Equity investments

The equity investments of Sampo Group totalled EUR 2,389 million at year-end excluding Nordea. (2,706 million in 2008, 1,104 million excluding Nordea).

If P&C's equity portfolio is invested with a long term investment horizon. At year end the exposure was EUR 1,136 million (439 million in 2008). The proportion of equities in If P&C's investment portfolio was 10.7 per cent at year-end. The equity portfolio consists of listed shares of Nordic companies as well as a global fund portfolio. Mandates for investments are given in the Investment Policy.

Mandatum Life's equity portfolio is actively managed. At year-end the exposure was EUR 1,235 million (583 million in 2008). The 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.

The breakdown of the equity exposures of Sampo Group by geographical regions is shown in Figure 14.

The geographical emphasis in Sampo Group's equity investments is in Nordic companies. The proportion of Nordic companies' equities corresponds to 58 per cent of the total equity portfolio. This is in line with Sampo Group's Nordic focus and the fact that technical provisions relate to the Nordic currencies.

The sector allocation of direct equity investments in Sampo Group is shown in Table 12. The largest sectors are capital goods, consumer products, insurance and basic industry. Equity investments that were invested through investment funds accounted for 42 per cent of the entire equity portfolio.

Sampo Group's biggest equity holdings are disclosed in the Notes to the Financial Statements (note 40).

Currency position

In Sampo Group, the open currency positions are considered and measured as a separate asset class. The position in each currency is the net of assets, liabilities and transactions denominated in the particular currency.

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 technical provisions are mainly denominated in euros, and currency risk therefore mainly arises from investments in other currencies than euro. Mandatum Life's currency strategy is based on active management of the currency position. The objective is to achieve positive 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 are shown in Table 14. The table shows the

Figure 14

Breakdown of direct equity investments by geographical regions, Sampo Group, If P&C and Mandatum Life, 31 December 2009

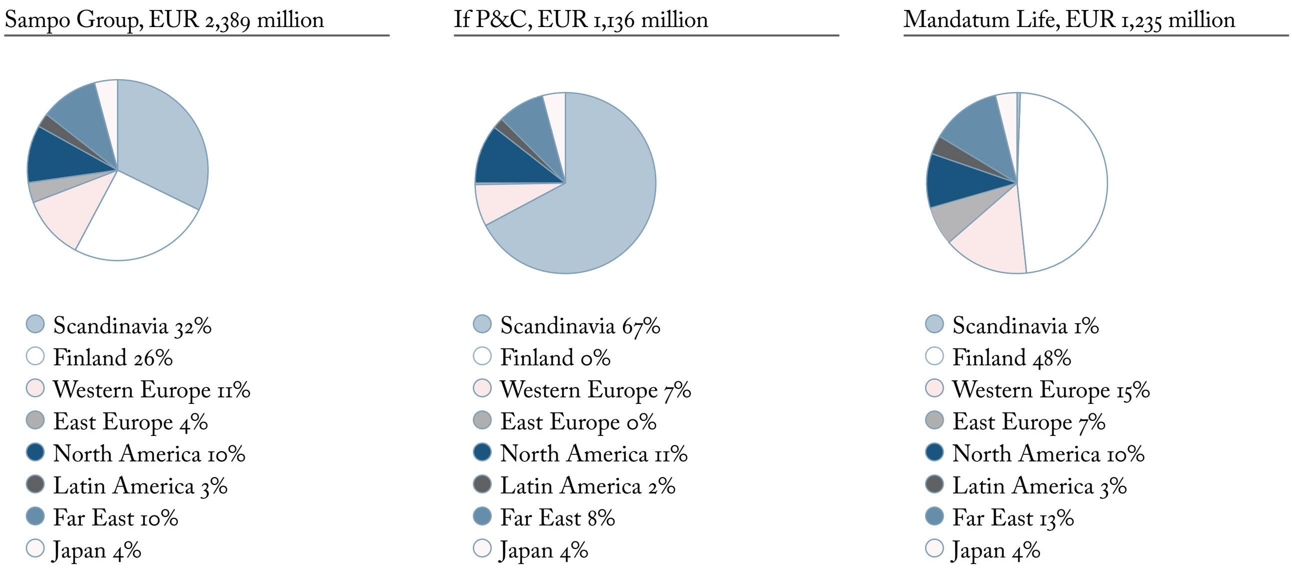


Table 14

Currency risks by segment on 31 December 2009

Currency risk open position	Base currency	EUR	SEK	NOK	DKK	EEK	LVL	LTL	GBP	USD	JPY	Other
P&C Insurance	SEK	-24	0	-24	-9	0	0	-2	0	-34	1	4
Life Insurance	EUR	0	31	39	0	0	1	1	-1	25	-3	109
Holding	EUR	0	441	0	0	0	0	0	0	14	0	0

net currency exposures (net assets) after the effect of derivatives has been taken into account.

In addition to the exposure presented in Table 14, the Group companies may have translation risk related to their foreign subsidiaries and associated companies. Currency risks related to the net asset values are not normally hedged in the Group.

Other investments

In addition to interest rate, equity and currency risks, If P&C and Mandatum Life are 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 2009, the share of the above mentioned investments was 3.4 per cent of the total investment portfolio. In If P&C the proportion was 0.5 per cent and in Mandatum Life it was 8.6 per cent.

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 diversified 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 as well as real estate funds and shares and debt instruments in real estate companies. The main risks related to property investments are limited by diversifying holdings both geographically and by type of property.

8 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, derivative and re-insurance counterparties and any other debtors.

The credit risk in investment operations can be divided into issuer risk and counterparty 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 market value of the instrument is at risk, whereas in the case of counterparty risk, it is only the possible positive market value of the derivative contract that is at risk.

In addition to the credit risk associated with investment assets, credit risk arises from insurance operations mainly through ceded reinsurance. Credit risk related to reinsurers arises through reinsurance receivables and through the reinsurers' portion of outstanding claims. 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 exposure towards policyholders is very limited, because non-payment of premiums generally results in cancellation of the insurance policies.

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. Limits and restrictions are assigned to maximum exposures towards single issuers and derivative counterparties that are mainly based on rating class.

Before an investment in a new security or a transaction with a new counterparty, the credit standing of the issuer or counterparty is thoroughly assessed. Credit ratings mainly from Standard & Poor's, Moody's and Fitch, are used to support the assessment of the creditworthiness of issuers and counterparties. The portfolio development and the counterparties' credit standings are monitored continuously.

Credit risks are monitored at business area level and reported to the Investment Control Committee of If P&C and to the ALCO of Mandatum Life. 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 ratings of the issuer and instrument and on the industry sectors of issuers and counterparties.

Mandatum Life and If P&C use ISDA agreements to manage the counterparty risk of derivatives. In Mandatum Life Credit Support Annexes are used as well.

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 support the assessment of the creditworthiness of reinsurance companies.

Credit Risks Related to the Investments

The most significant credit risk exposures in Sampo Group arise from investments into fixed income investments. Table 12 in the Market and ALM Risks section shows the allocations of investments per external credit rating and per industry sector. The figures include the counterparty risk related to derivatives.

The rating distribution of Sampo Group's credit investments is not substantially different from last year. The proportion of the portfolio related to AAA issuers amounted to 36 per cent on Group-level (38 per cent in 2008). The proportion of issuers rated AA+ - BBB- was 49 per cent (50 per cent in 2008). The proportion of bonds rated below this was 7 per cent (6 per cent in 2008). The proportion of investments with no external rating was 8 per cent (6 per cent in 2008).

Geographically, Sampo Group focuses its direct investments to the Nordic countries. The proportion of financial institutions of fixed income investments was 38 per cent.

Credit Risks Related to Reinsurance Counterparties

The distribution of reinsurance receivables and reinsurers' portion of outstanding claims in If P&C on 31 December 2009 per rating category is presented in Table 15. In the table, EUR 120 million (128 million in 2008) are excluded, which mainly relates to captives and statutory pool solutions.

The proportion of reinsurance recoverables related to the ten largest individual reinsurance counterparties amounts to EUR 314 million, which is 66 per cent of total recoverables. The largest individual reinsurance counterparty is Mu-

Table 15

Reinsurance receivables and reinsurers' portion of outstanding claims per rating category, If P&C, 31 December 2009 and 31 December 2008

	2009		2008	
Rating	**Total EURm**	**% of total**	Total EURm	% of total
AAA	**6**	**2%**	6	2%
AA+ – A–	**336**	**94%**	279	95%
BBB+ – BBB–	**1**	**0%**	2	1%
BB+ – C	**0**	**0%**	0	0%
D	**0**	**0%**	0	0%
Not rated	**13**	**4%**	7	2%
Total	**356**	**100%**	**294**	**100%**

Table 16

Ratings for ceded treaty and facultative premiums, If P&C, 31 December 2009 and 31 December 2008

	2009		2008	
Rating	**Total EURm**	**% of total**	Total EURm	% of total
AAA	**3**	**5%**	3	6%
AA+ – A–	**53.5**	**94%**	50	94%
BBB+ – BBB–	**0**	**0%**	0	0%
BB+ – C	**0**	**0%**	0	0%
D	**0**	**0%**	0	0%
Not rated	**0.3**	**1%**	0	0%
Total	**56.8**	**100%**	**53**	**100%**

nich Re (AA-rating) which accounts for 33 per cent of total recoverables.

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

In Mandatum Life, the amount of reinsurance agreements is small and the credit risk related to reinsurance counterparties in Mandatum Life is immaterial. At inception of reinsurance, the accepted credit risk of the reinsurer is considered and the credit risks of reinsurance assets are followed.

Concentration of Credit and Market Risks

Potential concentration risks in Sampo Group may arise from market and credit risks related to the individual segments' investment portfolios.

On Sampo Group level, risk accumulations are monitored regularly. Concentration risks are managed by taking into account the total Group exposure when setting individual limits in the investment policies for the subsidiaries. The concentration risks are partly mitigated by the fact that Mandatum Life's investments are mainly in Euros whereas If P&C has the major share of its investments in other Nordic currencies. Concentrations are managed by selecting the geographic areas for the Group companies´ investments. As a result of these actions concentrations on Group level relate mainly to Nordic banks. If the risk is considered to be too high, concentrations are mitigated by reallocating the investments.

Concentrations of investment risks in If P&C and Mandatum Life are monitored and controlled by the ICC in If P&C and ALCO in Mandatum Life. The total Group exposures are monitored and controlled by Sampo's Chief Investment Officer, Sampo's Chief Risk Officer and Sampo's Audit Committee.

The largest market and credit risk concentrations related to individual counterparties and by different business areas are shown in Table 17. The concentrations by products, ratings and industry sectors are shown in Table 12.

9 Liquidity Risks

Liquidity risk is the risk that insurance undertakings are unable to settle their financial obligations when they fall due. Liquidity risk can arise from refinancing risk of debt or market liquidity risk of investments.

Sampo Group has a relatively low amount of financial liabilities and thus the Group's refinancing risk is minor. 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, only a 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 is managed by having a sufficient amount of investments that are readily marketable or that are of short maturity.

Liquidity risks are managed by the legal entities, which are responsible for liquidity planning. Liquidity risk is monitored based on the expected cash flows resulting from assets, liabilities, operating expenses and income. At year-end, the liquidity position in each legal entity was good.

The maturities of technical provisions and financial assets and liabilities are presented in Table 18. 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.

Table 17

Concentration of market and credit risks
in individual counterparties by asset class on 31 December 2009

Counterparty (per business area)	Total fair value, EURm	% of total investment assets	Cash & short-term fixed income	Long-term fixed income, total	Long-term fixed income: Government guaranteed	Long-term fixed income: Covered bonds	Long-term fixed income: Senior bonds	Long-term fixed income: Tier 1 and Tier 2	Equities	Uncollateralized derivatives
Svenska Handelsbanken	1,474	9%	272	1,203	0	807	239	157	0	0
Nordea	1,422	9%	420	990	0	765	99	126	0	11
Skandinaviska Enskilda Banken	1,207	7%	517	685	0	332	257	96	0	5
Sweden	989	6%	0	989	0	0	989	0	0	0
Swedbank	688	4%	6	682	37	462	20	163	0	0
SBAB	661	4%	0	661	50	210	365	36	0	0
Den Danske Bank	582	4%	199	383	10	72	174	126	0	0
Pohjola Bank	487	3%	276	210	0	0	141	69	0	0
DnB NOR Bank	319	2%	0	319	0	20	188	112	0	0
UPM-Kymmene	196	1%	0	174	0	0	174	0	22	0
Total top 10 exposures	8,026	48%	1,691	6,296	97	2,667	2,646	885	22	17
Other	8,567	52%								
Total investment assets	16,593	100%								

Table 18

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	2010	2011	2012	2013	2014	2015–2024	2025–
P&C Insurance										
Financial assets	11,677	1,523	10,154	1,831	1,438	1,983	1,351	2,201	1,551	108
of which interest rate swaps	20	0	20	16	3	2	0	0	0	0
Financial liabilities	977	0	977	-118	-229	-14	-79	-7	-157	0
of which interest rate swaps	0	0	0	-1	-1	-1	0	0	0	0
Net technical provisions	8,106			2,457	999	611	489	415	2,330	1,740
Life Insurance										
Financial assets	5,322	1,789	3,533	1,317	531	412	434	666	561	0
of which interest rate swaps	52	0	52	39	18	4	2	0	0	0
Financial liabilities	138	0	138	-36	-7	-7	-107	0	0	0
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0
Net technical provisions	4,318			480	455	426	360	331	2,246	1,713
Holding										
Financial assets	612	36	576	430	21	27	107	1	16	0
of which interest rate swaps	7	0	7	12	3	20	0	0	0	0
Financial liabilities	1,608	0	1,608	-543	-239	-804	-9	-190	0	0
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0

In the investment assets of life insurance, the investments of the Baltic subsidiary are included in the carrying amount but excluded from the cash flows.

10 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 risk, but excludes reputation, strategic and business risk. Operational risks, unlike strategic and business risks, are often event based and their effects can be traced back to a single place and point in time.

In Sampo Group, operational risk management is organised under the different business areas, which are described below.

Sampo plc coordinates capital allocation, risk management, internal audit, group accounting, investor relations and legal and tax issues within Sampo Group. The operational risks within Sampo plc are less significant than those of its subsidiaries.

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 handles policies and recommendations concerning operational risk management within If P&C as well as contingency plans, deviations from related policies and guidelines, follow-up of risks identified in the Operational Risk Assessment (ORA) process, occurred incidents and other reports related to operational risks.

The business areas have the responsibility for identifying, assessing, monitoring and managing operational risks within different units.

Identification and Management

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

If P&C identifies operational risks through several different processes. The main processes are the environmental and macro analysis, the operational risk assessment process and incident reporting.

- *Environmental and macro analysis* is conducted by the Corporate Strategy unit on an annual basis, where the key trends affecting the insurance industry are identified and their implications to If P&C are assessed. On this basis, the main opportunities and threats are identified and prioritised. These assessments outline the most important external operational and business risks.

- *Operational risk assessment* (ORA) is a quarterly 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 analysed and prioritised 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 others are collected through controls and investigations.

In order to manage operational risks, If P&C has approved a number of policies including 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 ethic rules.

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 negative impact on Mandatum Life. The aim is to minimise operational risks subject to cost-benefit considerations.

Governance

Operational Risk Committee (ORC) monitors and coordinates risk management issues regarding operational risks within Mandatum Life, such as policies and recommendations concerning operational risk management, and gives opinions and advice in those issues to the Mandatum Life Management Team. The committee also analyses deviations from operational risk management policies and monitors operational risks identified in the self-assessments as well as the occurred incidents. The committee meets at least four times a year. Reports on operational risks are submitted to the Risk Management Committee and Board of Directors on a quarterly basis.

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. External events are monitored continuously and the company reacts to those as soon as possible.
- *Self-assessment* process is used to map and evaluate the major operational risks and their probabilities and significance, including an evaluation of internal controls and sufficiency of instructions. Self-assessment is conducted annually.
- *Analysis of incidents*. Realised operational risks and near misses reported by the business units are collected and analysed by ORC. Each business unit is responsible for ensuring that the occurred incidents and near misses are reported to the ORC.
- *Internal audits*

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, IT, especially ageing IT systems, manual phases in processes, loss of key personnel, miss-selling and false information to customers.

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 ORC.

Internal control system in processes prevents negative incidents. However, would there be an operational risk event or near miss, this must be reported to ORC.

11 Risk Management Outlook

Planned Developments in Risk Management

Sampo Group continuously develops its risk management framework and systems. In 2010, the Group's economic capital framework, additional stress tests and scenario analysis methods will be further developed. Liquidity risk management and liquidity planning will be enhanced in If P&C. In Mandatum Life, the focus will be on finalising the risk management reform that was started in 2009 as well as further developing ALM for Solvency II and internal purposes. The biggest development issues throughout the Group relate to the development of various modelling and reporting capabilities in preparation for Solvency II compliance.

During 2009 If P&C has developed both a new internal model for the calculation of economic capital as well as a supplementary model to generate economic scenarios for the internal model. During 2010 and 2011 the model and its coverage will be further developed with the goal of having the internal model approved for calculating the capital requirement under Solvency II. Also Mandatum Life further develops its corresponding models.

In 2010 approaches for incorporating the effects of Nordea into the Group's internal risk and capital reporting will be refined.

Preparation for Solvency II

After intensive negotiations between the Commission, the European Parliament and the European Council, the Solvency II Framework Directive was adopted by the European Parliament in April 2009. 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. The objective relating to the regulatory capital requirements in Solvency II is that they will more closely reflect the specific risk profile of each company in contrast to the existing Solvency I regulation. If the objective is met, it will encourage companies to focus on sound risk management and internal control procedures and thus embed risk awareness throughout the organisation.

During 2009 If P&C and Mandatum Life have made extensive efforts in monitoring, evaluating the effects and commenting to the authorities and industry interest groups on the draft Solvency II implementing measures. The work will continue during 2010.

Technical preparedness for Solvency II has been built in the Group during the last few years and the anticipated Solvency II requirements for risk management have been taken into account in the risk management development activities of Group companies. These actions have been initiated to secure full compliance with Solvency II by 2012.

"We are going to act as a shepherd and guard the interest of all shareholders carefully."

Kari Stadigh on Sampo's role as Nordea shareholder in CEO's interview video published on 4 November 2009.

FINANCIAL STATEMENTS

Consolidated Comprehensive Income Statement

EURm	Note	1–12/2009	1–12/2008
Insurance premiums written	1, 8	**4,479**	4,350
Net income from investments	2, 10, 18	**1,155**	275
Other operating income		**20**	23
Claims incurred	3, 8	**-3,105**	-3,355
Change in liabilities for insurance and investment contracts	4	**-633**	667
Staff costs	5	**-510**	-494
Other operating expenses	6, 8	**-495**	-532
Finance costs		**-87**	-66
Share of associates' profit/loss		**1**	2
Profit before taxes		**825**	870
Taxes	21, 22	**-184**	-195
Profit for the period		**641**	675
Other comprehensive income for the period	23, 24		
Exchange differences		**123**	-248
Available-for-sale financial assets		**2,989**	-3,029
Cash flow hedges		**-3**	15
Income tax relating to components of other comprehensive income		**-326**	333
Other comprehensive income for the period, net of tax		**2,782**	-2,928
Total comprehensive income for the financial year		**3,423**	-2,254
Profit attributable to			
Owners of the parent		**641**	675
Non-controlling interests		**0**	0
Total comprehensive income attributable to			
Owners of the parent		**3,423**	-2,254
Non-controlling interests		**0**	0
Basic earnings per share (eur)	9	**1.14**	1.18

Consolidated Balance Sheet

EURm	Note	12/2009	12/2008
Assets			
Property, plant and equipment	11	**34**	38
Investment property	12	**124**	138
Intangible assets	13	**688**	663
Investments in associates	14	**5,172**	5
Financial assets	10, 15, 16, 17, 19	**15,479**	16,139
Investments related to unit-linked insurance contracts	10, 20	**2,366**	1,637
Tax assets	21	**81**	156
Reinsurers' share of insurance liabilities	27	**481**	436
Other assets	25	**1,439**	1,473
Cash and cash equivalents	10, 26	**771**	465
Total assets		**26,635**	21,149
Liabilities			
Liabilities for insurance and investment contracts	27	**13,014**	12,375
Liabilities for unit-linked insurance and investment contracts	28	**2,359**	1,637
Financial liabilities	10, 16, 17, 29	**2,098**	1,269
Tax liabilities	21	**500**	379
Provisions	30	**35**	26
Employee benefits	31	**104**	92
Other liabilities	32	**912**	739
Total liabilities		**19,022**	16,517
Equity	34		
Share capital		**98**	98
Reserves		**1,530**	1,531
Retained earnings		**5,889**	5,688
Other components of equity		**96**	-2,687
Equity attributable to owners of the parent		**7,613**	4,631
Non-controlling interests		**0**	0
Total equity		**7,613**	4,631
Total equity and liabilities		**26,635**	21,149

Consolidated Statement of Changes in Equity

EURm	Share capital	Share premium account	Legal reserve	Invested unrestricted equity	Retained earnings	Translation of foreign operations	Available-for-sale financial assets*	Cash flow hedges**	Total
Equity at 1 Jan. 2008	**98**	**1,161**	**370**	**-**	**5,862**	**-75**	**317**	**-**	**7,733**
Changes in equity									
Share-based payments					2				2
Acquisition of treasury shares					-167				-167
Recognition of undrawn dividends					3				3
Dividends					-686				-686
Total comprehensive income for the period					675	-248	-2,692	11	-2,254
Equity at 31 Dec. 2008	**98**	**1,161**	**370**	**-**	**5,688**	**-323**	**-2,375**	**11**	**4,631**
Changes in equity									
Transfers between equity		-1,161	-366	1,527		1			0
Share-based payments					-1				-1
Acquisition of treasury shares					-1				-1
Recognition of undrawn dividends					11				11
Dividends					-449				-449
Total comprehensive income for the period					641	122	2,662	-2	3,422
Equity at 31 Dec. 2009	**98**	**0**	**4**	**1,527**	**5,889**	**-200**	**287**	**9**	**7,613**

* The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 2,626 (-2,755).
The amount transferred to p/l amounted to EURm 35 (63).

** The amount recognised in equity from cash flow hedges for the period totalled EURm -2 (11).

The amount included in the translation, available-for-sale and cash flow hedge reserves represent other comprehensive income for each component, net of tax.

Consolidated Statement of Cash Flows

EURm	2009	2008
Operating activities		
Profit before taxes	**825**	870
Adjustments:		
Depreciation and amortisation	**26**	28
Unrealised gains and losses arising from valuation	**51**	393
Realised gains and losses on investments	**-215**	92
Change in liabilities for insurance and investment contracts	**859**	-35
Other adjustments	**-14**	585
Adjustments total	**706**	1,062
Change (+/-) in assets of operating activities		
Investments*	**337**	-1,047
Other assets	**-30**	-123
Total	**307**	-1,170
Change (+/-) in liabilities of operating activities		
Financial liabilities	**-165**	196
Other liabilities	**87**	-85
Paid taxes	**-275**	-49
Total	**-354**	62
Net cash from operating activities	**1,484**	824
Investing activities		
Investments in group and associated undertakings	**-1,758**	0
Proceeds from the sale of group and associated undertakings	**-**	6
Other investments	**-**	-522
Net investment in equipment and intangible assets	**-13**	65
Net cash used in investing activities	**-1,771**	-451
Financing activities		
Acquisition of own shares	**-1**	-167
Dividends paid	**-444**	-678
Issue of debt securities	**2,002**	-
Repayments of debt securities in issue	**-1,008**	-
Net cash from financing activities	**549**	-845
Total cash flows	**262**	-472
Cash and cash equivalents at 1 January	**471**	946
Effects of exchange rate changes	**28**	25
Cash and cash equivalents at 31 December	**761**	499
Net increase in cash and cash equivalents	**262**	-472

Additional information to the statement of cash flows:

Milj. €	2009	2008
Interest income received	**551**	652
Interest expense paid	**-136**	-90
Dividend income received	**123**	431

* Investments include investment property, financial assets and investments related to unit-linked insurance contracts.

The items of the statement of cash flows cannot be directly concluded from the balance sheets due to e.g. exchange rate differences, and acquisitions and disposals of subsidiaries during the period.

Cash and cash equivalents include cash at bank and in hand and short-term deposits (max. 3 months).

Notes to the Accounts

CONTENTS

Summary of Significant Accounting Policies

Sampo Group has prepared the consolidated financial statements for 2009 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, 2009.

During the financial year 2009 Sampo adopted the following new or amended standards or interpretations relating to its business.

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 has not had any material effect on Sampo's financial statements reporting.

The amendments in IFRS 7 *Financial Instruments: Disclosures – Improving disclosures about financial instruments* were issued in March 2009 as a result of the global financial crisis. The changes require a three-level fair value disclosure hierarchy of financial instruments. The standard also requires new disclosures on the determination of fair values, so that their relative reliability could be more easily assessed. In addition, disclosure requirements on liquidity risk are enhanced. The amendments will thus increase the number of disclosures in Sampo's financial statements.

IFRS 8 *Operating Segments* changed 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 did not have a material effect on Sampo's segment reporting, as the segment information published before has already been based on the Group's internal reporting structure.

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 did not have any material effect on Sampo's financial statements reporting.

The changes in IFRIC 9 *Reassessment of Embedded Derivatives* and IAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives* clarify reassessment of all embedded derivatives and, if needed, separation from a host contract in the financial statements when a hybrid financial asset is reclassified out of the fair value through profit or loss category. The adoption of the changes did not have any material effect on Sampo's financial statements reporting.

IFRIC 13 *Customer Loyalty Programmes* states that the loyalty award credits should be treated separately from the sale of goods and services. The adoption of the interpretation did not have any 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* 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 did not have any material effect on Sampo's financial statements reporting.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* clarifies the accounting treatment of a net investment in a foreign operation on the group level. The adoption of the interpretation did not have any material effect on Sampo's financial statements reporting.

Improvements to IFRSs 2008 – various minor changes made to different standards at the same time. The Group does not consider these changes material to Sampo's financial statements reporting.

In preparing the notes to the consolidated financial statements, attention has also been paid to the Finnish accounting and company legislation and applicable regulatory requirements. Some of the risk management disclosures are presented in the Group's financial statements' Risk Management section.

The financial statements have been prepared under the historical cost convention, with the exception of financial assets and liabilities at fair value through p/l, financial assets available-for-sale, hedged items in fair value hedges and share-based payments settled in equity instruments measured at fair value.

The consolidated financial statements are presented in euro (EUR), rounded to the nearest million, unless otherwise stated.

The Board of Directors of Sampo plc accepted the financial statements for issue on 11 February 2010.

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.

The share of associates' profit or loss, equivalent to the Group's holding, is presented as a separate line in the income statement.

If there is any indication that the value of the investment may be impaired, the carrying amount is tested by comparing it with its recoverable amount. The recoverable amount is the higher of its value in use or its fair value less costs to sell. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount by recognising an impairment loss in the profit/loss. If the recoverable amount later increases and is greater than the carrying amount, the impairment loss is reversed through profit and loss.

Foreign Currency Translation

The consolidated financial statements are presented in euro, which is the functional and reporting currency of the Group and the parent company. Items included in the financial statements of each of the Group entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of transactions or the average rate for a month. 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.

Exchange differences arising from translation of transactions and monetary balance sheet items denominated in foreign currencies into functional currency are recognised as translation gains and losses in profit or loss. Exchange differences arising from equities classified as available-for-sale financial assets are included directly in the fair value reserve in equity.

The income statements of Group entities whose functional currency is other than euro are translated into euro at the average rate for the period, and the balance sheets at the rates prevailing at the balance sheet date. The resulting exchange differences are included in equity, and their change in other comprehensive income. When a subsidiary is divested entirely or partially, the cumulative exchange differences are included in the income statement under sales gains or losses.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as if they were assets and liabilities of the foreign entity. Exchange differences resulting from the translation of these items at the exchange rate of the balance sheet date are included in equity, and their change in other comprehensive income

Exchange differences that existed at the Group's IFRS transition date, 1 January 2004, are deemed to be zero, in accordance with the exemption permitted by IFRS 1.

The following exchange rates have been applied in the consolidated financial statements:

1 euro (EUR) =	Balance sheet date	Average exchange rate
Swedish krona (SEK)	10.2520	10.6225
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.

Geographical information has been given on income from external customers and non-current assets. 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 expire.

In some 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 recorded in other comprehensive income and presented in the fair value reserve, taking the tax effect into account. Interest income and dividends are recognised in profit or loss. When the available-for-sale assets are sold, the cumulative change in the fair value is transferred from equity and recognised together with realised gains or losses in profit or loss. The cumulative change in the fair value is also transferred to profit or loss when the assets are impaired and the impairment loss is recognised. Exchange differences due to available-for-sale monetary balance sheet items are always recognised directly in profit or loss.

Other Financial Liabilities

Other financial liabilities comprise debt securities in issue and other financial liabilities.

Other financial liabilities are recognised when the consideration is received and measured to amortised cost, using the effective interest rate method.

If debt securities issued are redeemed before maturity, they are derecognised and the difference between the carrying amount and the consideration paid at redemption is recognised in profit or loss.

Fair Value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Financial assets are measured at the bid price and financial liabilities at the asking price. If the financial instrument has a counter-item that will offset its market risk, 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 at the end of each reporting period whether there is any objective evidence that a financial asset, other than those at fair value through p/l, may be impaired. A financial asset is impaired and impairment losses are incurred, if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset, and if that event has an impact, that can be reliably estimated, on the estimated future cash flows of the financial asset.

Financial Assets Carried at Amortised Cost

There is objective evidence of impairment, if an issuer or debtor e.g. encounters significant financial difficulties that will lead to insolvency and to estimation that the customer will probably not be able to meet the obligations to the Group.

When there is objective evidence of impairment of a financial asset carried at amortised cost, the amount of the loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the receivable's original effective interest rate. The difference is recognised as an impairment loss in profit or loss. The impairment is assessed individually.

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

Available-for-Sale Financial Assets

Whether there is objective evidence of an impairment of available-for-sale financial assets, is evaluated in a separate assessment, which is done if the credit rating of an issuer has declined or the entity is placed on watchlist, or there is a significant or prolonged decline in the fair value of an equity instrument below its original acquisition cost.

The decision on whether the impairment is significant or prolonged requires an assessment of the management. The assessment is done case by case and with consideration paid not only to qualitative criteria but also historical changes in the value of an equity as well as time period during which the fair value of an equity security has been lower than the acquisition cost. In Sampo Group, the impairment is normally assessed to be significant, if the fair value of a listed equity or participation decreases below the average acquisition cost by 20 per cent and prolonged, when the fair value has been lower than the acquisition cost for over 12 months.

As there are no quoted prices available in active markets for unquoted equities and participations, the aim is to determine their fair value with the help of generally accepted valuation techniques available in the markets. The most significant share of unquoted equities and participations comprise the private equity and venture capital investments. They are measured in accordance with the generally accepted common practice, International Private Equity and Venture Capital Guidelines (IPEV).

The significance and prolongation of the impairment in the last-mentioned cases is assessed case by case, taking into consideration special factors and circumstances related to the investment. Sampo invests in private equity and venture capital in order to keep them to the end of their life cycle, so the typical lifetime is 10–12 years. In general, a justifiable assessment of a potential impairment may only be done towards the end of the life cycle. However, if additionally there is a well-founded reason to believe that an amount equivalent to the acquisition cost will not be recovered when selling the investment, an impairment loss is recognised.

In the case of debt securities, the amount of the impairment loss is assessed as the difference between the acquisition cost, adjusted with capital amortisations and accruals, and the fair value at the review time, reduced by previously in profit or loss recognised impairment losses.

When assessed that there is objective evidence of impairment in debt or equity securities classified as financial assets available-for-sale, the cumulative loss recognised in other comprehensive income is transferred from equity and recognised in profit or loss as an impairment loss.

If, in a subsequent period, the fair value of a debt security increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed by recognising the amount in profit or loss.

If the fair value of an equity security increases after the impairment loss was recognised in profit or loss, the increase shall be recognised in other comprehensive income. If the value keeps decreasing below the acquisition cost, an impairment loss is recognised through profit or loss.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are classified as those held for trading and those held for hedging, including interest rate derivatives, 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, fair value hedged have been used in P&C insurance. Both fair value and cash flow hedging have been applied in life insurance.

Cash Flow Hedging

Cash flow hedging is used to hedge the interest cash flows of individual floating rate debt securities or other floating rate assets or liabilities. The hedging instruments used include interest rate swaps, interest rate and cross currency swaps 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 other comprehensive income. The remaining ineffective part is recognised in profit or loss.

The cumulative change in fair value is transferred from equity and recognised in profit or loss in the same period that the hedged cash flows affect profit or loss.

When a hedging instrument expires, is sold, terminated, or the hedge no longer meets the criteria for hedge accounting, the cumulative change in fair value remains in equity until the hedged cash flows affect profit or loss.

Fair Value Hedging

In accordance with the Group's risk management principles, fair value hedging is used to hedge changes in fair values resulting from changes in price, interest rate or exchange rate levels. The hedging instruments used include foreign exchange forwards, interest rate swaps, interest rate and cross currency swaps and options, approved by the managements of the Group companies.

Changes in the fair value of derivative instruments that are documented as fair value hedges and are effective in relation to the hedged risk are recognised in profit or loss. In addition, the hedged assets and liabilities are measured at fair value during the period for which the hedge was designated, with changes in fair value recognised in profit or loss.

Securities Lending

Securities lent to counterparties are retained in the balance sheet. Conversely, securities borrowed are not recognised in the balance sheet, unless these are sold to third parties, in which case the purchase is recorded as a trading asset and the obligation to return the securities as a trading liability at fair value through profit or loss.

Leases

Group as Lessee

Finance leases

Leases of assets in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. Finance leases are recognised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding obligation is included in 'Other liabilities' in the balance sheet. The assets acquired under finance leases are amortised or depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the liability and the interest expense. The interest expense is amortised over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating Leases

Assets in which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and they are included in the lessor's balance sheet. Payments made on operating leases are recognised on a straight-line basis over the lease term as rental expenses in profit or loss.

Group as Lessor

Operating Leases

Leases in which assets are leased out and the Group retains substantially all the risks and rewards of ownership are classified as operating leases. They are included in 'Investment property' in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment, and the impairment losses are recognised on the same basis as for these items. Rental income on assets held as operating leases is recognised on a straight-line basis over the lease term in profit or loss.

Intangible Assets

Goodwill

Goodwill represents the excess of the cost of an acquisition (made after 1 January 2004) over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition. Goodwill on acquisitions before 1 January 2004 is accounted for in accordance with the previous accounting standards and the carrying amount is used as the deemed cost in accordance with the IFRS.

Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not amortised.

Other 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.

The risks involved in insurance and investment contracts are widely elaborated in the Group's financial statements' Risk Management section.

Reinsurance Contracts

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

Due to the difference in the discount rate of liabilities and the guaranteed interest of 4.5 per cent, 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 2.38–3.5 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 40 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 the anticipated future payments of all claims incurred, including claims not yet reported to the company (the 'IBNR' provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

The amounts of short- and long-term liabilities in technical provisions are determined annually.

The Group's financial statements' Risk Management section elaborates on the change of technical provisions and their forecast annual maturities.

Liability Adequacy Test

A liability adequacy test is applied to all portfolios, company by company, and the need for augmentation is checked, company by company, on the basis of the adequacy of the whole technical provisions. The test includes all the expected contractual cash flows for non-unit-linked liabilities. The expected contractual cash flows include expected premiums, claims, bonuses and expenses. The claims have been estimated including surrenders and other insurance transactions based on historical data. The amounts of claims include the guaranteed interest and an estimation of future bonuses. The present values of the cash flows have been discounted to the balance sheet date by using a swap rate curve.

For the unit-linked business, the present values of the insurance risk and expense results are calculated correspondingly. If the aggregate amount of the liability for the unit-linked and other business presumes an augmentation, the liability is increased by the amount shown by the test and recognised in profit or loss.

Principle of Fairness

According to Chapter 13, Section 2 of the Finnish Insurance Companies' Act, the Principle of Fairness must be observed in life insurance and investment contracts with a discretionary participation feature. If the solvency requirements do not prevent it, a reasonable part of the surplus has to be returned to these policies as bonuses.

Mandatum Life aims at giving a total return before charges and taxes on policyholders' savings in contracts with DPF that is at least the yield of 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 valid share-based incentive schemes that are settled either in cash (the long-term incentive schemes 2006 II, 2008 I, 2008 II and 2009 I for executives and specialists) or in equity instruments (Sampo 2006). Schemes are measured at fair value at the grant date. In the schemes settled in cash, the valuation is recognised as a liability and changes recognised through profit or loss. In the schemes with equity instrument payments, valuation is recognised as an expense and as an increase in equity on a straight-line basis during the vesting period.

The fair value of schemes has been determined using the Black-Scholes-pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of 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.

Income Taxes

Item Tax expenses in the income statement comprise current and deferred tax. Tax expenses are recognised through profit or loss, except for items recognised directly in equity or other comprehensive income, in which case the tax effect will also be recognised those items. Current tax is calculated based on the valid tax rate of each country. Tax is adjusted by any tax related to previous periods.

Deferred tax is calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax is not recognised on non-deductible goodwill impairment, and nor is it recognised on the undistributed profits of subsidiaries to the extent that it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated by using the enacted tax rates prior to the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which a temporary difference can be utilised.

Share Capital

The incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are included in equity as a deduction, net of tax, from the proceeds.

Dividends are recognised in equity in the period when they are approved by the Annual General Meeting.

When the parent company or other Group companies purchase the parent company's equity shares, the consideration paid is deducted from the share capital as treasury shares until they are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in equity.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and short-term deposits (3 months).

Sampo presents cash flows from operating activities using the indirect method in which the profit (loss) before taxation is adjusted for the effects of transactions of a non-cash nature, deferrals and accruals, and income and expense associated with investing or financing cash flows.

In the cash flow statement, interest received and paid is presented in cash flows from operating activities. In addition, the dividends received are included in cash flows from operating activities. Dividends paid are presented in cash flows from financing.

Accounting Policies Requiring Management Judgement and Key Sources of Estimation Uncertainties

Preparation of the accounts in accordance with the IFRS requires management estimates and assumptions that affect the revenue, expenses, assets, liabilities and contingent liabilities presented in the financial statements. Judgement is needed also in the application of accounting policies. The estimates made are based on the best information available at the balance sheet date. The estimation is based on historical experiences and most probable assumptions concerning the future at the balance sheet date. The actual outcome may deviate from results based on estimates and assumptions. Any changes in the estimates will be recognised in the financial year during which the estimate is reviewed and in all subsequent periods.

Sampo's main assumptions concerning the future and the key uncertainties related to balance sheet estimates are related, for example, to assumptions used in actuarial calculations, determination of fair values of non-quoted financial assets and liabilities and investment property and determination of the impairment of financial assets and intangible assets. From Sampo's perspective, accounting policies concerning these areas require most significant use of estimates and assumptions.

Actuarial Assumptions

Evaluation of insurance liabilities always involves uncertainty, as technical provisions are based on estimates and assumptions concerning future claims costs. The estimates are based on statistics on historical claims available to the Group on the balance sheet date. The uncertainty related to the estimates is generally greater when estimating new insurance portfolios or portfolios where clarification of a loss takes a long time because complete claims statistics are not yet available. In addition to the historical data, estimates of insurance liabilities take into consideration other matters such as claims development, the amount of unpaid claims, legislative changes, court rulings and the general economic situation.

A substantial part of the Group's P&C insurance liabilities concerns statutory accident and traffic insurance. The most significant uncertainties related to the evaluation of these liabilities are assumptions about inflation, mortality, discount rates and the effects of legislative revisions and legal practices.

The actuarial assumptions applied to life insurance liabilities are discussed in more detail under 'Insurance and investment contract liabilities and reinsurance assets'.

Defined benefit plans as intended in IAS 19 are also estimated in accordance with actuarial principles. As the calculation of a pension plan reserve is based on expected future pensions, assumptions must be made not only of discount rates, but also of matters such as mortality, employee turnover, price inflation and future salaries.

Determination of Fair Value

The fair value of any non-quoted financial assets is determined using valuation methods that are generally accepted in the market. These methods are discussed in more detail above under 'Fair value'.

Fair values of investment property have been determined internally during the financial year on the basis of comparative information derived from the market. They include management assumptions concerning market return requirements and the discount rate applied.

Impairment Tests

Goodwill, intangible assets not yet available for use, and intangible assets with an indefinite useful life are tested for impairment at least annually. The recoverable amounts from cash-generating units have mainly been determined using calculations based on value in use. These require management estimates on matters such as future cash flows, the discount rate, and general economic growth and inflation.

Application of New or Revised IFRSs and Interpretations

Applications in 2010

In 2010, the Group will apply the following new or amended standards and interpretations related to the Group's business, published by the IASB in 2008, if approved by the EU. If not stated otherwise, the following standards or interpretations or their amendments have already been approved by the EU at the balance sheet date.

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. In accordance with the transition rules, the standard does not need to be applied retrospectively.

The revised IAS 27 *Consolidated and Separate Financial Statements* requires that changes in the ownership interest of subsidiary are accounted for as 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. The same accounting method applies also in investments in associates (IAS 28).

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. The Group estimates that the change will have no significant influence on the Group's financial statements reporting.

IFRIC 17 *Distributions of Non-cash Assets to Owners* clarifies the recognition and measurement of assets other than cash paid in dividends. The adoption of the interpretation will have no influence on the Group's financial statements reporting.

Improvements to IFRSs 2009 – various minor changes made to different standards at the same time. The Group does not consider these changes material to Sampo's financial statements reporting. The changes were yet not approved by the EU at the balance sheet date.

Applications in 2011

The Group will adopt the following revised standard and amendments in 2011, provided that the EU will have adopted them by then:

The amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* (effective for annual periods beginning on 1 Feb. 2010 or after) addresses the accounting for rights, options or warrants that are denominated in a currency other than the functional currency of the issuer. The Group estimates that the change will have no influence on the Group's financial statements reporting.

The revised IAS 24 *Related party disclosure* (effective for annual periods beginning on 1 Jan. 2011 or after) clarifies the concept of related parties. The Group estimates that the revision will have no significant influence on the Group's financial statements reporting. The revisions were yet not approved by the EU at the balance sheet date.

Segment Information

The Group's business segments comprise P&C insurance, Life insurance and Holding company.

Geographical information has been disclosed about income from external customers and non-current assets. The reported areas are Finland, Sweden, Norway, Denmark, the Baltic countries and other countries.

Segment information has been produced in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements. The segment revenue, expense, assets and liabilities, either directly attributable or reasonably allocable, have been allocated to the segments. Inter-segment pricing is based on market prices. The transactions, assets and liabilities between the segments are eliminated in the consolidated financial statements on a line-by-line basis.

Depreciation and amortisation by segment are disclosed in notes 11–13 and investments in associates in note 14.

Consolidated Income Statement by Business Segment for Year Ended 31 December 2009

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premius written	3,677	803	-	-	4,479
Net income from investments	394	629	109	24	1,155
Other operating income	23	0	13	-16	20
Claims incurred	-2,477	-628	-	-	-3,105
Change in liabilities for insurance and investment contracts	-33	-600	-	-	-633
Staff costs	-470	-29	-11	-	-510
Other operating expenses	-439	-46	-17	7	-495
Finance costs	-30	-8	-58	9	-87
Share of associates' profit/loss	0	0	-	-	1
Profit before taxes	**644**	**121**	**36**	**23**	**825**
Taxes					-184
Profit for the year					**641**
Other comprehensive income for the year					
Exchange differences					123
Available-for-sale financial assets					2,989
Cash flow hedges					-3
Income tax relating to components of other comprehensive income					-326
Other comprehensive income for the year, net of tax					**2,782**
Total comprehensive income for the year					**3,423**
Profit attributable to					
Owners of the parent					641
Non-controlling interests					0
Total comprehensive income attributable to					
Owners of the parent					3,423
Non-controlling interests					0

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 year					**675**
Other comprehensive income for the year					
Exchange differences					-248
Available-for-sale financial assets					-3,029
Cash flow hedges					15
Income tax relating to components of other comprehensive income					333
Other comprehensive income for the year, net of tax					**-2,928**
Total comprehensive income for the year					**-2,254**
Profit attributable to					
Owners of the parent					675
Non-controlling interests					0
Total comprehensive income attributable to					
Owners of the parent					-2,254
Non-controlling interests					0

Consolidated Balance Sheet by Business Segment at 31 December 2009

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	23	5	5	-	34
Investment property	28	87	10	-	124
Intangible assets	521	167	0	-	688
Investments in associates	3	0	5,168	-	5,172
Financial assets	10,248	5,216	2,554	-2,538	15,479
Investments related to unit-linked insurance contracts	-	2,366	-	-	2,366
Tax assets	71	-	11	0	81
Reinsurers' share of insurance liabilities	477	4	-	-	481
Other assets	1,265	133	76	-36	1,439
Cash and cash equivalents	292	68	412	-	771
Total assets	**12,927**	**8,047**	**8,235**	**-2,574**	**26,635**
Liabilities					
Liabilities for insurance and investment contracts	8,583	4,431	-	-	13,014
Liabilities for unit-linked insurance and investment contracts	-	2,359	-	-	2,359
Financial liabilities	524	132	1,609	-166	2,098
Tax liabilities	403	97	-	-	500
Provisions	35	-	-	-	35
Employee benefits	104	-	-	-	104
Other liabilities	719	134	95	-36	912
Total liabilities	**10,367**	**7,153**	**1,703**	**-202**	**19,022**
Equity					
Share capital					98
Reserves					1,530
Retained earnings					5,889
Other components of equity					96
Equity attributable to parent company's equityholders					**7,613**
Non-controlling interests					**0**
Total equity					**7,613**
Total equity and liabilities					**26,635**

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	-	1,637	-	-	1,637
Tax assets	144	8	4	0	156
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**	**6,868**	**5,368**	**-2,525**	**21,149**
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	-	-	-	379
Provisions	26	-	-	-	26
Employee benefits	92	-	-	-	92
Other liabilities	444	242	80	-27	739
Total liabilities	**9,516**	**6,469**	**684**	**-152**	**16,517**
Equity					
Share capital					98
Reserves					1,531
Retained earnings					5,688
Other components of equity					-2,687
Equity attributable to parent company's equityholders					**4,631**
Non-controlling interests					0
Total equity					**4,631**
Total equity and liabilities					**21,149**

Geographical Segment Information

EURm	Finland	Sweden	Norway	Denmark	Baltic	Other	Total
Year end 31 Dec. 2009							
Revenue from external customers							
P&C insurance	**811**	**1,051**	**1,329**	**298**	**154**	**0**	**3,643**
Life insurance	**760**	**-**	**-**	**-**	**42**	**-**	**803**
Holding	**42**	**80**	**-**	**-**	**-**	**-**	**122**
Total	**1,614**	**1,130**	**1,329**	**298**	**197**	**0**	**4,568**
Non-current assets							
P&C insurance	**102**	**432**	**10**	**3**	**27**	**-**	**575**
Life insurance	**259**	**-**	**-**	**-**	**1**	**-**	**260**
Holding	**15**	**5,168**	**-**	**-**	**-**	**-**	**5,183**
Total	**376**	**5,600**	**10**	**3**	**28**	**-**	**6,017**
Year end 31 Dec. 2008							
Revenue from external customers							
P&C insurance	804	1,147	1,397	293	166	0	3,807
Life insurance	499	-	-	-	30	-	529
Holding	110	130	-	-	-	-	240
Total	1,413	1,277	1,397	293	196	0	4,576
Non-current assets							
P&C insurance	102	415	5	3	28	-	554
Life insurance	274	-	-	-	0	-	274
Holding	15	-	-	-	-	-	15
Total	391	415	5	3	29	0	843

The revenue includes insurance premiums according to the underwriting country, consisting of premiums earned for P&C insurance and premiums written for Life insurance, and net investment income and other operating income in the Holding segment.

Non-current assets comprise of intangible assets, investments in associates, property, plant and equipment, and investment property.

Notes to the Income Statement

1 Insurance Premiums Written

P&C insurance

EURm	2009	2008
Premiums from insurance contracts		
Premiums written, direct insurance	**3,770**	3,967
Premiums written, assumed reinsurance	**118**	90
Premiums written, gross	**3,888**	4,057
Reinsurers' share of premiums written	**-211**	-236
Premiums written, net	**3,677**	3,821
Change in unearned premium provision	**-28**	-12
Reinsurers' share	**-5**	-2
Change in unearned premium provision, net	**-33**	-14
Premiums earned, total	**3,643**	3,807

Life insurance

EURm	2009	2008
Premiums from insurance contracts		
Premiums written, direct insurance	**508**	487
Premiums written, assumed reinsurance	**2**	2
Insurance contracts total, gross	**510**	488
Premium revenue ceded to reinsurers on insurance contracts issued	**-6**	-7
Insurance contracts total, net	**504**	482
Investment contracts	**299**	47
Premiums written, net*	**803**	529
Group, total	**4,479**	4,350

* 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	2009	2008
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	**231**	242
Premiums from unit-linked contracts	**273**	240
Premiums from other contracts	**4**	5
Total	**508**	487
Assumed reinsurance	**2**	2
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	**20**	0
Premiums from unit-linked contracts	**279**	47
Total	**299**	47
Insurance and investment contracts, total	**809**	536
Reinsurers' share	**-6**	-7
Premiums written, total	**803**	529
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	**381**	365
Single premiums, insurance contracts	**127**	121
Single premiums, investment contracts	**299**	47
Total	**807**	534

2 Net Income from Investments

P&C insurance

EURm	2009	2008
Financial assets		
Derivative financial instruments		
Gains/losses	55	83
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	9	83
Gains/losses	19	-62
Equity securities		
Gains/losses	10	-135
Dividend income	0	4
Total	38	-109
Loans and receivables		
Interest income	13	25
Financial assets available-for-sale		
Debt securities		
Interest income	366	374
Impairment losses	1	-81
Gains/losses	44	52
Equity securities		
Gains/losses	18	-32
Impairment losses	-86	-4
Dividend income	14	47
Total	357	356
Total from financial assets	463	354
Other assets		
Investment properties		
Gains/losses	0	-1
Other	-1	1
Total from other assets	0	1
Interest expense on repurchase agreements	-	-16
Expense on other than financial liabilities	-3	-
Effect of discounting annuities	-59	-60
Fee and commission expenses		
Asset management	-6	-12
P&C insurance, total	394	268
Net income from investments includes exchange differences		
Arising from insurance business	13	20
Arising from investments	-16	2

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 26 (59) transferred from the fair value reserve.

Life insurance

EURm	2009	2008
Financial assets		
Derivative financial instruments		
Gains/losses	**50**	59
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	**3**	4
Gains/losses	**2**	-9
Equity securities		
Gains/losses	**0**	-1
Dividend income	**0**	0
Total	**6**	-6
Investments related to unit-linked contracts		
Debt securities		
Interest income	**13**	4
Gains/losses	**30**	-5
Equity securities		
Gains/losses	**314**	-486
Dividend income	**0**	0
Loans and receivables		
Interest income	**0**	1
Other financial assets		
Gains/losses	**2**	1
Total	**359**	-485
Investments in securities held-to-maturity		
Debt securities		
Interest income	**0**	0
Loans and receivables		
Interest income	**4**	7
Gains/losses	**0**	-8
Total	**4**	-1
Financial assets available-for-sale		
Debt securities		
Interest income	**184**	173
Gains/losses	**5**	-70
Equity securities		
Gains/losses	**109**	30
Impairment losses	**-140**	-1
Dividend income	**27**	62
Total	**184**	194
Total financial assets	**604**	-239
Other assets		
Investment properties		
Gains/losses	**15**	1
Impairment losses	**0**	0
Other	**6**	6
Total other assets	**20**	7
Net fee income		
Asset management	**-13**	-13
Fee income	**17**	23
Total	**5**	10
Life insurance, total	**629**	-222
Net income from investments includes exchange differences		
Arising from investments	**1**	-47

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 21 (30) transferred from the fair value reserve.

Holding

EURm	2009	2008
Financial assets		
Derivative financial instruments		
Gains/losses	**15**	14
Loans and receivables		
Interest income	**1**	5
Gains/losses	**7**	-
Total	**8**	5
Financial assets available-for-sale		
Debt securities		
Interest income	**19**	77
Gains/losses	**-4**	-
Impairment losses	**-**	0
Equity securities		
Gains/losses	**-19**	3
Impairment losses	**-1**	-1
Dividend income	**81**	133
Total	**77**	213
Total financial assets	**100**	232
Other assets		
Investment properties		
Gains/losses	**1**	0
Other	**0**	0
Total other assets	**1**	0
Net fee income	**8**	-
Holding, total	**109**	232

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 23 (-2) transferred from the fair value reserve.

Elimination items between segments	**24**	-3
Group, total	**1,155**	275

Other income and expenses comprise rental income, maintenance expenses and depreciation of investment property.

All the income and expenses arising from investments are included in Net income from investments. Gains/losses include realised gains/losses on sales, unrealised and realised changes in fair values and exchange differences. Unrealised fair value changes for financial assets available-for-sale are recorded in other comprehensive income and presented in the fair value reserve in equity.

The changes in the fair value reserve are disclosed in the Statement of changes in equity on p. 84.

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

Milj. €	2009 Gross	2009 Ceded	2009 Net	2008 Gross	2008 Ceded	2008 Net
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	**-1,345**	**23**	**-1,321**	-1,406	45	-1,361
Change in provision for claims outstanding (incurred and reported losses)	**-674**	**67**	**-607**	-704	55	-650
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	**-631**	**18**	**-613**	-670	18	-651
Claims-adjustment costs	**-8**	**0**	**-8**	-9	-	-9
Change in claims provision for annuities	**-15**	**0**	**-15**	-11	-	-11
Total claims cost attributable to current-year operations	**-2,673**	**108**	**-2,564**	-2,800	118	-2,682
Claims costs attributable to prior-year operations						
Claims paid	**-1,103**	**66**	**-1,037**	-1,153	83	-1,070
Annuities paid	**-25**	**0**	**-25**	6	-	6
Claims portfolio	**-14**	**14**	**0**	6	-6	0
Change in provision for claims outstanding (incurred and reported losses)	**703**	**-36**	**667**	685	-41	644
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	**513**	**-31**	**482**	547	-37	510
Total claims cost attributable to prior-year operations	**74**	**13**	**87**	91	-1	90
Insurance claims paid						
Claims paid	**-2,448**	**89**	**-2,358**	-2,559	128	-2,431
Annuities paid	**-34**	**0**	**-34**	-29	-	-29
Claims portfolio	**-14**	**14**	**0**	6	-6	0
Total claims paid	**-2,496**	**103**	**-2,393**	-2,582	122	-2,460
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	**29**	**31**	**61**	-19	14	-5
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	**-109**	**-13**	**-122**	-122	-19	-141
Change in claims provision for annuities	**-8**	**0**	**-8**	23	0	23
Claims-adjustment costs	**-15**	**0**	**-15**	-9	-	-9
Total change in provision for claims outstanding	**-103**	**18**	**-85**	-127	-5	-132
P&C insurance, total	**-2,598**	**121**	**-2,477**	-2,709	117	-2,592

The provision for annuities is valued in accordance with normal actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future investment return into account. To cover costs for the costs for the upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return is added to the annuity results. Provisions for incurred but not reported losses pertaining to annuities in Finland are discounted. The provisions in 2009 amounted to approximately EURm 290 (303). The non-discounted value was EURm 444 (467). The growth is mainly caused by the increase in the provision for work insurance.

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

	2009	2008
Sweden	**1.5%**	1.5%
Finland	**3.2%**	3.3%
Denmark	**2.0%**	2.0%

Life insurance

EURm	Claims paid 2009	Claims paid 2008	Change in provision for claims outstanding 2009	Change in provision for claims outstanding 2008	Claims incurred 2009	Claims incurred 2008
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature (DPF)	**-76**	-135	**-2**	-1	**-78**	-136
Other contracts	**-2**	-1	**0**	0	**-2**	-1
Unit-linked contracts	**-121**	-176	**1**	-2	**-120**	-178
Total	**-199**	-312	**-1**	-3	**-200**	-315
Pension insurance						
Contracts with discretionary participation feature (DPF)	**-306**	-284	**-65**	-113	**-371**	-397
Other contracts	**0**	0	**0**	0	**0**	0
Unit-linked contracts	**-6**	-5	**-1**	0	**-7**	-5
Total	**-312**	-289	**-66**	-113	**-378**	-402
Assumed reinsurance	**0**	-1	**0**	0	**0**	-1
Insurance contracts total, gross	**-511**	-602	**-67**	-116	**-577**	-717
Reinsurers´ share	**4**	5	**0**	1	**4**	5
Insurance contracts total, net	**-507**	-597	**-68**	-115	**-575**	-713
Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	**-27**	-38	**0**	0	**-27**	-38
Unit-linked contracts	**-27**	-12	**0**	0	**-27**	-12
Investment contracts, total	**-53**	-50	**0**	0	**-53**	-50
Life insurance, total	**-560**	-648	**-68**	-115	**-628**	-763

Claims paid by type of benefit

EURm	2009	2008
Insurance contracts		
Life insurance		
Surrender benefits	**-15**	-23
Death benefits	**-24**	-25
Maturity benefits	**-32**	-82
Loss adjustment expenses	**0**	0
Other	**-8**	-7
Total	**-78**	-136
Life insurance, unit-linked		
Surrender benefits	**-71**	-124
Death benefits	**-21**	-22
Maturity benefits	**-29**	-29
Loss adjustment expenses	**0**	0
Other	**0**	0
Total	**-121**	-176
Pension insurance		
Pension payments	**-291**	-269
Surrender benefits	**-9**	-10
Death benefits	**-7**	-4
Loss adjustment expenses	**0**	0
Other	**0**	-1
Total	**-306**	-284
Pension insurance, unit-linked		
Pension payments	**-1**	-1
Surrender benefits	**-3**	-3
Death benefits	**-1**	-1
Other	**0**	0
Total	**-6**	-5
Assumed reinsurance	**0**	-1
Insurance contracts total, gross	**-511**	-602
Reinsurers´ share	**4**	4
Insurance contracts total, net	**-507**	-597
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	**-1**	-13
Loss adjustment expenses	**-26**	-25
Other	**0**	0
Total	**-27**	-38
Investment contracts		
Capital redemption policy, unit-linked		
Surrender benefits	**-25**	-5
Loss adjustment expenses	**-2**	-7
Total	**-27**	-12
Investment contracts total, gross	**-53**	-50
Claims paid total, gross	**-564**	-652
Claims paid total, net	**-560**	-648
Group, total	**-3,105**	-3,355

4 Change in Liabilities for Insurance and Investment Contracts

P&C Insurance

EURm	2009	2008
Change in unearned premium provision	-28	-12
Reinsurers' share	-5	-2
Change in unearned premium provision, net	**-33**	-14

Life insurance

EURm	2009	2008
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	19	114
Other contracts	-1	-1
Unit-linked contracts	-138	301
Total	**-119**	414
Pension insurance		
Contracts with discretionary participation feature (DPF)	96	88
Other contracts	0	0
Unit-linked contracts	-285	171
Total	**-189**	259
Assumed reinsurance	1	1
Insurance contracts total, gross	**-307**	675
Reinsurers' share	0	0
Insurance contracts total, net	**-307**	675
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	6	42
Unit-linked contracts	-299	-36
Investment contracts, total	**-292**	6
Change in liabilities for insurance and investment contracts in total, gross	**-600**	681
Change in liabilities for insurance and investment contracts in total, net	**-600**	681
Group, total	**-633**	667

5 Staff Costs

P&C insurance

EURm	2009	2008
Staff costs		
Wages and salaries	-330	-328
Cash-settled share-based payments	-4	-2
Pension costs		
- defined contribution plans	-49	-45
- defined benefit plans (Note 31)	-26	-21
Other social security costs	-62	-64
P&C insurance, total	-470	-460

Life insurance

EURm	2009	2008
Staff costs		
Wages and salaries	-23	-18
Cash-settled share-based payments	-1	0
Pension costs – defined contribution plans	-3	-3
Other social security costs	-2	-1
Life insurance, total	-29	-23

Holding

EURm	2009	2008
Staff costs		
Wages and salaries	-7	-7
Cash-settled share-based payments	-1	-2
Pension costs – defined contribution plans	-2	-2
Other social security costs	-1	-1
Holding, total	-11	-11
Group, total	-510	-494

More information on share-based payments in note 36 Incentive schemes.

6 Other Operating Expenses

P&C insurance

EURm	2009	2008
IT costs	**-93**	-20
Other staff costs	**-16**	-17
Marketing expenses	**-39**	-41
Depreciation and amortisation	**-20**	-20
Rental expenses	**-46**	-49
Change in deferred acquisition costs	**13**	10
Direct insurance comissions	**-139**	-137
Commissions on reinsurance ceded	**18**	20
Other	**-117**	-219
P&C insurance, total	**-439**	-473

Life insurance

EURm	2009	2008
IT costs	**-11**	-12
Other staff costs	**-1**	-1
Marketing expenses	**-4**	-4
Depreciation and amortisation	**-3**	-3
Rental expenses	**-3**	-3
Direct insurance comissions	**-4**	-9
Comissions of reinsurance assumed	**-2**	-1
Commissions on reinsurance ceded	**1**	1
Other	**-19**	-20
Life insurance, total	**-46**	-51

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

Holding

EURm	2009	2008
IT costs	**-1**	-1
Other staff costs	**0**	0
Marketing expenses	**-1**	-1
Depreciation and amortisation	**0**	-1
Rental expenses	**-3**	-3
Other	**-12**	-7
Holding, total	**-17**	-13

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

Elimination items between segments	**7**	4
Group, total	**-495**	-532

7 Result Analysis of P&C Insurance

EURm	2009	2008
Insurance premiums earned	**3,643**	3,807
Claims incurred	**-2,717**	-2,834
Operating expenses	**-640**	-662
Other insurance technical income and expense	**0**	4
Allocated investment return transferred from the non-technical account	**201**	233
Technical result	**488**	548
Net investment income	**423**	299
Allocated investment return transferred to the technical account	**-261**	-293
Other income and expense	**-6**	-5
Operating result	**644**	549

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

EURm	2009	2008
Claims-adjustment expenses (Claims paid)	**-239**	-242
Acquisition expenses (Operating expenses)	**-432**	-434
Joint administrative expenses for insurance business (Operating expenses)	**-239**	-259
Administrative expenses pertaining to other technical operations (Operating expenses)	**-22**	-22
Asset management costs (Investment expenses)	**-7**	-12
Total	**-939**	-968

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							
2009	**565**	**637**	**994**	**128**	**1,157**	**168**	**4**
2008	568	680	1,086	145	1,205	168	2
Premiums earned, gross							
2009	**555**	**640**	**1,018**	**128**	**1,142**	**165**	**3**
2008	555	687	1,086	145	1,196	176	2
Claims incurred, gross*							
2009	**-419**	**-545**	**-722**	**-64**	**-798**	**-100**	**-1**
2008	-404	-597	-753	-103	-805	-106	-1
Operating expenses, gross**							
2009	**-108**	**-128**	**-166**	**-25**	**-185**	**-27**	**0**
2008	-98	-145	-171	-23	-193	-31	0
Profit/loss from ceded reinsurance							
2009	**0**	**0**	**-1**	**-20**	**-64**	**-2**	**0**
2008	-3	0	-2	-10	-83	-35	0
Technical result before investment return							
2009	**28**	**-32**	**130**	**18**	**94**	**37**	**2**
2008	49	-55	159	9	115	3	1

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2009	**23**	**102**	**3,776**	**117**	**-6**	**3,888**
2008	17	104	3,974	90	-7	4,057
Premiums earned, gross						
2009	**19**	**97**	**3,767**	**98**	**-6**	**3,860**
2008	17	103	3,966	85	-6	4,045
Claims incurred, gross*						
2009	**-12**	**-77**	**-2,738**	**-103**	**3**	**-2,838**
2008	-12	-87	-2,868	-85	2	-2,951
Operating expenses, gross**						
2009	**-4**	**-6**	**-649**	**-10**	**1**	**-658**
2008	-2	-4	-668	-12	2	-678
Profit/loss from ceded reinsurance						
2009	**0**	**3**	**-83**	**3**	**2**	**-77**
2008	0	2	-132	25	5	-101
Technical result before investment return						
2009	**4**	**18**	**297**	**-11**	**1**	**287**
2008	3	14	298	14	2	315

* Activity-based operating costs EURm 239 (242) have been allocated to claims incurred.
** Includes other technical income EURm 23 (26) and other technical expenses EURm 22 (22).

9 Earnings per Share

EURm	2009	2008
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	**641**	675
Weighted average number of shares outstanding during the period	**560**	569
Earnings per share (EUR per share)	**1.14**	1.18

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.	2009 Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	**162**	**46**	**74**	**-**	**-**
Financial assets designated as at fair value through p/l	**2,579**	**25**	**377**	**-**	**1**
Investments held-to-maturity	**-**	**0**	**-**	**-**	**-**
Loans and receivables	**801**	**18**	**7**	**-**	**-**
Financial assets available-for-sale	**15,075**	**569**	**178**	**-227**	**122**
Financial assets, group total	**18,616**	**658**	**637**	**-227**	**123**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	**127**	**-**			
Other financial liabilities	**1,971**	**-87**			
Financial liabilities, group total	**2,098**	**-87**			

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	-19	-87	243
Financial assets, group total	18,241	748	-571	-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			

Notes to the Balance Sheet

11 Property, Plant and Equipment

P&C insurance

EURm	2009 Equipment	2008 Equipment
At 1 Jan.		
Cost	**126**	117
Accumulated depreciation	**-100**	-88
Net carrying amount	**27**	29
Opening net carrying amount	**27**	29
Additions	**8**	11
Disposals	**-1**	-1
Depreciation	**-11**	-11
Exchange differences	**1**	-1
Closing net carrying amount	**23**	27
At 31 Dec.		
Cost	**134**	126
Accumulated depreciation	**-111**	-100
Net carrying amount	**23**	27

Life insurance

EURm	2009 Land and buildings	2009 Equipment	2009 Total	2008 Land and buildings	2008 Equipment	2008 Total
At 1 Jan.						
Cost	**4**	**6**	**10**	4	5	10
Accumulated depreciation	**0**	**-4**	**-5**	0	-4	-4
Net carrying amount	**4**	**1**	**5**	4	1	5
Opening net carrying amount	**4**	**1**	**5**	4	1	6
Additions	**-**	**0**	**0**	-	0	0
Disposals	**-**	**-**	**-**	-	0	0
Depreciation	**0**	**0**	**0**	0	0	-1
Closing net carrying amount	**4**	**1**	**5**	4	1	6
At 31 Dec.						
Cost	**4**	**6**	**10**	4	6	10
Accumulated depreciation	**0**	**-5**	**-5**	0	-4	-5
Net carrying amount	**4**	**1**	**5**	4	1	5

Holding

EURm	2009 Land and buildings	2009 Equipment	2009 Total	2008 Land and buildings	2008 Equipment	2008 Total
At 1 Jan.						
Cost	**2**	**5**	**7**	2	5	7
Accumulated depreciation	**-1**	**-1**	**-2**	-1	0	-1
Net carrying amount	**1**	**4**	**5**	1	4	6
Opening net carrying amount	**1**	**4**	**5**	1	4	6
Additions	**-**	**0**	**0**	0	0	0
Depreciation	**0**	**0**	**0**	0	0	0
Closing net carrying amount	**1**	**4**	**5**	1	4	5
At 31 Dec.						
Cost	**2**	**5**	**7**	2	5	7
Accumulated depreciation	**-1**	**-1**	**-2**	-1	-1	-2
Net carrying amount	**1**	**4**	**5**	1	4	5

EURm	2009	2008
Group, total	**34**	38

Equipment in different segments comprise IT equipment and furniture.

12 Investment Property

P&C insurance

EURm	2009	2008
At 1 Jan.		
Cost	**33**	56
Accumulated depreciation	**-5**	-4
Accumulated impairment losses	**-1**	-11
Net carrying amount	**28**	41
Opening net carrying amount	**28**	41
Additions	**0**	1
Disposals	**0**	-25
Depreciation	**-1**	-1
Impairment losses	**0**	0
Reversal of impairment losses	**0**	10
Exchange differences	**0**	1
Closing net carrying amount	**28**	28
At 31 Dec.		
Cost	**34**	33
Accumulated depreciation	**-5**	-5
Accumulated impairment losses	**-1**	-1
Net carrying amount	**28**	28
Rental income from investment property	**3**	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**	1
not later than five years	**0**	-
Total	**1**	2
Expenses arising from investment property		
direct operating expenses arising from investment property generating rental income during the period	**-2**	-1
direct operating expenses arising from investment property not generating rental income during the period	**-1**	-1
Total	**-3**	-2
Fair value of investment property at 31 Dec.	**24**	24

Life insurance

EURm	2009	2008
At 1 Jan.		
Cost	**154**	157
Accumulated depreciation	**-38**	-35
Accumulated impairment losses	**-16**	-17
Net carrying amount	**100**	105
Opening net carrying amount	**100**	105
Additions	**1**	1
Disposals	**-11**	-4
Depreciation	**-3**	-3
Impairment losses	**0**	1
Closing net carrying amount	**87**	100
At 31 Dec.		
Cost	**139**	154
Accumulated depreciation	**-37**	-38
Accumulated impairment losses	**-16**	-16
Net carrying amount	**87**	100
Rental income from investment property	**16**	17
Property rented out under operating lease		
Non-cancellable minimum rental		
not later than one year	**5**	8
later than one year and not later than five years	**7**	6
later than five years	**7**	5
Total	**19**	20
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**	-7
direct operating expenses arising from investment property not generating rental income during the period	**0**	0
Total	**-7**	-7
Fair value of investment property at 31 Dec.	**100**	118

Holding

EURm	2009	2008
At 1 Jan.		
Cost	**27**	29
Accumulated depreciation	**0**	0
Accumulated impairment losses	**-17**	-17
Net carrying amount	**10**	12
Opening net carrying amount	**10**	12
Disposals	**-**	-2
Depreciation	**0**	0
Closing net carrying amount	**10**	10
At 31 Dec.		
Cost	**27**	27
Accumulated depreciation	**0**	0
Accumulated impairment losses	**-17**	-17
Net carrying amount	**10**	10
Rental income from investment property	**2**	2
Property rented out under operating lease		
Non-cancellable minimum rental		
not later than one year	**0**	1
later than one year and not later than five years	**-**	0
Total	**0**	2
Expenses arising from investment property		
direct operating expenses arising from investment property generating rental income during the period	**-1**	0
direct operating expenses arising from investment property not generating rental income during the period	**0**	1
Total	**-1**	1
Fair value of investment property at 31 Dec.	**14**	14
Group, total	**124**	138

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
		2009		
At 1 Jan.				
Cost	**479**	**47**	**101**	**627**
Accumulated amortisation	**-**	**-34**	**-98**	**-132**
Net carrying amount	**479**	**13**	**3**	**495**
Opening net carrying amount	**479**	**13**	**3**	**495**
Exchange differences	**27**	**1**	**0**	**28**
Additions				
Acquired separately	**-**	**-**	**5**	**5**
Disposals	**-**	**-**	**0**	**0**
Amortisation	**-**	**-7**	**-1**	**-8**
Closing net carrying amount	**506**	**6**	**8**	**520**
At 31 Dec.				
Cost	**506**	**47**	**107**	**660**
Accumulated amortisation	**-**	**-41**	**-99**	**-140**
Net carrying amount	**506**	**6**	**8**	**521**

EURm	Goodwill	Customer relations	Other intangible assets	Total
		2008		
At 1 Jan.				
Cost	530	47	99	676
Accumulated amortisation	-	-26	-96	-122
Net carrying amount	530	21	3	554
Opening net carrying amount	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	479	13	4	495
At 31 Dec.				
Cost	479	47	101	627
Accumulated amortisation	-	-34	-98	-132
Net carrying amount	479	13	4	495

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.

Life insurance

EURm	2009 Goodwill	2009 Other intangible assets	2009 Total	2008 Goodwill	2008 Other intangible assets	2008 Total
At 1 Jan.						
Cost	**153**	**32**	**185**	153	26	179
Accumulated amortisation	**-**	**-18**	**-18**	-	-15	-15
Net carrying amount	**153**	**14**	**167**	153	11	164
Opening net carrying amount	**153**	**14**	**167**	153	11	164
Additions	**-**	**3**	**3**	-	6	6
Disposals	**-**	**-**	**-**	-	0	0
Amortisation	**-**	**-3**	**-3**	-	-2	-2
Closing net carrying amount	**153**	**14**	**167**	153	14	167
At 31 Dec.						
Cost	**153**	**34**	**188**	153	32	185
Accumulated amortisation	**-**	**-20**	**-20**	-	-18	-18
Net carrying amount	**153**	**14**	**167**	153	14	167

Holding

EURm	2009 Other intangible assets	2008 Other intangible assets
At 1 Jan.		
Cost	**30**	30
Accumulated amortisation	**-20**	-20
Accumulated impairment losses	**-9**	-9
Net carrying amount	**0**	0
Opening net carrying amount	**0**	23
Disposals	**-**	-
Amortisation	**0**	0
Closing net carrying amount	**0**	23
At 31 Dec.		
Cost	**30**	30
Accumulated amortisation	**-20**	-20
Accumulated impairment losses	**-9**	-9
Net carrying amount	**0**	0

	2009	2008
Group, total	**688**	663

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 10.8 per cent. For Mandatum Life, the weighted average cost of capital of 11.8 per cent has been used for the discounting.

Forecasts for If, approved by the management, cover years 2010–2012. The cash flows beyond that have been extrapolated using a 3% growth rate. A 2% growth rate for years beyond 2009 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	**2009**	2008
At beginning of year	**5**	9
Share of loss/profit	**0**	1
Additions	**5,168**	-
Disposals	**-2**	-4
Exchange differences	**0**	0
At end of year	**5,172**	5

At 31 Dec. 2009, the carrying amount of investments in associates included goodwill EURm 866 (-) from the Nordea acquisition.
The share of loss/profit does not include share of Nordea's profit, as it was consolidated as an associate at 31 Dec. 2009.

Associates that have been accounted for by the equity method at 31 Dec. 2009

EURm Name	Carrying amount	Fair value*	Interest held %	Assets/ liabilities	Revenue	Profit/loss
Nordea Bank Abp	**5,168**	**5,756**	**20.05**	**507,544/ 485,124**	**9,073**	**2,318**
Autovahinkokeskus Oy	**2**		**35.54**	**7 / 1**	**7**	**1**

Associates not accounted for by the equity method at 31 Dec. 2009**

EURm Name	Assets/ liabilities	Revenue	Profit/loss
Consulting AB Lennemark & Andersson	**9 / 6**	**11**	**1**
Euro-Center Holding A/S	**6 / 4**	**9**	**1**

Associates that have been accounted for by the equity method at 31 Dec. 2008

EURm Nimi	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

* If there is a published price quatation

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

Sampo's holding in Nordea

Sampo´s holding in Nordea Bank AB (publ.) exceeded 20 per cent on 11 Dec. and was 20.05 per cent at the end of the year. Consequently Nordea will be conslidated as an associate company from 31 Dec. 2009 in Sampo Group´s accounts.

Nordea is an universal bank with positions within corporate merchant banking as well as retail banking and private banking. With approximately 1.400 branches, call centers in all Nordic countries and an e-bank, Nordea also has a large distribution network for customers in the Nordic and Baltic sea region, including more than 260 branches in five new European markets, Russia, Poland, Lithuania, Latvia and Estonia.

Sampo´s share (20.05 per cent) of Nordea´s balance sheet 31 December 2009

EURm	
Total assets	101,763
Total liabilities	97,283
Total equity	4,479
Cost of business combination	5,168
Acquired net assets	4,479
Share of Nordea's goodwill included in the balance sheet	-490
	3,989
Purchase price in excess of the net assets acquired.	1,179
Allocated to other intangibles	
- customer-related*	330
- other long-term intangibles	95
Deferred tax liabilities relating to allocations	-112
Goodwill relating to the acquisition	866
* Total net amortisation effect (10 years)	243
Annual amortisation	24

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. In P&C insurance business, fair value hedging has been applied during the financial year. In Life insurance, both fair value and cash flow hedging have been applied.

P&C insurance

EURm	2009	2008
Derivative financial instruments	**84**	362
Financial assets designated as at fair value through p/l	**163**	355
Loans and receivables	**3**	1
Financial assets available-for-sale	**9,998**	8,155
P&C insurance, total	**10,248**	8,874

Life insurance

EURm	2009	2008
Derivative financial instruments	**66**	108
Financial assets designated as at fair value through p/l	**50**	41
Investments held-to-maturity	**-**	1
Loans and receivables	**26**	5
Financial assets available-for-sale	**5,074**	4,348
Life insurance, total	**5,216**	4,503

Holding

EURm	2009	2008
Derivative financial instruments	**12**	-
Loans and receivables	**1**	1
Financial assets available-for-sale	**172**	2,890
Investments in subsidiaries	**2,370**	2,370
Holding, total	**2,554**	5,260
Elimination items between segments	**-2,538**	-2,498
Group, total	**15,479**	16,139

P&C Insurance

Derivative financial instruments

	2009			2008		
	Contract/ notional	Fair value		Contract/ notional	Fair value	
EURm	amount	Assets	Liabilities	amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Intrerest rate swaps	**435**	**18**	**0**	23	19	4
Exchange traded derivatives						
Interest rate futures	**308**	**4**	**0**	55	0	0
Interest rate options, bought and sold	**106**	**0**	**0**	-	-	-
Total interest rate derivatives	**849**	**22**	**0**	78	19	4
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	**3,335**	**62**	**88**	4,930	342	247
Currency options, bought and sold	**30**	**0**	**0**	47	0	1
Total foreign exchange derivatives	**3,365**	**62**	**88**	4,977	343	247
Equity derivatives						
OTC derivatives						
Equity and equity index options	**1**	**0**	**0**	-	-	-
Total derivatives held for trading	**4,215**	**84**	**88**	5,055	362	251
Derivatives held for hedging						
Fair value hedges						
Currency forwards	**217**	**-**	**0**	-	-	-
Total derivatives	**4,432**	**84**	**89**	5,055	362	251

Other financial assets

EURm	2009	2008
Financial assets designated as at fair value through p/l		
Debt securities		
Government bonds	**66**	122
Other debt securities	**70**	211
Total debt securities	**136**	333
Listed debt securities EURm 134 (290).		
Equity securities		
Listed	**25**	19
Unlisted	**0**	1
Total	**25**	20
Total financial assets designated as at fair value through p/l	**161**	354
Loans and receivables		
Deposits with ceding undertakings	**1**	1
Other	**2**	-
Total loans and receivables	**3**	1
Financial assets available-for-sale		
Debt securities		
Government bonds	**1,566**	2,038
Other debt securities	**7,231**	5,633
Total debt securities	**8,797**	7,671
Listed debt securities EURm 8,311 (7,278).		
Equity securities		
Listed	**1,166**	417
Unlisted	**36**	69
Total	**1,202**	486
Total financial assets available-for-sale	**10,000**	8,157

Financial assets available-for-sale for P&C insurance include impairment losses EURm 170 (85).

	2009	2008
P&C Insurance, total financial assets	**10,248**	8,874

Life insurance

Derivative financial instruments

EURm	2009 Contract/ notional amount	2009 Fair value Assets	2009 Fair value Liabilities	2008 Contract/ notional amount	2008 Fair value Assets	2008 Fair value Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	**766**	**41**	**-**	1,062	55	0
Exchange traded derivatives						
Interest futures	**340**	**7**	**-**	-	-	-
Interest options, bought and sold	**300**	**4**	**3**	-	-	-
Total	**640**	**10**	**3**	-	-	-
Total interest rate derivatives	**1,406**	**51**	**3**	1,062	55	0
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	**724**	**3**	**18**	459	17	1
Currency options, bought and sold	**128**	**1**	**1**	126	2	3
Total foreign exchange derivatives	**852**	**4**	**19**	585	19	4

EURm	2009 Contract/ notional amount	2009 Fair value Assets	2009 Fair value Liabilities	2008 Contract/ notional amount	2008 Fair value Assets	2008 Fair value Liabilities
Commodity derivatives						
OTC derivatives						
Commodity swaps	**14**	**-**	**0**	-	-	-
Total derivatives held for trading	**2,272**	**54**	**22**	1,647	74	4
Derivatives held for hedging						
Fair value hedges						
Currency forwards	**227**	**-**	**10**	226	16	0
Cash flow hedges						
Interest rate swaps	**365**	**12**	**-**	829	19	0
Total derivatives held for hedging	**591**	**12**	**10**	1,055	35	0
Total derivatives	**2,863**	**66**	**32**	2,702	108	4

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. The interest elements of forward contracts have been excluded from hedging relationships.

Net losses from exchange derivatives designated as fair value hedges amounted to EURm 9. Net gains from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 9.

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.

At 31 Dec. 2009 the total amount of gains recognised in equity from the changes in the fair values of hedging instruments was EURm 12 (15). These gains are recognised in the income statement at the time when the hedged items affect profit or loss. The table below represents the periods when the cash flows are expected to occur and when they are expected to affect profit or loss.

EURm	Total	Up to 1 year	1–2 years	2–3 years	3–5 years
From hedging instruments					
Receivable cash flows (forecast)	20	12	6	2	0
Payable cash flows (forecast)	-7	-2	-3	-1	0
Net	**14**	**10**	**3**	**1**	**0**

Most of the cash flows are forecast to occur during the first two years.

Other financial assets

EURm	2009	2008
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	**9**	12
Government bonds	**9**	10
Other	**0**	1
Certificates of deposit issued by banks	**21**	14
Other debt securities	**15**	15
Total debt securities	**46**	40

Listed debt securities EURm 7 (11).

Equity securities		
Listed	**1**	1
Unlisted	**3**	0
Total	**4**	1
Total financial assets designated as at fair value through p/l	**50**	41
Investments held-to-maturity		
Debt securities		
Debt securities issued by other than public bodies	**-**	1

Debt securities were not listed.

Loans and receivables		
Deposits with ceding undertakings	**2**	2
Loans	**24**	4
Total loans and receivables	**26**	5
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	**34**	105
Government bonds	**34**	105
Other	**-**	-
Issued by banks	**1,736**	1,853
Other debt securities	**1,520**	1,215
Total debt securities	**3,289**	3,173

Listed debt securities EURm 3,249 (3,138).

Equity securities		
Listed	**1,360**	818
Unlisted	**425**	357
Total	**1,785**	1,175
Total financial assets available-for-sale	**5,074**	4,348

Financial assets available-for-sale for life insurance include impairment losses EURm 183 (43).

Life insurance, total financial assets	**5,216**	4,503

Financial assets available for sale / debt securities: Debt securities available for sale include EURm 2,500 (1,876) investments in bonds and EURm 789 (1,297) investments in money market instruments.

Financial assets available for sale /shares and participations: Listed equity securities include EURm 554 (370) quoted shares. Unlisted equity securities include EURm 359 (318) investments in capital trusts.

Holding

Derivative financial instruments

EURm	2009 Contract/ notional amount	2009 Fair value Assets	2009 Fair value Liabilities	2008 Contract/ notional amount	2008 Fair value Assets	2008 Fair value Liabilities
Derivatives held for trading						
Interest derivatives						
OTC-derivatives						
Interest rate swaps	**975**	**7**	**-**	-	-	-
Equity derivatives						
OTC-derivatives						
Equity options	**42**	**4**	**7**	-	-	-
Exchange derivatives						
OTC-derivatives						
Currency forwards	**48**	**1**	**0**	70	0	0
Total derivatives	**1,065**	**12**	**7**	70	0	0

Other financial assets

EURm	2009	2008
Loans and receivables		
Deposits	**1**	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	**11**	994
Other debt securities	**125**	190
Total debt securities	**135**	1,184

Listed debt securities EURm 32 (1,084).

EURm	2009	2008
Equity securities		
Listed	**0**	1,670
Unlisted	**36**	35
Total	**36**	1,705
Total financial assets available-for-sale	**172**	2,890

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

EURm	2009	2008
Investments in subsidiaries	**2,370**	2,370
Holding, total financial assets	**2,554**	5,260
Elimination items between segments	**-2,538**	-2,498
Group, total	**15,479**	16,139

16 Fair Values

EURm	2009 Fair value	2009 Carrying amount	2008 Fair value	2008 Carrying amount
Financial assets, group				
Financial assets	**15,479**	**15,479**	16,139	16,139
Investments related to unit-linked contracts	**2,366**	**2,366**	1,637	1,637
Other assets	**57**	**57**	205	205
Cash and cash equivalents	**771**	**771**	465	465
Total	**18,674**	**18,674**	18,446	18,446
Financial liablities, group				
Financial liabilities	**2,107**	**2,098**	1,263	1,269
Other liabilities	**7**	**7**	183	183
Total	**2,114**	**2,105**	1,446	1,453

In the table above are presented fair values and carrying amounts of financial assets and liabilities. The detailed measurement bases of financial assets and liabilities are disclosed in Group Accounting policies.

The fair value of investment securities is assessed using quoted prices in active markets. If published price quotations are not available, the fair value is assessed using discounting method. Values for the discount rates are taken from the market's yield curve.

The fair value of the derivative instruments is assessed using quoted market prices in active markets, discounting method or option pricing models.

The fair value of loans and other financial instruments which have no quoted price in active markets is based on discounted cash flows, using quoted market rates. The market's yield curve is adjusted by other components of the instrument, e.g. by credit risk.

The fair value for short-term non-interest-bearing receivables and payables is their carrying amount.

Disclosed fair values are "clean" fair values, i.e. less interest accruals.

17 Determination and Hierarchy of Fair Values

A large majority of Sampo Group's financial assets are valued at fair value. The valuation is based on either published price 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 financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on e.g. if the market for the instrument is active, or if the inputs used in the valuation technique are observable.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

In level 3, the measurement is based on other inputs rather than observable market data.

EURm	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments				
Interest rate swaps	0	77	-	77
Other interest rate derivatives	3	11	-	14
Foreign exchange derivatives	-	67	-	67
Equity derivatives	-	4	-	4
	3	**158**	**-**	**161**
Financial assets designated at fair value through profit or loss				
Equity securities	1	4	-	5
Debt securities	63	102	16	182
Mutual funds	-	23	1	24
	64	**130**	**17**	**211**
Financial assets related to unit-linked insurance				
Equity securities	27	101	-	128
Debt securities	16	349	1	365
Derivative financial instruments	-	8	-	8
Mutual funds	26	1,737	54	1,817
	70	**2,194**	**54**	**2,318**
Financial assets available-for-sale				
Equity securities	1,313	0	74	1,387
Debt securities	1,522	10,437	93	12,053
Mutual funds	348	788	501	1,637
	3,184	**11,225**	**668**	**15,077**
Total financial assests measured at fair value	**3,320**	**13,707**	**740**	**17,768**
Financial liabilities				
Derivative financial instruments				
Interest rate derivatives	-	3	-	3
Foreign exchange derivatives	-	117	-	117
Equity derivatives	-	7	-	7
Other derivatives	-	0	-	0
Total financial liabilities measured at fair value	**-**	**127**	**-**	**127**

18 Movements in Level 3 Financial Instruments Measured at Fair Value During the Financial Year

EURm	At 1 Jan. 2009	Total gains/ losses in income state- ment	Total gains/ losses recorded in other compre- hensive income	Purchases	Sales	Transfers to and from levels 1 and 2	At 31 Dec. 2009	Gains/losses included in p/l for financial assets 31 Dec. 2009
Financial assets								
Financial assets designated at fair value through profit or loss								
Equity securities	1	-	-	-	-1	-	0	-
Debt securities	20	-1	-	-	-	-3	16	0
Mutual funds	-	-	-	-	-	1	1	-
Total	**21**	**-1**	**-**	**-**	**-1**	**-2**	**17**	**0**
Financial assets related to unit-linked insurance								
Debt securities	1	0	-	-	-	-	1	0
Mutual funds	55	2	-	12	-16	-	54	2
Total	**56**	**2**	**-**	**12**	**-16**	**0**	**54**	**2**
Financial assets available-for-sale								
Equity securities	60	-5	11	7	-5	7	75	-7
Debt securities	24	0	-1	26	-7	52	93	-1
Mutual funds	398	-26	-7	115	-70	90	501	-28
Total	**482**	**-31**	**4**	**148**	**-83**	**149**	**669**	**-37**
Total financial assests measured at fair value	**559**	**-30**	**4**	**160**	**-100**	**147**	**740**	**-34**
Financial liabilities	-	-	-	-	-	-	-	-

		2009	
EURm	Realised gains	Fair value gains and losses	Total
Total gains or losses included in profir or loss for the financial year	4	-32	-29
Total gains or losses included in profit and loss for assets held at the end of the financial year	-1	-33	-34

19 Sensitivity Analysis of Level 3 Financial Instruments Measured at Fair Value

EURm	2009 Carrying amount	Effect of reasonably possible alternative assumptions (+/-)
Financial assets		
Derivative financial instruments		
Debt securities	16	0
Mutual funds	1	0
Total	**17**	**0**
Financial assets related to unit-linked insurance		
Debt securities	1	0
Mutual funds	54	-11
Total	**54**	**-11**
Financial assets available-for-sale		
Equity securities	74	-15
Debt securities	93	-3
Mutual funds	501	-90
Total	**668**	**-109**
Total financial assests measured at fair value	**740**	**-119**

The value of financial assets regarding the debt security instruments has been tested by assuming a rise of 1 per cent unit in interest rate level in all maturities. For other financial assets, the prices were assumed to go down by 20%. The Sampo Group bears no investment risks related to unit-linked insurance, so a change in assumptions regarding these assets does not affect profit or loss. On the basis of these alternative assumptions, a possible change in interest levels would cause a valuation loss of EURm 3 for the debt instruments, and EURm 105 valuation loss for other instruments in the Group's other comprehensive income. The reasonably possible effect, proportionate to the Group's equity, would thus be 1.4%.

20 Investments Related to Unit-linked Insurance Contracts

Life insurance

EURm	2009	2008
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	**27**	1
Government bonds	**27**	1
Other		0
Certificates of deposit issued by banks	**125**	107
Other debt securities	**214**	13
Total	**365**	121

Listed debt securities EURm 365 (121).

EURm	2009	2008
Equity securities		
Listed	**1,922**	1,477
Unlisted	**1**	0
Total	**1,923**	1,477
Total financial assets designated at fair value through p/l	**70**	38
Other	**8**	1
Investment related to unit-linked contracts, total	**2,366**	1,637

The historical cost of the equity securities related to unit-linked contracts was EURm 1,737 (1,669) and that of the debt securities EURm 355 (130).

21 Deferred Tax Assets and Liabilities

Changes in deferred tax during the financial period 2009

EURm	1.1.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31.12.
Deferred tax assets					
Tax losses carried forward	**63**	**-58**	**0**	**0**	**5**
Changes in fair values	**1**	**0**	**0**	**0**	**1**
Employee benefits	**32**	**-1**	**0**	**3**	**34**
Other deductible temporary differences	**116**	**6**	**0**	**3**	**125**
Total	**212**	**-53**	**0**	**6**	**165**
Netting of deferred taxes					**-84**
Deferred tax assets in the balance sheet					**81**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	**334**	**6**	**0**	**20**	**360**
Changes in fair values	**-8**	**-109**	**243**	**-5**	**121**
Other taxable temporary differences	**109**	**-8**	**0**	**1**	**103**
Total	**435**	**-111**	**243**	**17**	**584**
Netting of deferred taxes					**-84**
Total deferred tax liabilities in the balance sheet					**500**

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

Changes in deferred tax during the financial period 2008

EURm	1.1.	Recognised in comprehensive income statement	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	**89**	**-23**	**64**	**-10**	**120**
Netting of deferred taxes					36
Deferred tax assets in the balance sheet					**156**
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					36
Total deferred tax liabilities in the balance sheet					**379**

22 Taxes

EURm	2009	2008
Profit before tax	**825**	870
Tax calculated at parent company's tax rate	**-214**	-226
Different tax rates on overseas earnings	**1**	-5
Income not subject to tax	**29**	140
Expenses not allowable for tax purposes	**-4**	-8
Consolidation procedures and eliminations	**0**	-118
Tax losses for which no deferred tax asset has been recognised	**-1**	-3
Changes in tax rates	**0**	6
Tax from previous years	**5**	19
Total	**-184**	-195

23 Components of Other Comprehensive Income

EURm	2009	2008
Other comprehensive income:		
Exchange differences	**123**	-248
Available-for-sale financial assets		
Gains/losses arising during the year	**2,918**	-3,116
Reclassification adjustments	**71**	87
Cash flow hedges		
Gains/losses arising during the year	**-3**	15
Income tax relating to components of other comprehensive income	**-326**	333
Total	**2,782**	-2,928

24 Tax Effects Relating to Components of Other Comprehensive Income

	2009			2008		
EURm	Before-tax amount	Tax	Net-of-tax amount	Before-tax amount	Tax	Net-of-tax amount
Exchange differences	**123**	**-**	**123**	-248	-	-248
Available-for-sale financial assets	**2,989**	**-327**	**2,662**	-3,029	337	-2,692
Cash flow hedges	**-3**	**1**	**-2**	15	-4	11
Total	**3,108**	**-326**	**2,782**	-3,262	333	-2,928

25 Other Assets

P&C insurance

EURm	2009	2008
Interests	**147**	139
Assets arising from direct insurance operations	**830**	767
Assets arising from reinsurance operations	**47**	44
Settlement receivables	**3**	17
Deferred acquisition costs [1]	**122**	99
Assets related to Patient Insurance Pool	**59**	60
Other	**56**	49
P&C insurance, total	**1,265**	1,176

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

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

[1]Change in deferred acquisition costs in the period

EURm	2009	2008
At 1 Jan.	**99**	103
Net change in the period	**13**	10
Exchange differences	**10**	-14
At 31 Dec.	**122**	99

Life insurance

EURm	2009	2008
Interests	**61**	53
Receivables from policyholders	**6**	4
Assets arising from reinsurance operations	**1**	1
Settlement receivables	**38**	187
Other	**27**	25
Life insurance, total	**133**	270

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	2009	2008
Interests	**53**	12
Other	**23**	42
Holding, total	**76**	54

Item Other includes e.g. asset management fee receivables.

Elimination items between segments	**-36**	-27
Group, total	**1,439**	1,473

26 Cash and Cash Equivalents

P&C insurance

EURm	2009	2008
Cash at bank and in hand	**153**	149
Short-term deposits (max 3 months)	**138**	110
P&C insurance, total	**292**	259

Life insurance

EURm	2009	2008
Cash at bank and in hand	**57**	16
Short-term deposits (max 3 months)	**11**	155
P&C insurance, total	**68**	171

Holding

EURm	2009	2008
Cash	**22**	11
Short-term deposits (max 3 months)	**390**	24
Holding, total	**412**	35
Group, total	**771**	465

27 Liabilities from Insurance and Investment Contracts

P&C insurance

Change in insurance liabilities

EURm	2009 Gross	2009 Ceded	2009 Net	2008 Gross	2008 Ceded	2008 Net
Provision for unearned premiums						
At 1 Jan.	**1,521**	**54**	**1,467**	1,691	55	1,636
Insurance holdings acquired	**-**	**-**	**-**	13	2	11
Transfer to other debtors	**-**	**-**	**-**	-9	-	-9
Exchange differences	**119**	**0**	**119**	-184	-2	-183
Change in provision	**28**	**-5**	**33**	10	-2	12
At 31 Dec.	**1,668**	**49**	**1,619**	1,521	54	1,467

EURm	2009 Gross	2009 Ceded	2009 Net	2008 Gross	2008 Ceded	2008 Net
Provision for claims outstanding						
At 1 Jan.	**6,367**	**377**	**5,990**	6,835	429	6,406
Unwinding of discount	**-**	**-**	**-**	53	-	53
Insurance holdings acquired	**-**	**-**	**-**	4	2	6
Insurance holdings sold	**-14**	**-**	**-14**	-13	-1	-
Exchange differences	**386**	**33**	**353**	-625	-48	-577
Change in provision	**176**	**18**	**158**	113	-5	117
At 31 Dec.	**6,915**	**428**	**6,486**	6,367	377	5,990

Liabilities from insurance contracts

EURm	2009	2008
Provision for unearned premiums	**1,668**	1,521
Provision for claims outstanding	**6,915**	6,367
Incurred and reported losses	**1,854**	1,756
Incurred but not reported losses (IBNR)	**3,284**	2,944
Provisions for claims-adjustment costs	**241**	212
Provisions for annuities and sickness benefits	**1,535**	1,455
P&C insurance total	**8,583**	7,889
Reinsurers' share		
Provision for unearned premiums	**49**	54
Provision for claims outstanding	**428**	377
Incurred and reported losses	**268**	221
Incurred but not reported losses (IBNR)	**160**	156
Total reinsurers' share	**477**	431

As the P&C Insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading. The exchange effect on technical provisions for own account between 2008 and 2009 was insignificant as the strenghtening of the Norwegian krone was offset by the fall of the euro. In the comparison year, the exchange effect on the technical provisions for own account amounted to a net increase of EURm 343.

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.

More information on P&C Insurance's insurance liabilities in the Risk Management section of the Annual acounts.

Claims costs before reinsurance

Estimated claims cost

EURm	< 2002	2003	2004	2005	2006	2007	2008	2009	Total
At the close of the claims year	4,731	2,413	2,359	2,507	2,522	2,592	2,726	2,733	
One year later	4,942	2,374	2,324	2,453	2,507	2,587	2,681		
Two years later	5,028	2,303	2,265	2,403	2,481	2,553			
Three years later	5,101	2,295	2,261	2,377	2,480				
Four years later	5,187	2,277	2,246	2,346					
Five years later	5,221	2,259	2,219						
Six years later	5,220	2,247							
Seven years later									
Current estimate of total claims costs	5,296	2,247	2,219	2,346	2,480	2,553	2,681	2,733	
Total disbursed	2,916	1,954	1,826	1,913	1,996	1,993	1,900	1,389	
Provision reported in the balance sheet	2,380	293	394	433	483	560	781	1,344	6,668
of which established vested annuities	1,175	65	54	63	66	57	46	9	1,535
Other provision									5
Provision for claims-adjustment costs									241
Total provision reported in the BS									**6,915**

Claims costs after reinsurance

Estimated claims cost

EURm	< 2002	2003	2004	2005	2006	2007	2008	2009	Total
At the close of the claims year	4,157	2,301	2,293	2,372	2,420	2,498	2,613	2,621	
One year later	4,359	2,254	2,257	2,312	2,396	2,486	2,581		
Two years later	4,451	2,188	2,200	2,262	2,369	2,461			
Three years later	4,505	2,180	2,195	2,243	2,373				
Four years later	4,577	2,160	2,182	2,214					
Five years later	4,605	2,144	2,156						
Six years later	4,601	2,132							
Seven years later	4,633								
Current estimate of total claims costs	4,633	2,132	2,156	2,214	2,373	2,461	2,581	2,621	
Total disbursed	2,406	1,864	1,781	1,815	1,922	1,939	1,841	1,363	
Provision reported in the balance sheet	2,228	269	375	399	451	522	740	1,258	6,240
of which established vested annuities	1,175	65	54	63	66	57	46	9	360
Other provision									5
Provision for claims-adjustment costs									241
Total provision reported in the BS									**6,486**

Life insurance

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2009	**4,423**	**63**	**4,487**
Premiums	**238**	**20**	**258**
Claims paid	**-385**	**-27**	**-411**
Expense charge	**-39**	**0**	**-39**
Guaranteed interest	**157**	**2**	**159**
Bonuses	**18**	**0**	**18**
Other	**-38**	**-1**	**-40**
At 31 Dec. 2009	**4,374**	**57**	**4,431**
Reinsurers' share	**-4**	**0**	**-4**
Net liability at 31 Dec. 2009	**4,370**	**57**	**4,427**
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

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2009	**1,538**	**99**	**1,637**
Premiums	**273**	**279**	**551**
Claims paid	**-126**	**-27**	**-153**
Expense charge	**-25**	**-2**	**-26**
Other	**302**	**49**	**351**
At 31 Dec. 2009	**1,961**	**398**	**2,359**
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

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. A more detailed specification of changes in insurance liabilities is presented in Group's Risk Management.

EURm	2009	2008
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	**2,513**	2,629
Provision for claims outstanding	**1,844**	1,777
Liabilities for contracts without discretionary participation feature (DPF)		
Provision for unearned premiums	**13**	13
Provision for claims outstanding	**0**	0
Total	**4,371**	4,419
Assumed reinsurance		
Provision for unearned premiums	**1**	2
Provision for claims outstanding	**2**	2
Total	**3**	4
Insurance contracts total		
Provision for unearned premiums	**2,528**	2,644
Provision for claims outstanding	**1,846**	1,779
Total	**4,374**	4,423
Investment contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	**57**	63
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	**2,585**	2,707
Provision for claims outstanding	**1,846**	1,779
Life insurance total	**4,431**	4,487
Reinsurers' sharet		
Provision for unearned premiums	**0**	0
Provision for claims outstanding	**-4**	-4
Total	**-4**	-4

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	**13,014**	12,375

28 Liabilities from Unit-linked Insurance and Investment Contracts

Life insurance

EURm	2009	2008
Unit-linked insurance contracts	1,961	1,538
Unit-linked investment contracts	398	99
Total	**2,359**	1,637

29 Financial Liabilities

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

P&C insurance

EURm	2009	2008
Derivative financial instruments (note 15)	**89**	251
Subordinated debt securities		
Subordinated loans		
Euro-denominated loans		
Preferred capital note, 2001	**216**	215
Preferred capital note, 2002	**70**	70
Preferred capital note, 2005	**149**	149
Total subordinated debt securities	**435**	435
P&C insurance, total financial liabilities	**524**	686

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	2009	2008
Derivative financial instruments (note 15)	**32**	4
Subordinated debt securities		
Subordinated loans	**100**	100
Life insurance, total	**132**	104

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	2009	2008
Derivative financial instruments (note 15)	**7**	0
Debt securities in issue		
Commercial papers	**466**	-
Bonds	**962**	-
Total	**1,429**	-
Subordinated debt securities		
Debentures	**37**	597
Other financial liabilities		
Pension loans	**130**	-
Other liabilities	**6**	6
Total	**136**	6
Holding, total	**1,609**	604

During 2009, Sampo Plc activated its commercial paper programme and issued debt securities within. The company also made an exchange offer for its debenture of EURm 600. After this EURm 37 of the debentures remained in the balance sheet. Sampo Plc also issued a three-year-long bond of EURm 750. In addition, Sampo Plc took out a pension loan of EURm 130, with a maturity of 5 years.

Elimination items between segments	**-166**	-125
Group, total	**2,098**	1,269

30 Provisions

P&C insurance

EURm	2009
At 1 Jan 2009	**26**
Exchange rate differences	**3**
Additions	**19**
Amounts used during the period	**-12**
Unused amounts reversed during the period	**-2**
At 31 Dec. 2009	**35**
Current (less than 1 year)	**18**
Non-current (more than 1 year)	**17**
Total	**35**

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 assets reserved for future expenses attributable to previously implemented or planned future organisational changes.

31 Employee Benefits

Employee benefits

Sampo has defined benefit plans in P&C insurance business in Sweden and Norway.

In addition to statutory retirement pension insurance, the Group has certain voluntary defined benefit plans. The voluntary defined benefit plans are intra-Group and included in the insurance liabilities of Mandatum Life. The amount is negligible and they have no material impact on the Group profit or loss or equity.

Employee benefit obligations of P&C Insurance 31 Dec.

EURm	**2009**	2008	2007	2006	2005	2004
Present value of estimated pension obligation	**424**	390	406	405	359	302
Fair value of plan assets	**272**	220	255	228	203	178
Net obligation/liability	**152**	170	152	177	156	124
Net cumulative unrecognised actuarial gains/losses	**-67**	-94	-54	-90	-75	-39
Net pension obligation recognised in the balance sheet	**85**	76	98	87	81	85
Provision for social security	**19**	17	20	22	19	14
Provision for pensions 31 Dec.	**104**	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 **31.12.2009**	Sweden 31.12.2008	Norway **31.12.2009**	Norway 31.12.2008
Discount interest rate	**4.00%**	4.00%	**4.50%**	4.00%
Anticipated return	**4.50%**	4.00%	**5.00%**	5.25%
Future pay increases	**3.25%**	3.25%	**4.00%**	4.00%
Price inflation	**2.00%**	2.00%	**2.50%**	2.50%

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

Debt instruments	**43%**	37%	**66%**	69%
Equity instruments	**42%**	47%	**9%**	5%
Property	**10%**	11%	**17%**	17%
Other	**5%**	5%	**8%**	9%

Analysis of the employee benefit obligation

EURm	2009 Funded plans	2009 Unfunded plans	2009 Total	2008 Funded plans	2008 Unfunded plans	2008 Total
Present value of estimated pension obligation	**367**	**56**	**424**	337	53	390
Fair value of plan assets	**272**		**272**	220	-	220
Net obligation/liability	**95**	**56**	**152**	117	53	170
Net cumulative unrecognised actuarial gains/losses	**-64**	**-2**	**-67**	-86	-8	-94
Net pension obligation recognised in the balance sheet	**31**	**54**	**85**	31	45	76

Recognised in income statement

EURm	**2009**	2008	2007	2006	2005	2004
Current service cost	**15**	14	16	18	19	13
Interest cost	**17**	18	17	16	19	16
Expected rate of return on plan assets at the beginning of the year	**-13**	-15	-12	-12	-10	-9
Actuarial gains (-) or losses (+) recognised during the financial year	**5**	1	3	2	1	-
Losses (+) or gains (-) on curtailments and settlements	**1**	2	3	4	2	7
Past service cost			-	4	-3	-
Pension costs	**26**	21	27	33	27	26

Analysis of the change in net liability recognised in the balance sheet

EURm	**2009**	2008	2007	2006	2005	2004
Pension obligations:						
At the beginning of the year	**390**	406	405	359	302	237
Earned during the financial year	**14**	14	16	18	19	13
Interest cost	**17**	18	17	16	18	16
Actuarial gains or losses	**-42**	41	-25	18	22	35
Losses or gains on curtailments and settlements	**1**	1	2	4	1	7
Release of obligation by payment		-	-2	-	-	-
Cost/return related to past service		-	-	4	-3	-
Exchange differences on foreign plans	**32**	-79	5	-6	5	3
Benefits paid	**11**	-12	-11	-8	-6	-9
Defined benefit plans at 31 Dec.	**424**	390	406	405	359	302
Reconciliation of plan assets:						
At the beginning of the year	**220**	255	228	203	178	155
Expected return on assets	**13**	13	12	12	10	9
Actuarial gains or losses	**-7**	-17	5	-1	-6	-7
Contributions	**23**	21	17	25	22	28
Used for release of obligations	**-**	-	-2	-	-	-
Exchange differences on foreign plans	**32**	-44	4	-3	3	2
Benefits paid	**-9**	-8	-9	-7	-4	-9
Plan assets at 31 Dec.	**272**	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 2009 is EURm 34.

32 Other Liabilities

P&C insurance

EURm	2009	2008
Liabilities arising out of direct insurance operations	**104**	94
Liabilities arising out of reinsurance operations	**47**	38
Settlement liabilities	**1**	0
Liabilities related to Patient Insurance Pool	**57**	58
Tax provisions	**240**	10
Prepayments and accrued income	**158**	133
Other	**113**	110
P&C insurance, total	**719**	444

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

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	2009	2008
Interests	**18**	23
Liabilities arising out of direct insurance operations	**2**	5
Liabilities arising out of reinsurance operations	**5**	5
Settlement liabilities	**6**	183
Other liabilities	**103**	26
Life insurance, total	**134**	242

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

Holding

EURm	2009	2008
Interests	**47**	19
Tax liabilities	**-**	7
Other liabilities	**48**	54
Holding, total	**95**	80

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

Elimination items between segments	**-36**	-27
Group, total	**912**	739

33 Contingent Liabilities and Commitments

P&C insurance

EURm	2009	2008
Off-balance sheet items		
Guarantees	**19**	39
Other irrevocable commitments	**69**	75
Total	**88**	114

Assets pledged as collateral for liabilities or contingent liabilities

	2009		2008	
EURm	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Cash at balances at central banks	**9**	**7**	9	8
Investments				
Investment securities	**124**	**101**	127	108

EURm	2009	2008
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	**32**	32
later than one year and not later than five years	**82**	89
later than five years	**106**	90
Total	**220**	212
Lease and sublease payments recognised as an expense in the period		
minimum lease payments	**-34**	-39
sublease payments	**0**	0
Total	**-34**	-39

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 favour 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 49 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 standby letters of credit pertaining to Capital Assurance Company Inc.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling EURm 43, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

If P&C Insurance Ltd has according to a shareholders' agreement between the shareholders in Hemfosa Fastigheter AB committed to up until 30 June 2014 supply the company with a subordinated loan (shareholders' loan) up to a maximum amount of EURm 28.

Life insurance

EURm	2009	2008
Off-balance sheet items		
Fund commitments	**357**	308
Other commitments		
Acquisition of IT-software	**0**	3
Lended securities		
Domestic shares		
Number of shares	**837,000**	-
Remaining acquisition cost	**10**	-
Fair value	**11**	-

Security lendings can be interrupted at any time and they are secured.

EURm	2009	2008
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**	7
later than five years	**1**	3
Total	**10**	11
Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec.	**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	2009	2008
Off-balance sheet items		
Subscription liabilities	**3**	4

Assets pledged as collateral for liabilities or contingent liabilities

	2009		2008	
EURm	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral				
Investments				
Mortgaged collateral notes	**15**	**6**	15	6

EURm	2009	2008
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	**1**	3
later than one year and not later than five years	**3**	4
later than five years	**2**	3
Total	**7**	9

The Group had at the end of 2009 premises a total of 198,727 m^2 (180,872) taken as a lessee. The contracts have been made mainly for 3 to 10 years.

34 Equity and Reserves

Equity
There has been no change in the company's share capital of EURm 98 or in the number of shares of 561,372,390 during the presented financial years. The company held 90,000 treasury shares at the end of the financial year.

Share premium reserve
The reserve included investments of equity nature and the issue price of shares to an extent it was not recorded in share capital by an express decision. During the financial year, EURm 1,161 was transferred to the reserve for invested unrestricted equity from the share premium reserve.

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. During the financial year, EURm 366 was transferred to the reserve for invested unrestricted equity from the legal reserve.

Invested unrestricted equity
The reserve includes other investments of equity nature, as well as issue price of shares to an extent it is not recorded in share capital by an express decision. During the financial year, EURm 1,161 was transferred to this reserve from the share premium reserve and EURm 366 from the legal reserve.

Other components of equity
Other components of equity include fair value changes of financial assets available for sale and derivatives used in cash flow hedges, and exchange differences.

Changes in the reserves and retained earnings are presented in the Group's statement of changes in equity on page 84.

Shares and votes
The number of Sampo plc's shares at 31 Dec. 2009 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 (currently NASDAQ OMX Helsinki).

The Annual General Meeting granted the Board of Directors authorisation to buy back Sampo's shares, valid until the close of the next AGM, nevertheless not more than 18 months after the AGM's decision. The maximum amount of A-shares that 50,000,000 can be bought back is shares in either one or various set. Shares may be acquired otherwise than inproportion to the shareholders' holdings through public trading at a market price prevailing at the time of purchase.

In addition, Sampo plc's Board of Directors decided on 11 Dec. 2009 to repurchase at maximum 5,000,000 treasury shares (approximately 0.9% of the total number of shares). Repurchases shall decrease the distributable capital and reserves.

During 2009, Sampo plc repurchased a total of 90,000 of its own A shares corresponding to 0.02 per cent of the total number of shares and voting rights. The shares were purchased at an average price of EUR 16.53 per share and the total amount paid for the shares was EUR 1.5 million.

At the balance sheet date, Sampo plc held 90,000 treasury shares. The other Group companies held no shares in the parent company.

35 Related Party Disclosures

Key management personnel

The key management personnel in Sampo Group consists of the members of the Board of Directors of Sampo plc and Sampo Group's Executive Committee.

Key management compensation

EURm	**2009**	2008
Short-term employee benefits	**8**	6
Post employment benefits	**3**	1
Other long-term benefits	**2**	4
Total	**14**	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 (TyEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for the year (see Note 36).

Related party loans

The key management personnel does not have loans from the Group companies.

Outstanding balances/Associate Nordea

EURm	**2009**	2008
Assets	**1,718**	-
Liabilities	**35**	-

The Group's receivables from Nordea comprise mainly long-term investments in bonds and deposits. In addition, the Group has several on-going derivative contracs related ot the Groups risk management of investments and liabilities.

36 Incentive Schemes

Long-term incentive schemes 2006 II – 2009 I

The Board of Directors for Sampo plc has decided on the long-term incentive schemes 2006 II – 2009 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, 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 2009.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the insurance margin (IM). 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 16.49–20.17. The maximum value of one bonus unit varies between eur 28–30, 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, 2008 II and 2009 I, 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 schemes 2008 I and 2008 II and for two years in scheme 2009 I. 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 is estimated by using the Black-Scholes princing model.

		2006 II	2008 I	2008 II	2009 II
Terms approved *		21.12.2006	16.1.2008	7.5.2008	27.8.2009
Granted (1,000) 31 Dec. 2007		180	-	-	-
Granted (1,000) 31 Dec. 2008		112	3,961	95	-
Granted (1,000) 31 Dec. 2009		47	2,723	63	4,392
End of performance period I 30%		Q3–2008	Q1–2009	Q3–2009	Q2–2011
End of performance period II 35%		Q1–2009	Q3–2009	Q1–2010	Q2–2012
End of performance period III 35%		Q3–2009	Q2–2010	Q4–2010	Q2–2013
Payment I 30%		12–2008	6–2009	12–2009	9–2011
Payment II 35%		6–2009	1–2010	6–2010	9–2012
Payment III 35%		1–2010	9–2010	3–2011	9–2013
Price of Sampo A at terms approval date*, eur		20.25	18.23	18.02	16.74
Starting price**, eur		20.17	17.26	18.44	16.49
Dividend-adjusted starting price at 31 Dec. 2009		16.97	15.26	17.64	16.49
Sampo A - closing price 31 Dec. 2009	17.02				
Total intrinsic value, meur		0	5	0	1
Total debt		6			
Total cost for the financial period, meur (incl. social costs)		5			

* 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 second installment, EUR 2,085,000, was paid in December 2009. 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. One person left the programme during 2009.

Performance periods	Period I	Period II	Period III
Share price	May 2006– Q3 2008	Q4 2006– Q3 2009	Q4 2007– Q3 2010
Insurance margin	Jan. 2006– Sep. 2008	Jan. 2007– Sep. 2009	Jan. 2008– Sep. 2010

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, 38.0 per cent, was two and half years' weekly historical volatility. Other inputs used in the model were risk free interest rates 0.40–2.80 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

There was no cost from the incentive scheme during the reporting period 2009.

37 Auditors' Fees

EURm	**2009**	2008
Auditing fees	**2**	2
Other fees	**0**	0
Total	**2**	2

38 Legal Proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2009, 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.

39 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	1,178
If P&C Insurance Company Ltd	100	442
If P&C Insurance AS	100	43
CJSC If Insurance	100	9
SOAO Region	100	40
If Säkerhet AB	100	0
MSK Vesta	100	0
Life insurance		
Mandatum Life Insurance Company Ltd	100	484
SE Sampo Life Insurance Baltic	100	11
If Livförsäkring Ab	100	7
OOO Region Life	100	2
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.

40 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
Topdanmark A/S	Denmark	1,889,076	11.17%	178
Veidekke ASA	Norway	11,649,680	8.57%	70
Cardo AB	Sweden	2,847,223	10.55%	60
Nobia AB	Sweden	14,632,850	8.35%	60
Höganäs AB B	Sweden	2,627,824	7.49%	42
Clas Ohlson AB B	Sweden	2,742,908	4.18%	38
TeliaSonera AB	Sweden	5,200,000	0.12%	26
Hennes & Mauritz AB B	Sweden	610,800	0.07%	24
Lindab International AB	Sweden	3,086,818	3.92%	22
Gunnebo AB	Sweden	8,036,166	10.59%	21
Atlas Copco AB B	Sweden	2,071,515	0.17%	19
Sectra AB B	Sweden	4,356,300	11.82%	18
ABB Ltd	Switzerland	1,290,000	0.06%	17
Yara International ASA	Norway	448,750	0.15%	14
Astra Zeneca Plc	Great Britain	429,500	0.03%	14
Volvo AB B	Sweden	2,225,372	0.10%	13
Scania AB B	Sweden	1,416,306	0.18%	13
BE Group AB	Sweden	2,998,600	6.00%	13
Svedbergs i Dalstorp AB B	Sweden	2,298,600	10.84%	10
StatoilHydro ASA	Norway	490,500	0.02%	9
Sandvik AB	Sweden	920,000	0.08%	8
SSAB Svenskt Stål AB A	Sweden	644,000	0.20%	8
Nederman Holding AB	Sweden	1,160,400	9.90%	8
Nolato AB B	Sweden	1,062,584	4.04%	6
VBG AB B	Sweden	524,200	3.83%	4
Vestas Wind Systems A/S	Denmark	82,900	0.04%	4
A P Moller - Maersk B	Denmark	600	0.03%	3
B&B Tools B	Sweden	264,500	0.93%	2
TTS Marine ASA	Norway	3,396,306	5.00%	2
G & L Beijer B	Sweden	135,000	0.64%	2
Equinox Offshore Accommodation Ltd	Singapore	2,610,000	4.97%	2
CTT Systems AB	Sweden	511,200	4.71%	1
Fingrid Oyj B	Finland	25	0.75%	1
Sberbank	Russia	280,487	0.00%	1
Bergen Group AS	Norway	667,696	1.39%	0
LUKOIL	Russia	7,070	0.00%	0
Aktia Säästöpankki Oyj A	Finland	34,125	0.05%	0
Aktia Säästöpankki Oyj R	Finland	17,062	0.03%	0
Transneft (pref)	Russia	150	0.01%	0
Total listed companies				**733**
Other				36

Unit trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
WD Power Investment	Finland	2,523		0
PMI Venture Fund L.P. (CIM Venture Fund for Creative Industries L.P.)	Finland	70,144		0
WD Power Investment	U.S.	18,268		0
Mandatum Pääomarahasto II Ky EUR	Finland	126,500		1
Private Energy Market Fund L.P.	Finland	304,575		3
Mandatum Pääomarahasto II Ky USD	U.S.	511,200		3
EQT III UK No 1 L.P. (EQT Northern Europe UK No. I L.P.)	Finland	1,184,784		5
Mandatum Pääomarahasto I Ky	Finland	690,227		6
EQT IV (No. 1) Limited Partnership	Finland	945,452		6
Goldman Sachs Loan Partners I, L.P.	U.S.	1,237,422		10
Goldman Sachs Loan Partners I, L.P. Debt EUR	Cayman Islands	1,719,753		17
Goldman Sachs Loan Partners I, L.P. Debt USD	U.S.	5,840,777		39
Fund of support of small business	Russia	1		0
Equity Fund, North-West Trust Company	Russia	6,368		0
Mixed investments Fund, North-West Trust Company	Russia	8,984		0
APS Japan Growth Fund JPY	Japan	141,555		8
Danske Invest European Opportunities Kasvu	Finland	12,620,831		10
IShares Nikkei 225 DE	Denmark	1,491,000		12
SPDR Trust Series 1 S&P500 ETF	U.S.	190,000		15
APS Small Cap Alpha Fund	Ireland	184,320		16
Aberdeen Global Asia Pacific Equity Fund	Luxembourg	463,103		18
IShares DJ Euro Stoxx 50 ETF	Ireland	672,200		20
Gartmore Latin America A	Luxembourg	1,521,261		24
Danske Invest North America Enhanced Index Kasvu USD	Finland	26,369,493		26
Danske Invest Japani Osake Kasvu JPY	Finland	315,965,078		28
Danske Invest US Small Cap Value Kasvu USD	Finland	26,386,762		32
IShares S&P 500 Index Fund ETF	U.S.	595,000		46
Danske Invest Europe Enhanced Index Kasvu	Finland	37,941,655		53
Danske Invest Emerging Asia Kasvu	Finland	2,210,726		59
Total unit trusts				**458**
Total shares and participations				**1,227**

Life insurance

Listed companies

EURm	Country	No. of shares	Holding %	Carrying amount / Fair value
Alma Media Oyj	Finland	6,655,512	8.92	49
Amanda Capital Oyj	Finland	2,053,296	9.02	4
Amer Sports Oyj	Finland	1,600,430	1.32	11
Basware Oyj	Finland	550,000	4.80	8
Comptel Oyj	Finland	19,569,925	18.28	15
Elisa Corporation	Finland	650,000	0.39	10
Finnair Oyj	Finland	2,400,000	1.87	9
Finnlines Oyj	Finland	773,500	1.65	5
Fortum Oyj	Finland	1,825,886	0.21	35
Kemira Oyj	Finland	2,617,736	1.69	27
Kesko Oyj	Finland	515,153	0.52	12
Konecranes Oyj	Finland	500,000	0.81	10
Lassila & Tikanoja Oyj	Finland	2,231,238	5.75	36
Metso Oyj	Finland	855,659	0.57	21
Neste Oil Oyj	Finland	1,051,088	0.41	13
Nokia Oyj	Finland	2,950,000	0.08	26
Nokian Renkaat Oyj	Finland	947,085	0.76	16
Norvestia Oyj	Finland	1,789,538	11.68	13
Oriola KD Oyj	Finland	2,295,086	1.52	10
Outokumpu Oyj	Finland	915,000	0.50	12
Pöyry Oyj	Finland	804,200	1.36	9
Salcomp Oyj	Finland	3,724,000	9.55	7
Sanoma Oyj	Finland	792,001	0.49	12
Stora Enso Oyj	Finland	2,500,000	0.32	12
Teleste Oyj	Finland	1,679,200	9.43	6
Turvatiimi Oyj	Finland	5,699,436	5.04	1
UPM-Kymmene Oyj	Finland	2,700,000	0.52	22
Uponor Oyj	Finland	1,557,789	2.13	23
Vaisala Oyj	Finland	766,650	4.21	19
YIT Oyj	Finland	5,507,004	4.33	80
Total				**535**
Other listed companies				22
Listed companies in total				**558**
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 Asia Kasvu	Finland	1,820,318		48
Danske Invest Emerging Markets Debt Kasvu	Finland	15,226,632		26
Danske Invest European Opportunities Kasvu	Finland	19,375,369		16
Danske Invest High Yield Kasvu	Finland	112,728,951		131
Danske Invest Japani Osake Kasvu	Finland	403,618,921		36
Danske Invest Trans-Balkan kasvu	Finland	465,974		5
Fourton Odysseus Kasvu	Finland	102,880		16

Capital trusts

EURm	Country	
ANL Kiinteistöt I Ky.	Finland	20
Amanda III Eastern Private Equity Ky	Finland	7
CapMan Real Estate I Ky	Finland	13
Mandatum Pääomarahasto I Ky	Finland	10
Total		**338**
Other shares and participations		38
Domestic shares and participations in total		**934**

Other companies

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
BenCo Insurance Holding B.V.	Netherlands	389,329	10.00	7
EQT IV ISS Co-investment Limited Partnership	Great Britain	872,610	12.52	9

Foreign unit trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
APS Japan Growth Fund	Ireland	183,278		10
Aberdeen Global Asia Pacific Equity Fund	Great Britain	1,053,348		40
Brevan Howard Fund B	U.S.	817,500		6
Comac Global Macro Fund	U.S.	1,000,000		7
Comgest Panda	Luxembourg	19,776		32
Danske Invest High Dividend A	Luxembourg	1,533,834		26
GSAMI China Funds X EUR Accumulation Class Shares	U.S.	700,000		8
Gartmore Latin America A	Great Britain	2,475,895		40
Goldman Sachs Asset Management Liquidity Partners 2007	U.S.	512,415		21
IShares S&P 500 Index Fund ETF	U.S.	1,401,690		109
Lloyd George Asia Small Companies Fund	Hong Kong	233,008		16
New Russian Generation Limited	Great Britain	6,360,905		8
Prosperity Cub Fund	Great Britain	237,181		46
Prosperity Russia Domestic Fund	Great Britain	38,836,000		14
Richelieu France	France	32,410		10
The Lyxor DJ Eurostoxx 50 ETF	France	3,424,853		103
The Lyxor ETF DJ Stoxx 600 Insurance	France	955,257		14
The Lyxor ETF MSCI India	France	977,483		10
iShares DJ US Oil Equipment and Services	U.S.	455,000		14

Foreign capital trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Access Capital L.P.	Great Britain			7
BOF III CV Investors LP (Gilde Buyout Fund III)	Great Britain			6
Behrman Capital III L.P.	U.S.			8
CapMan Buyout VIII (Guernsey) L.P.	Great Britain			6
CapMan Equity VII B L.P.	Great Britain			8
Duke Street Capital Structured Solutions	Great Britain			22
EQT IV (No. 1) Limited Partnership	Great Britain			6
EQT V (General Partner) LP	Great Britain			10
Goldman Sachs Loan Partners I, L.P.	U.S.			14
Goldman Sachs Loan Partners I, L.P. Debt EUR	U.S.			22
Goldman Sachs Loan Partners I, L.P. Debt USD	U.S.			52
Goldman Sachs Petershill Fund Offshore, L.P.	U.S.			14
Montagu Fund III L.P.	Great Britain			7
Mount Kellet Capital Partners (Cayman), L.P.	U.S.			13
Pai Europe IV L.P.	Great Britain			6
Russia Partners II L.P.	U.S.			7
Thomas H. Lee Equity Fund V L.P.	U.S.			6
VenCap 9 LLC (Preferential Equity Investors II LLC	Great Britain			6
Total				**769**
Other share and participations				86
Foreign shares and participations in total				**856**
Shares and participations in total				**1,789**

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	14
Other	Finland			6
Total domestic shares and participations				**20**

Foreign unit trusts

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Thomas H. Lee Equity Fund V L.P.	U.S.			
Other				11
Total foreign shares and participations				**16**
Total shares and participations				**36**

Holdings exceeding EURm 5 and holdings in listed companies exceeding five per cent specified.

41 Events After the Balance Sheet Date

The Board of Directors proposes to the Annual General Meeting on 13 April 2010 that a dividend of EUR 1.00 per share, or total EUR 561,282,390, be distributed for 2009. The dividends to be paid will be accounted for in the equity in 2010 as a deduction of retained earnings.

Parent Company Income Statement

EURm	Note	2009	2008
Other operating income	1	**14**	9
Staff expenses			
Salaries and remunerations		**-9**	-7
Social security costs			
Pension costs		**-2**	-2
Other		**-1**	-1
Depreciation and impairment	2		
Depreciation according to plan		**0**	-1
Other operating expenses	3	**-18**	-13
Operating profit		**-15**	-14
Financial income and expense	5		
Income from shares in Group companies		**488**	381
Income from other shares		**81**	133
Other interest and financial income			
Group companies		**8**	10
Other		**11**	68
Other investment income and expense		**-7**	3
Other interest income		**39**	7
Interest and other financial expense			
Group companies		**-1**	-
Other		**-89**	-37
Exchange result		**8**	14
Profit before taxes		**522**	565
Income taxes			
Tax for the financial year			-14
Tax from previous years		**2**	1
Deferred taxes		**7**	2
Profit for the financial year		**531**	554

Parent Company Balance Sheet

EURm	Note	2009	2008
ASSETS			
Non-current assets			
Intangible assets	6		
Intangible rights		**0**	0
Other long-term expenses		**1**	1
Property, plant and equipment	7		
Buildings		**1**	1
Equipment		**1**	1
Other		**2**	2
Investments			
Shares in Group companies	8	**2,370**	2,370
Receivables from Group companies	9	**122**	122
Shares in participating undertakings	10	**5,168**	-
Other shares and participations	11	**41**	1,710
Other receivables	12	**14**	1,062
Short-term receivables			
Receivables from Group companies		**3**	5
Deferred tax assets	20	**11**	6
Other receivables	13	**29**	36
Prepayments and accrued income	14	**55**	13
Cash at bank and in hand		**412**	35
TOTAL ASSETS		**8,229**	5,364
LIABILITIES			
Equity	15		
Share capital		**98**	98
Premium reserve		**-**	1,160
Invested unrestricted equity		**-3**	-1,759
Fair value reserve		**1,527**	-
Other reserves			
Legal reserve		**-**	366
Other		**273**	273
Retained earnings		**4,108**	3,993
Profit for the financial year		**531**	555
		6,534	4,686
Liabilities			
Long-term liabilities			
Subordinated debt securities		**37**	597
Bonds		**962**	-
Pension loans		**130**	-
Short-term liabilities			
Debt securities		**466**	-
Deferred tax liabilities	20	**-**	2
Other liabilities	18	**37**	36
Accruals and deferred income	19	**63**	43
TOTAL LIABILITIES		**8,229**	5,364

Parent Company Statement of Cash Flows

EURm	2009	2008
Operating activities		
Profit before taxes	523	564
Adjustments:		
Depreciation and amortisation	0	1
Unrealised gains and losses arising from valuation	1	1
Realised gains and losses on investments	23	-3
Other adjustments	10	568
Adjustments total	34	566
Change (+/-) in assets of operating activities		
Investments*	1,096	90
Other assets	-7	1
Total	1,089	91
Change (+/-) in liabilities of operating activities		
Financial liabilities	7	0
Other liabilities	2	-2
Paid interests	-62	-37
Paid taxes	-5	-9
Total	-58	-48
Net cash from operating activities	1,587	1,173
Investing activities		
Investments in group and associated undertakings	-1,759	-
Proceeds from the sale of group and associated undertakings	-	1
Other investments	-	-522
Net investment in equipment and intangible assets	0	0
Net cash used in investing activities	-1,759	-521
Financing activities		
Acquisition of treasury shares	-1	-167
Dividends paid	-444	-678
Issue of debt securities	2,002	-
Repayments of debt securities in issue	-1,008	-
Net cash from financing activities	549	-845
Total cash flows	377	-193
Cash and cash equivalents at 1 January	35	228
Cash and cash equivalents at 31 December	412	35
Net change in cash and cash equivalents	377	-193

* Investments include both investment property and financial assets.

Additional information to the statement of cash flows:

EURm	2009	2008
Interest income received	17	83
Interest expense paid	62	37
Dividend income received	569	514

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 (IFRSs). The financial assets are measured at fair value derived from the markets. The accounting principles for the Group are described starting from p. 87.

Notes on the Income statement

1 Other Operating Income

EURm	2009	2008
Income from property occupied for own activities	2	2
Other	13	8
Total	**14**	9

2 Depreciation and Impairment

EURm	2009	2008
Depreciation according to plan		
Property, plant and equipment	0	0
Intangible assets	0	0
Total	**0**	-1

3 Other Operating Expenses

EURm	2009	2008
Rental expenses	-3	-3
Expense on property occupied for own activities	-1	-1
Losses on disposal of property occupied for own actitivies		-1
Other	-14	-8
Total	**-18**	-13

Item Other includes e.g. administration and IT expenses and fees for external services.

4 Auditors' Fees

EURm	2009	2008
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.3	-0.2
Certificates and expert opinions	0.0	-0.0
Tax consulting	0.0	-0.0
Other fees	-0.4	-0.3
Total	**0.0**	-0.3

5 Financial Income and Expense

EURm	2009	2008
Received dividends in total	569	514
Interest income in total	58	84
Interest expense in total	-90	-37
Gains on disposal in total	1	5
Losses on disposal in total	-23	0
Exchange result	8	14
Other	16	-1
Total	**538**	579

Notes on the assets

6 Intangible Assets

EURm	2009 IT	2009 Other	2008 IT	2008 Other
Cost at beginning of year	**3**	**2**	3	2
Accumulated amortisation at beginning of year	**-3**	**-1**	-3	-1
of which related to disposals	**-**	**-**	-	-
Amortisation according to plan during the financial year	**0**	**0**	0	0
Carrying amount at end of year	**0**	**1**	0	1

7 Property, Plant and Equipment

EURm	2009 Land and buildings	2009 Other	2008 Land and buildings	2008 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	2009	2008
Cost at beginning of year	**2,370**	2,370
Disposals	**-**	-
Carrying amount at end of year	**2,370**	2,370

9 Receivables from Group Companies

EURm	2009	2008
Cost at beginning of year	**122**	128
Additions	**22**	-
Disposals	**-23**	-6
Carrying amount at end of year	**122**	122

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated note 29 Financial liabilities.

10 Shares in Participating Undertakings

EURm	2009	2008
Cost at beginning of year	**0**	1
Additions	**5,168**	-
Disposals	**-**	-1
Carrying amount at end of year	**5,168**	0

11 Other Shares and Participations

	2009 Fair value changes			2008 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	**36**	**23**	**1,733**	1,705	2	-1,792

Changes in property shares

EURm	2009	2008
Cost at beginning of year	**5**	5
Disposals	**0**	0
Carrying amount at end of year	**5**	5
Difference between current cost and carrying amount	**0**	0

12 Other Investment Receivables

	2009 Fair value changes			2008 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
Bonds	**14**	-	-	-	-	-
Total	**14**	-	-	1,062	1	4

13 Other Receivables

EURm	2009	2008
VAT receivable	-	34
Trading receivables	**16**	1
Other	**13**	1
Total	**29**	36

14 Prepayments and Accrued Income

EURm	2009	2008
Accrued interest	**53**	12
Other	**3**	1
Total	**55**	13

Notes on the liabilities

15 Movements in the Parent Company's Equity

EURm	Share capital	Share premium account	Legal reserve	Fair value reserve	Invested unrestricted capital	Other reserves	Retained earnings	Total
	Restricted equity				Unrestricted equity			
Carrying amoun 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

EURm	Share capital	Share premium account	Legal reserve	Fair value reserve	Invested unrestricted capital	Other reserves	Retained earnings	Total
	Restricted equity				Unrestricted equity			
Carrying amoun at 1 Jan. 2009	**98**	**1,160**	**366**	**-1 759**	**-**	**273**	**4,548**	**4,686**
Transfers between equity		**-1,160**	**-366**		**1,527**			**0**
Dividends							**-449**	**-449**
Recognition of undrawn dividends							**11**	**11**
Financial assets available-for-sale								
recognised in equity				**17**				**17**
recognised in p/l				**1,739**				**1,739**
Acquisition of own shares							**-1**	**-1**
Profit for the year							**531**	**531**
Carrying amount at 31 Dec. 2009	**98**	**0**	**0**	**-3**	**1,527**	**273**	**4,640**	**6,534**

Distributable assets

EURm	2009	2008
Parent company		
Profit for the year	**531**	555
Retained earnings	**4,108**	3,993
Invested unrestricted capital	**1,527**	-
Other reserves	**273**	273
Undistributable items	**-3**	-1,759
Total	**6,436**	3,061

16 Share Capital

Information on share capital is disclosed in Note 34 in the consolidated financial statements.

17 Subordinated debt securities

	2009	2008
Debentureloan, nominal value EURm 600, call 21.4.09 due 2014	37	597
- annual fixed interest 4.625% until April 2009, thereafter floating		

18 Other Liabilities

EURm	2009	2008
Unredeemed dividends	29	35
Derivatives	7	0
Other	1	1
Total	**37**	36

19 Accruals and Deferred Income

EURm	2009	2008
Deferred interest	47	19
Other	16	23
Total	**63**	43

Notes on the income taxes

20 Deferred Tax Assets and Liabilities

EURm	2009	2008
Deferred tax assets		
Losses	5	
Timing differences	6	4
Fair value reserve	1	1
Total	**12**	5
Deferred tax liabilities		
Timing differences	-2	-2
Total, net	**11**	3

Notes on the liabilities and commitments

21 Pension Liabilities

The basic and suplementary pension insurance of Sampo plc's staff is handled through insurances in Varma Mutual Insurance Company and in Mandatum Life Insurance Company Limited.

22 Future Rental Commitments

EURm	**2009**	2008
Not more than one year	**1**	3
Over one year but not more than five years	**3**	4
Over five years	**2**	3
Total	**7**	9

23 Off-Balance Sheet Items

EURm	**2009**	2008
Underwriting commitments	**3**	4
Off-balance sheet items total	**3**	4
To or on behalf of Group companies	**-**	-
To or on behalf of associates	**-**	-

Notes on the staff and management

24 Staff Numbers

	2009 Average during the year	2008 Average during the year
Full-time staff	**51**	51
Part-time staff	**1**	1
Temporary staff	**1**	1
Total	**53**	53

25 Management's Remuneration and Post-employment Benefits

(EUR thousand)		2009	2008
Managing Director Björn Wahlroos	1.1.–7.4.2009	**572**	1,806
Managing Director Kari Stadigh	8.4.–31.12.2009	**892**	-
Deputy Managing Director Kari Stadigh	1.1.–7.4.2009	**336**	1,104
The employment of Björn Wahlroos continued until 30 June 2009.		**267**	-
Members of the Board of Directors			
Björn Wahlroos		**120**	-
Tom Berglund		**80**	80
Anne Brunila		**80**	80
Veli-Matti Mattila		**80**	-
Eira Palin-Lehtonen		**80**	80
Jukka Pekkarinen		**80**	80
Christoffer Taxell		**80**	80
Matti Vuoria		**100**	100

In 2008, Georg Ehnrooth was a member of the Board of Directors as a chairman and Lydur Gudmundsson as a member. The remuneration for the chairman was 160,000 euro and for the member 80,000 euro.

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

26 Shares Held as of 31 Dec, 2009

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 2010

SAMPO PLC
Board of Directors

Tom Berglund	**Anne Brunila**	**Veli-Matti Mattila**
Eira Palin-Lehtinen	**Jukka Pekkarinen**	**Christoffer Taxell**
	Matti Vuoria	
Björn Wahlroos Chairman		**Kari Stadigh** 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 1.1.2009–31.12.2009. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement 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 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 of the parent company 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 or of the report of the Board of Directors, 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 and the report of the Board of Directors 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 and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinions based on the decision of the Annual General Meeting

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, March 3, 2010

Ernst & Young Oy
Authorized Public Accountant Firm

Tomi Englund
Authorized Public Accountant

"This was the 23rd quarter in a row with combined ratio below our long-term target of 95 per cent."

Kari Stadigh on If P&C's result for 2009 on 11 February 2010.

FOR INVESTORS

IR Information

Financial Information in 2010

The Annual Report is published on the Internet at the address *www.sampo.com/annualreport*. 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 2010

Q1
5 May
Interim Report for
1 January–31 March 2010

Q2
11 August
Interim Report for
1 January–30 June 2010

Q3
3 November
Interim Report for
1 January–30 September 2010

The Interim Reports and related Supplementary Financial Materials are published on Sampo's website.

Press and stock exchange releases, the monthly updated list of shareholders and other investor information published by Sampo are available on the Internet at *www.sampo.com*.

Annual General Meeting

Sampo plc's Annual General Meeting will be held on Tuesday, 13 April, 2010 at 2 pm (Finnish time), 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, 30 March, 2010, in the company's Shareholder Register kept by Euroclear Finland Ltd has the right to participate in the General Meeting. Shareholders whose shares are registered on their personal Finnish book-entry 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 10 am on 8 April, 2010. A shareholder may register for the General Meeting either:

a) Through Sampo's website at *www.sampo.com/agm*;

b) By telephone to +358 (0)10 516 0028 from Monday to Friday, 9 am–4 pm (Finnish time);

c) By fax to +358 (0)10 516 0623; or

d) By mail to the address Sampo plc, Shareholder services, Fabianinkatu 27, 00100 Helsinki, Finland.

A SHARE MAIN FACTS

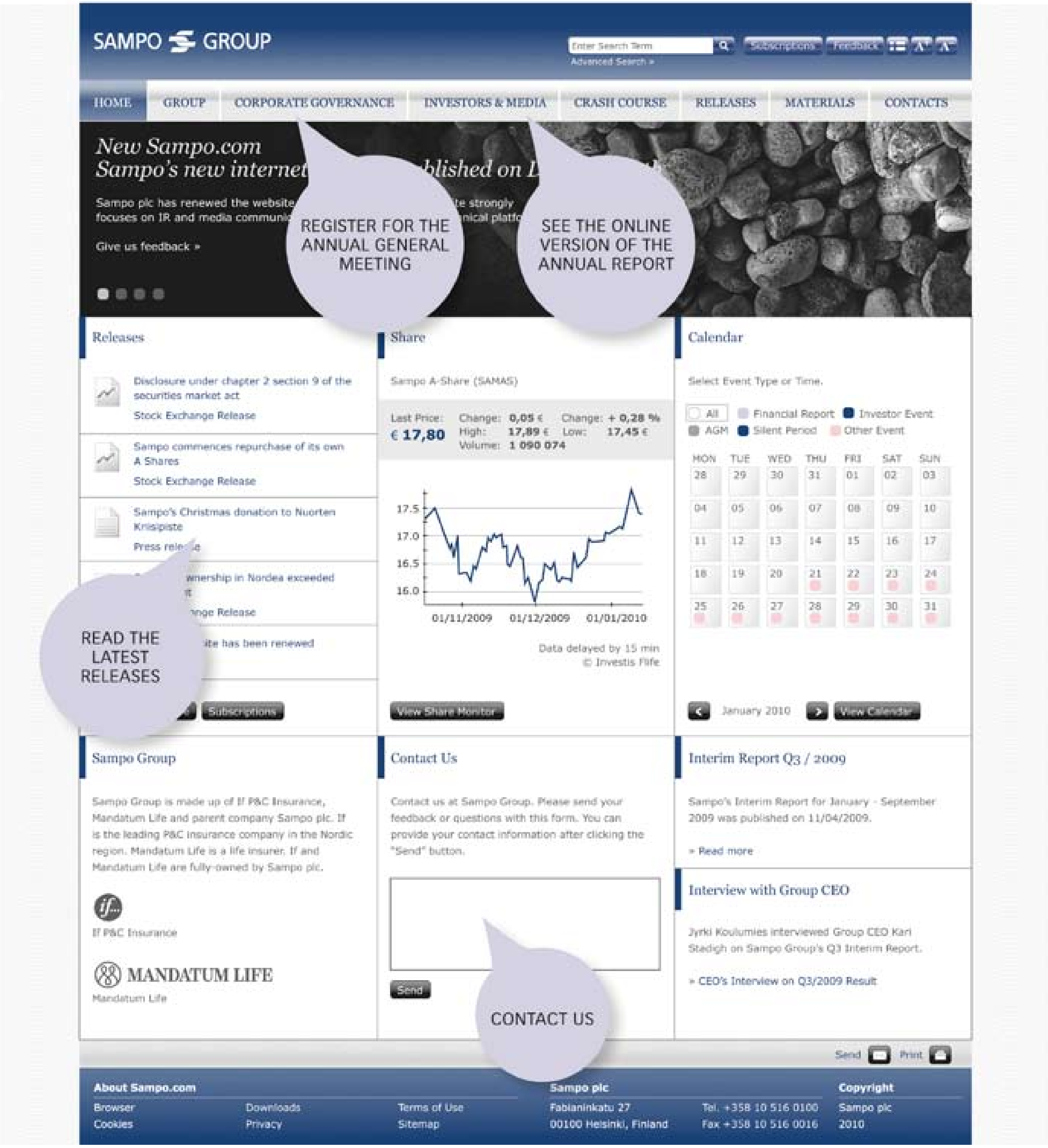
Market	*Nasdaq OMX Helsinki*
List	*OMXH Large Caps*
Business Sector	*Financials*
Listed	*01/14/1988*
Trading Code	*SAMAS (OMX)*
Bloomberg	*SAMAS FH*
Reuters	*SAMAS.HE*
ISIN code	*FI0009003305*
Number of Shares	*560,172,390*
Votes/share	*1/share*

B SHARE MAIN FACTS

ISIN code	*FI0009006613*
Number of Shares (unlisted)	*1,200,000*
Votes/share	*5 /share*

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

Take a look at our renewed website www.sampo.com



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Registered domicile
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Online
Annual Report:
www.sampo.com/ annualreport

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