SAMPO GROUP

Annual Report 2007

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CONTENTS

Sampo Group comprises

• **If,** the leading P&C insurer in the Nordic countries, with operations in Finland, Sweden, Norway, Denmark, the Baltic countries and Russia

• **Sampo Life**, a life insurance company operating in Finland and the Baltic countries, and

• **Sampo plc**, the parent company, which owns and administers the insurance subsidiaries and manages investment assets of approximately EUR 5 billion.

Sampo Group is also one of the largest investors in the Nordic countries. In the beginning of February 2008, Sampo Group's investment assets totalled over EUR 20 billion.

CEO's Review

I have always emphasized the fact that Sampo has no group-level strategy. Our goal is to create shareholder value by being able to seize opportunities emerging in the market. The sale of Sampo Bank Group, which was closed on 1 February 2007, is a case in point. We received an offer from Danske Bank in November 2006 and in a few weeks the completion of the transaction was missing only the authority approvals.

The transaction created another kind of Sampo with two strong operating units – P&C insurance and life insurance – and a huge pile of cash. The use of the sales proceeds has been the number one topic of our investor discussions ever since. The Board made early on a decision to invest the proceeds in either Northern European financial stocks or cash. We also promised our shareholders and the media to revisit this issue in connection with our full-year 2007 result release in February 2008.

After going through the most promising investment opportunities a decision to focus on Nordea was made. While maintaining a sizeable part of holding company Sampo plc's assets in cash, we have amassed a 10 per cent holding in Nordea with an average acquisition price of around 11 euros per share. The cash became very handy when the equity market turbulence pushed our own share price down and we activated our share repurchase programme. We have bought 6.4 million Sampo A shares from the market by the end of January 2008.

All this meant that there will be no breaking news to deliver to investors or the media on 12 February 2008. We have already picked our horse and will actively participate in building Nordea's future.

I am frequently asked the reason for choosing Nordea and not some other Nordic banking or insurance stock. I usually start by reminding of the starting point for our deliberations. We had just sold a bank at price-to-book multiple of 3.6 and price-to-earnings multiple of 16. By investing half of the proceeds into a highly correlated asset producing roughly the same return on equity as Sampo Bank, namely Nordea Bank, at a price-to-book multiple of less than 2, we easily obtain a yield pick-up of 50–60 per cent. The best part is that we have about 2 billion euros of cash left after having done this. Cash is king, they say. It is certainly the case in turbulent capital markets of today.

Key Figures

EURm	2007	2006	CHANGE %
Profit before taxes	**3,833**	1,353	183
P&C insurance	**534**	730	–27
Life insurance	**342**	295	16
Holding	**95**	–27	–
Profit for the financial year	**3,573**	991	261
Earnings per share, EUR	**6.18**	1.73	257
EPS (incl. change in FVR), EUR	**5.89**	1.89	212
Dividend per share, EUR *	**1.20**	1.20	0
NAV per share, EUR	**13.49**	9.21	46
Average number of staff (FTE)	**6,846**	11,657	–41
Return on equity, %	**52.6**	22.6	133
Group solvency ratio, %	**774.6**	202.7	282

*Year 2007 figure is the Board of Directors' dividend proposal

How the Nordea investment will finally play out is impossible to tell at this stage. The bank offers in our view a lot of potential for operational improvements and, in the longer run, interesting strategic options.

What happens with the remaining roughly 2 billion euros of cash in Sampo plc's balance sheet, depends entirely on valuations. We can increase our Nordea holding. If our own share price development so requires, we are ready to intensify the buyback efforts. Our financial muscle extends well beyond the excess cash as we have basically no leverage in the holding company. I will not totally rule out the possibility of an additional acquisition either. The valuations need to come down, however, for us to pursue this option. Looking at the stock market in late January 2008, when I write this review, everything seems possible.

To a great extent the speculation around our intentions and the volatile equity markets have overshadowed the outstanding results our business areas have continued to produce in 2007.

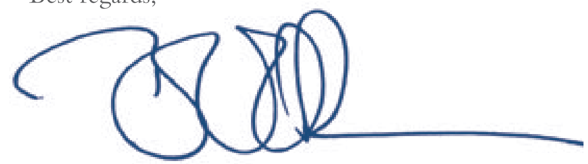
The insurance technical profitability of Sampo Group's P&C insurance operation If continues to be excellent. If reached a combined ratio of 90.6 per cent for the full-year 2007 despite the rather harsh competition it faced in some of its markets. Capital market conditions in the latter half of 2007 were difficult. If also suffered from the weak equity markets but managed to achieve an RoE of 19.2 per cent. All in all, 2007 was another successful year in building the leading pan-Nordic P&C insurer.

Sampo Life reported an exceptionally good result as profit before taxes rose to EUR 342 million from the already high 2006 profit of EUR 295 million. The big question for Sampo Life in 2007 was how Sampo Bank would succeed in selling life insurance products after the change of ownership. When looking back at the sales results, one has to admit that the Bank did surprisingly well, with the exception of December when obviously the integration process with Danske Bank took its toll. The area where our life insurance business keeps growing at an amazing pace is the Baltics. In 2007 the premiums written by Sampo Life's fully-owned subsidiary SE Sampo Life Insurance Baltic increased by almost 70 per cent and are already more than 10 per cent of Sampo Life's total premiums.

'Where will Sampo be in five years' time?' is another question with which I am often faced with. My honest answer is that I don't know. But I know that we intend to create a lot of shareholder value in getting there. Certainly we expect 2008 to be another interesting year for Sampo Group with turbulent capital markets and all the possibilities it may offer.

All Chief Executive Officers end their reviews with an obligatory thank-you to different interest groups. In my case it is not only a mere formality but comes from the heart. I wish to thank my colleagues throughout the Group for excellent performance in 2007 and our shareholders for trust shown in these uncertain times. Finally I want to extend my thanks to our more than three million customers for choosing us in 2007.

Best regards,



Björn Wahlroos
Group Chief Executive Officer and President

Strategy

Sampo Group aims to create value for its shareholders. Whilst the Group has no strictly defined Group level strategy, it flexibly utilizes opportunities arising in the market to create shareholder value through transactions such as disposals and acquisitions.

Sampo Group's business areas are P&C insurance and life insurance. The Group is also a significant investor on the Nordic scale, with investment assets of approximately EUR 21 billion in the end of 2007. The business areas have well-defined strategies, based on return on equity targets. Synergies between P&C insurance and life insurance are minor.

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

Sampo Life operates in Finland and, via its subsidiary SE Sampo Life Insurance Baltic, in all the Baltic countries. Sampo Life's operations are divided into two different kinds of businesses. New sales are focused on unit-linked insurance. Most of the technical reserves, however, relate to with-profit policies. The objective is to manage the assets covering the with-profit reserves in a way that produces high investment yield. Sampo Life has an over 20 per cent market share in Finland and approximately 15 per cent of the Baltic life insurance market.

Sampo plc manages the investment portfolios on behalf of the insurance subsidiaries and has close to EUR 5 billion of investment assets itself. Sampo plc is also a major shareholder in the Nordic banking group Nordea. On 31 December 2007 Sampo Group held almost 10 per cent of Nordea's shares.

Return Targets

	P&C INSURANCE	LIFE INSURANCE	GROUP
Target 2007	RoE>17.5%	RoE>17.5%	-
Year 2007	RoE 19.2%	RoE 9.1%	RoE 52.6%

RoE = Return on Equity

Distribution Policy

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

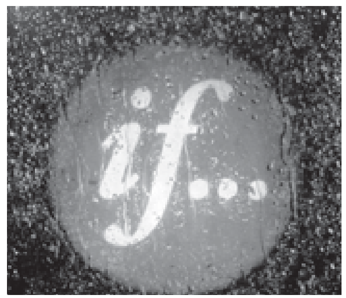
History

21st century in Sampo Group has been reflected by several structural changes. Sampo Group took its current form in February 2007, when the divestment of Sampo Bank Group to Danske Bank A/S was closed. Pictures below outline the largest changes in Sampo Group during the 21st century. The full history of the companies belonging to Sampo Group is available on the Internet at www.sampo.com/group.

2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007

Sampo Insurance Company and Leonia merge into the Sampo-Leonia financial services group. The Group's business areas are long-term savings (life insurance, asset management and mutual funds), banking, investment banking, and P&C insurance.

Mandatum Bank joins the Group, and the Group's name is shortened to Sampo.



2002 Sampo's P&C insurance operations are merged with If. Following the transaction, Sampo owns 38 per cent of If's stock.

2004 If becomes fully owned by Sampo. Following the share transaction, Sampo has three core businesses: P&C insurance, banking and long-term savings.

Sampo Group divests Sampo Bank Group to Danske Bank A/S.

Following the transaction, Sampo's business areas are P&C insurance and life insurance. In addition, Sampo plc has investment assets of approximately EUR 5 billion.

If P&C Insurance

If is the leading P&C insurance company in the Nordic area with some 3.6 million customers in the Nordic and Baltic countries and Russia. If has approximately 6,600 employees and offers the entire range of P&C insurance solutions and services for everyone from private customers to global industrial companies.

Year 2007 was yet another successful year for If. For the fourth year running, the company exceeded its profit targets. The technical result increased to EUR 565 million. Combined ratio was 90.6 per cent, clearly stronger than the long-term goal of being below 95 per cent. Cost efficiency continued to improve. The number of policies sold increased. Market shares remained stable. The operating result dropped due to a weakening of the financial markets.

If's success is a consequence of a systematic and long-term strategy, with strong client-focus, a selective growth strategy and cost-effectiveness as principal elements.

If's business operations are conducted on a pan-Nordic basis. The business is divided into customer segments within the Private, Commercial and Industrial business areas. The Baltic countries and Russia – with special market conditions – are a separate business area.

Private

If is the leading insurance company for private customers in the Nordic countries. Business area Private has more than three million customers in Norway, Sweden, Finland and Denmark.

Profitability continued to be excellent for Private during 2007. The technical result increased somewhat to EUR 301 million and the combined ratio was 90.1 per cent.

The success is a result of a number of endeavours to improve offerings for customers, with better services, new products like the home and motor 'superpolicies' which provide customers with the widest cover that exists on the market and with even faster assistance when an incident occurs. If now handles 60 per cent of customer claims at the time of the first contact.

Year 2007 saw a number of new business initiatives being taken. During the year, several cooperation and distribution agreements have been made on car insurance, and some of If's already existing agreements have been widened to a Nordic level. An agreement was entered into with Blocket, Sweden's biggest internet portal for second-hand goods. Through the portal If offers tailor-made warranty insurance policies for second-hand cars that have been sold via blocket.se. A collaborative agreement was also closed with S Group, Finland's leading company in the grocery, hotels and restaurants field. The agreement will come into force in the early summer of 2008.

Commercial

Business area Commercial's target group includes companies with up to 500 employees. The business area is the market leader in the Nordic region with around 330,000 commercial customers. Approximately 70 per cent of these are small companies that are normally offered standardised insurance solutions while the other, medium-sized commercial customers often need more specialized services.

In general, the commercial insurance market has become more and more demanding, both due to a more intensive competition and because of claims inflation has started to increase. Despite that, 2007 was still a very profitable year for the Commercial business area. The technical result rose to EUR 176 million, an increase of almost 10 per cent, and the combined ratio remained at an excellent level of 90.8 per cent.

A clear trend in the corporate market is that the insurance companies' service solutions are being integrated more and more with the customers' own solutions, not least through new Internet solutions. If is right on the front line here. Through the Internet, customers are already able to assess their individual risk situation. Another example is the Internet portal, If Login, which provides customers with an overview and an opportunity to administer their total insurance cover online. The next step is to further develop opportunities for customers to use the Internet in the case of claims adjustment.

Apart from insuring their property, companies are now also widening their insurance cover for their employees, who naturally represent many companies' most important resource. For example, health insurance is being used as a part of benefit packages for retaining or recruiting staff.

Industrial

Business area Industrial is the biggest actor within industrial insurance in the Nordic countries and the fifth largest supplier of industrial risk solutions in Europe. Its customers are primarily Nordic companies with sales of more than SEK 500 million and more than 500 employees. Business area Industrial has approximately 1,500 customers.

The business area showed good growth during 2007, both by way of more new customers and also due to the existing customers purchasing more risk solutions. One explanation for this is a broadened range of services, particularly within the personal risk field. At the same time, Industrial was hit by more large claims than would normally have been seen in a year, particularly in Denmark, and that weakened profits. The technical result dropped somewhat to EUR 62 million and the combined ratio was 94.1 per cent.

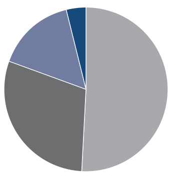
The long-term trend in the industrial insurance market is that the customers are becoming more and more professional. They no longer deal only with routine protection against simple frequency claims, they are becoming better at utilising the entire extent of what an insurance company can offer, from disaster cover in the event of major damage, to benefits packages in the form of health insurance, for example.

Baltic and Russia

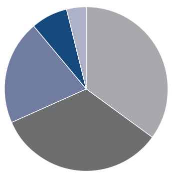
Business area Baltic and Russia encompasses If's operations in Estonia, Latvia, Lithuania and Russia. It has approximately 300,000 customers, both private customers and companies.

Year 2007 was characterised by strong growth and good profitability. The technical result increased by almost 60 per cent to EUR 16 million and the combined ratio improved to 90.8 per cent. Despite the fact that some overall slowdown in economic growth can be seen, If's assessment is that the insurance market will continue to grow rapidly, not just in Russia with its strong economy, but also in the Baltic countries.

INSURANCE PREMIUMS BY BUSINESS AREA, 2007



INSURANCE PREMIUMS BY COUNTRY, 2007



KEY FIGURES EURm	2007	2006	CHANGE %
Insurance premiums	**3,840**	3,773	2
Net income from investments	**211**	390	–46
Other operating income	**29**	23	26
Claims incurred	**–2,541**	–2,480	2
Staff costs	**–441**	–431	2
Other expenses	**–493**	–505	–2
Profit before taxes	**534**	730	–27
Combined ratio, %	**90.6**	89.9	1
Risk ratio, %	**66.9**	65.9	2
Cost ratio, %	**23.7**	24.0	–1
Expense ratio, %	**17.2**	17.4	–1
Return on equity, %	**19.2**	22.0	–13
Average number of staff (FTE)	**6,415**	6,428	0

Sampo Life

Sampo Life Insurance Company Limited with its subsidiary are responsible for the Sampo Group's life insurance business. Operating in Finland and the Baltic countries, Sampo Life provides savings and investment solutions spanning entire lifetime to private people, business entrepreneurs, and corporate and institutional customers, and provides the best possible security against personal risks.

Changes in the Operating Environment – Challenges and Opportunities

The most significant domestic event for Sampo Life in 2007 was the divestment of Sampo Bank, the company's primary sales channel, to Danske Bank A/S, effective on 1 February, 2007. However, the agreement on long-term cooperation signed in conjunction with the divestment creates a solid foundation for Sampo Life to continue and further develop successful sales and product development cooperation with Sampo Bank.

The divestment of Sampo Bank from Sampo Group caused a substantial amount of extra work, as Sampo Life's administrative services, previously acquired from or through the bank, had to be reorganized. The most important – and expensive – project in Finland was the transfer of IT services, formerly outsourced to the bank, to Sampo Life. The separation of administrative services will increase the costs of Sampo Life's services in the long term, too.

Finnish Operations

POSITION BOLSTERED IN THE CORPORATE SEGMENT

The sales and premiums written of the parent company, Sampo Life, developed favorably for the most part. Of the focus areas, the best performers were pure life and disability insurance and the entire corporate segment. In contrast, sales and premiums written in the unit-linked endowment policies decreased substantially from the preceding year. This was due to the reorganization of the main sales channel, Sampo Bank, and the unfavorable fourth quarter performance of the equity markets and the generally more gloomy economic outlooks.

Sampo Life's premiums written totalled EUR 556 million. This represented a decrease of more than 10 per cent, or EUR 65 million, from the previous year. Single-premium unit-linked endowment policies accounted for almost the entire decline. At the same time, Sampo Life's total premiums written from unit-linked products decreased by 13 per cent and totalled EUR 344 million. Sampo Life's market share of the entire unit-linked business fell from its record level of 25.2 per cent in 2006 to 22.4 per cent.

In the corporate segment, Sampo Life's growth continued in the selected focus areas. Corporate customers showed increasing interest in life and pension insurance products that retain employees and offer them greater incentives, as well as in solutions that are tailored for the management of personal risks. Indeed, premiums written increased on a broad front: in corporate unit-linked group pension insurance by almost 35 per cent, in individual unit-linked pension insurance by approximately 20 per cent, and in pure life and disability insurance by almost 20 per cent on the previous year.

Sampo Life's total premiums written in the corporate segment were EUR 217 million, and the company remains the undisputed market leader with an almost one-third slice of the market.

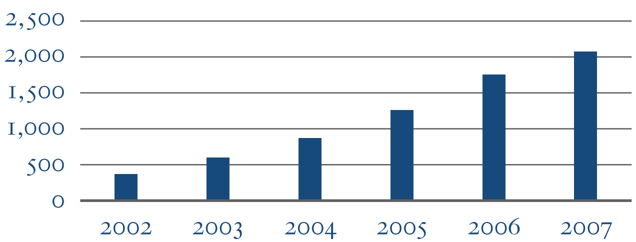
In the households segment, the most favorable development took place in unit-linked individual pension insurance and in pure life and disability insurance. Premiums written in these regular premium products increased by a good 10 per cent. However, premiums written from unit-linked endowment policies decreased due to the reasons explained earlier by more than EUR 40 million, or by 17 per cent. Premium income from households totalled EUR 340 million, a decrease of over 10 per cent from the previous year.

COSTS IN CONTROL

The separation of key administrative and support services from Sampo Bank and the inputs required in sales networks to secure growth resulted in an increase in Sampo Life's operating expenses. The solid development in regular premium products increased the income allocated to operating expenses to an almost equivalent extent, and therefore Sampo Life's expense ratio remained gratifyingly under 100 per cent.

Some of the above-mentioned additional expenses will be realized in Sampo Life's result in full only in 2008, as is the case with collective bargaining settlements made in the insurance industry late in the year. Thus, systematic efforts to increase process efficiency and generate sales growth in selected segments will continue. Introduction of a new insurance policy management system, which advanced to the pilot stage in 2007, is one of the major steps in raising efficiency.

SAMPO LIFE GROUP'S UNIT-LINKED SAVINGS, EURm



SOLVENCY REMAINED GOOD

Despite the late-year rally on the equity markets, the unit-linked technical provisions of the parent company, Sampo Life, increased by a good 15 per cent to EUR 1,957 million. Unit-linked business accounted for as much as 30 per cent of total technical provisions. Sampo Life Group's unit-linked technical provisions exceeded the EUR 2 billion threshold and amounted to EUR 2,070 million.

In the review year, Sampo Life's investments yielded 5.0 per cent at fair values. Sampo Life's solvency remained good, with the solvency ratio at 16.8 per cent.

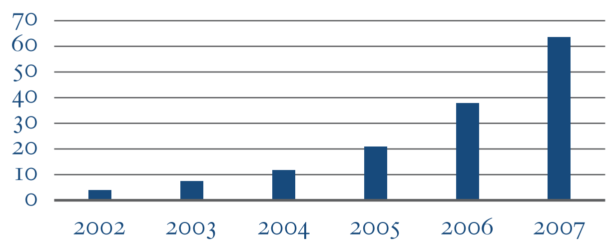
Strong Growth Continues in the Baltic Countries

The Baltic subsidiaries were merged into a single company, SE Sampo Life Insurance Baltic, on 2 January 2007. The new company operates in all Baltic countries and is domiciled in Estonia. In Latvia and Lithuania, the company operates through branch offices.

The Baltic subsidiary's premiums written totalled nearly EUR 64 million, representing growth of 67 per cent on the previous year. Unit-linked technical provisions amounted to EUR 114 million, accounting for almost 90 per cent of the total technical provisions of EUR 131 million. The company was the third-largest life insurer in the Baltic countries, and its market share in its focus area of unit-linked insurance was approximately 20 per cent.

The premiums written by If Livförsäkring AB, Sampo Life's Nordic subsidiary providing term life insurance, totaled EUR 5.7 million. By a transaction made late in the year, the company was transferred under If's ownership in the beginning of 2008.

PREMIUM DEVELOPMENT IN THE BALTIC SUBSIDIARIES, EURm



Future Outlook

Sampo Life's lifetime solutions are very timely in Finland, for at the same time as Finns are becoming more affluent, society's safety net is becoming weaker. Pure life and disability insurance and unit-linked products will remain the strategic focus areas. Sampo Life will be active in developing new attractive investment solutions for both private and corporate customers.

To follow on from its success in 2007, Sampo Life will further boost the sales of its life and pension insurance policies to corporate customers by increasing the resources. In the households' segment, efforts will be made to increase the easy availability of solutions by establishing sales channels that complement the work done by the bank network. Development of Internet services will be a key focus area. During the first quarter of year 2008, the reorganization of the main sales channel, Sampo Bank, will most probably have a somewhat unfavourable effect on the sales of pension and life insurance products.

In the Baltic countries, the growth of the life insurance market is expected to continue strong. As one of the three biggest actors in the market, Sampo Life's subsidiary's operations are expected to grow at a minimum in the pace of the market growth.

The Sampo Life Group's profit for 2008 will, as in previous years, depend primarily on the performance of the investment markets.

KEY FIGURES EURm	2007	2006	CHANGE %
Premiums	**618**	660	–6
Net income from investments	**600**	601	0
Other operating income	**0**	1	–100
Claims incurred	**–653**	–550	19
Change in liabilities for inv. and ins. contracts	**–145**	–345	–58
Staff costs	**–20**	–19	5
Other operating expenses	**–50**	–45	11
Profit before taxes	**342**	295	16
Expense ratio, %	**101.1**	101.9	–1
Return on equity, %	**9.1**	30.0	–70
Average number of staff (FTE)	**375**	365	3

Sampo plc

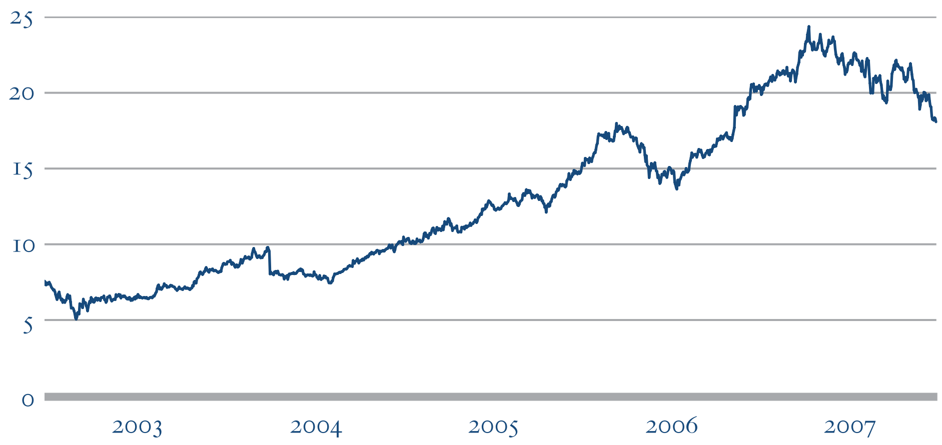
Sampo Group's parent company, Sampo plc, owns and administers subsidiaries engaged in P&C and life insurance businesses. Sampo plc coordinates the Group's investment activities, capital allocation, risk management, corporate accounting, investor relations and communications, and legal and tax matters.

Sampo plc's objective is to generate value for its shareholders. The company has no strictly defined strategy, but it seeks to take advantage of opportunities in the market to generate shareholder value through M&A or other activities.

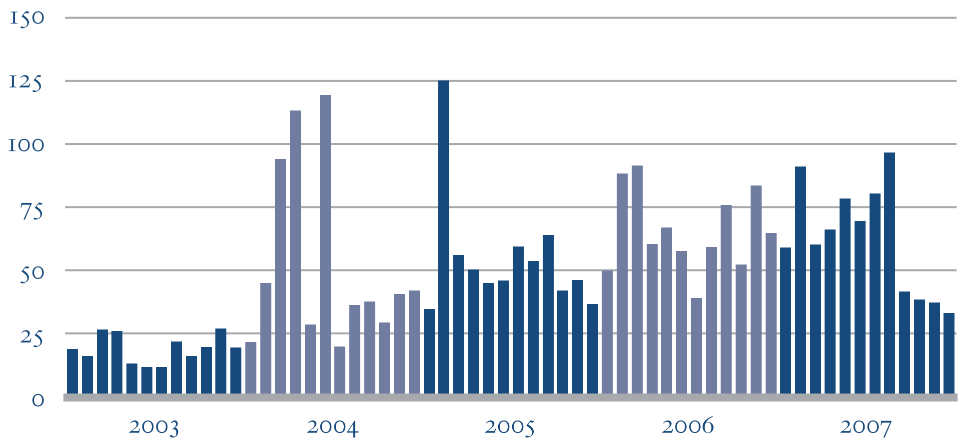
Sampo plc's A shares have been listed on the OMX Nordic Exchange Helsinki (formerly Helsinki Stock Exchange) since 1988. All B shares are owned by Kaleva Mutual Insurance Company. At the end of 2007, Sampo plc had more than 64,000 shareholders.

Following the divestment of the Sampo Bank Group, Sampo plc's investment assets were worth approximately EUR 5 billion at the end of 2007. More than half of the investment assets were invested in equities and the rest in short term fixed income instruments. Sampo plc's largest equity holding is Nordea. At the end of December 2007, Sampo plc owned 238,283,129 Nordea shares, with a market value of EUR 2.7 billion.

Monthly share price performance, 2003–2007, *euros*



Monthly share turnover, trading volume, 2003–2007, *million shares*



1st Quarter

Year 2007 in Brief

2 January

Sampo Life combined its Baltic subsidiaries under one company

Sampo Life Insurance Company Limited combined its subsidiaries operating in the Baltic countries under one company on 2 January 2007. The new company, SE Sampo Life Insurance Baltic, operates in all Baltic countries and is domiciled in Estonia. In Latvia and Lithuania, the company operates through branch offices.

1 February

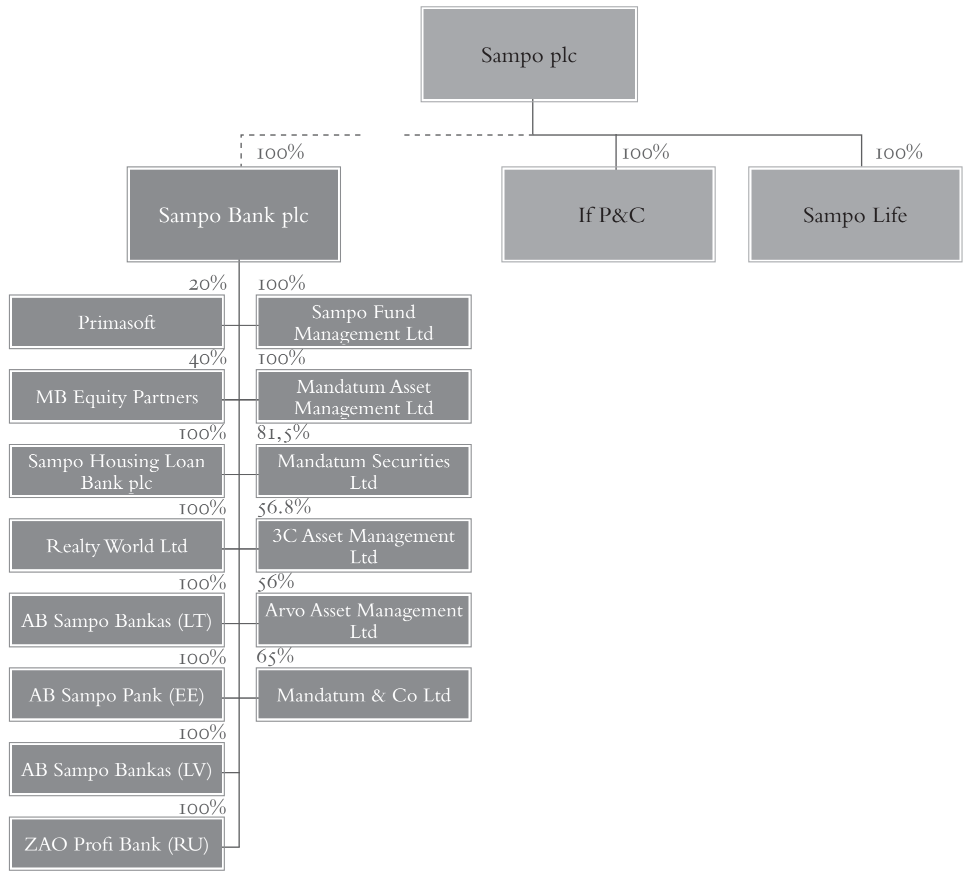
Sampo Bank Group's divestment to Danske Bank A/S completed

On 9 November 2006, Sampo plc announced the sale of Sampo Bank plc's entire stock to Danske Bank A/S of Denmark. The transaction price paid in cash was EUR 4,050 million. The necessary official permits, upon which the transaction was conditional, were obtained on 30 January 2007, and the transaction was closed on 1 February 2007.

The divested Sampo Bank Group consisted of Sampo Bank plc of Finland, its subsidiary banks in the Baltic countries and Russia and a number of investment service companies, of which the main ones were Mandatum Asset Management Ltd, Sampo Fund Management Ltd, Mandatum & Co Ltd and Mandatum Securities Ltd.

Sampo plc recognised a tax-free sales gain of EUR 2.9 billion from the transaction, reported under the Holding segment for the first quarter of 2007.

In conjunction with the transaction, Danske Bank and Sampo Life agreed on co-operation that will secure the continuance of the sales of Sampo Life's life and pension insurance products via Sampo Bank's distribution network in the future.



2nd Quarter

12 April
Sampo plc's Annual General Meeting held at Helsinki Fair Centre

The Annual General Meeting of Sampo plc was held at the Helsinki Fair Centre on 12 April 2007. The Annual General Meeting decided to distribute a dividend of EUR 1.20 per share for the year 2006.

19 June
Sampo plc moved into new offices

Sampo plc moved into new offices on 30 June 2007. The new address is Fabianinkatu 27, 00100 Helsinki.

3rd Quarter

10 August
Islandic Exista became Sampo's largest shareholder

Sampo announced that the holding of Exista hf. of Iceland and its subsidiaries in Sampo plc had increased to 19.98 per cent.

22 August
Decision on repurchasing Sampo plc's A shares

Based on the authorisation granted by Sampo plc's Annual General Meeting on 12 April 2007, the company's Board of Directors decided to repurchase Sampo's A shares with distributable capital and reserves. The maximum number of shares to be repurchased is 28,000,000 A shares, corresponding to approximately 4.8 per cent of Sampo's total stock. Share repurchases started on 14 September, and at the end of 2007, Sampo plc held 4,322,000 Sampo A shares.

4th Quarter

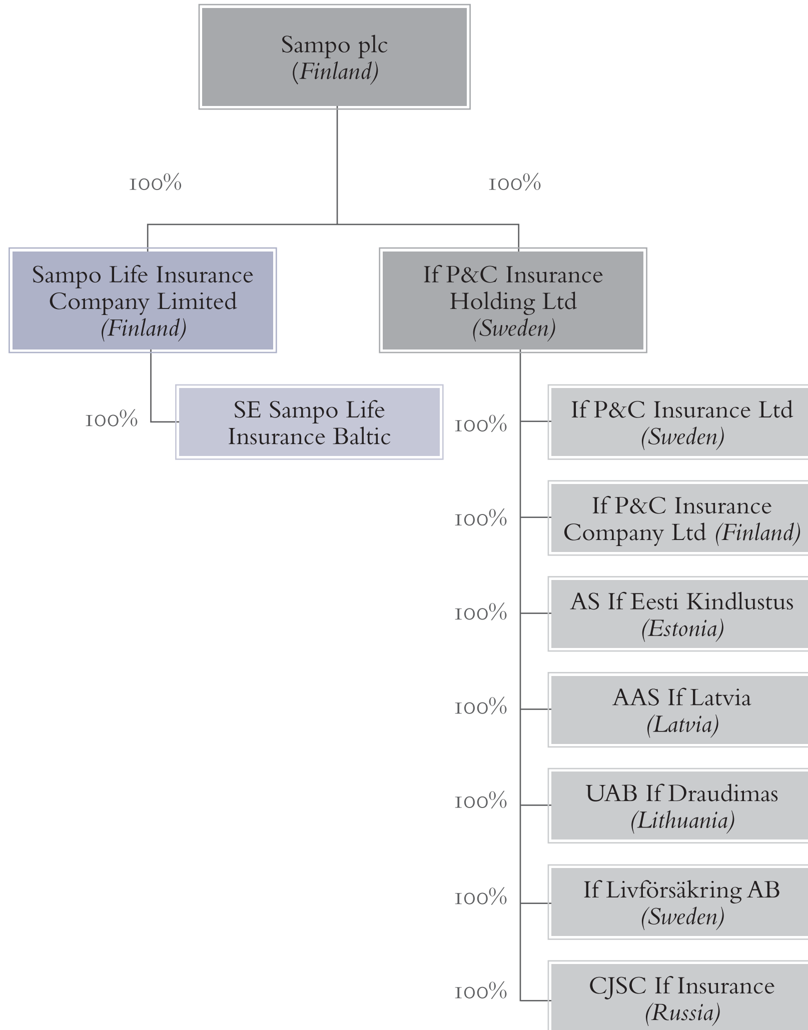
3 October
If P&C Insurance Company signed a significant cooperation agreement with SOK

On 3 October, If P&C Insurance Company signed a cooperation agreement with SOK, the central organisation of the S Group. The S Group is Finland's leading player in the food trade and in the hotel and restaurant business. Under the agreement, If's customers will be eligible, as of June 2008, for the S Group's customer bonus for P&C insurance policies offered to households by If. The companies will provide more details in June 2008.

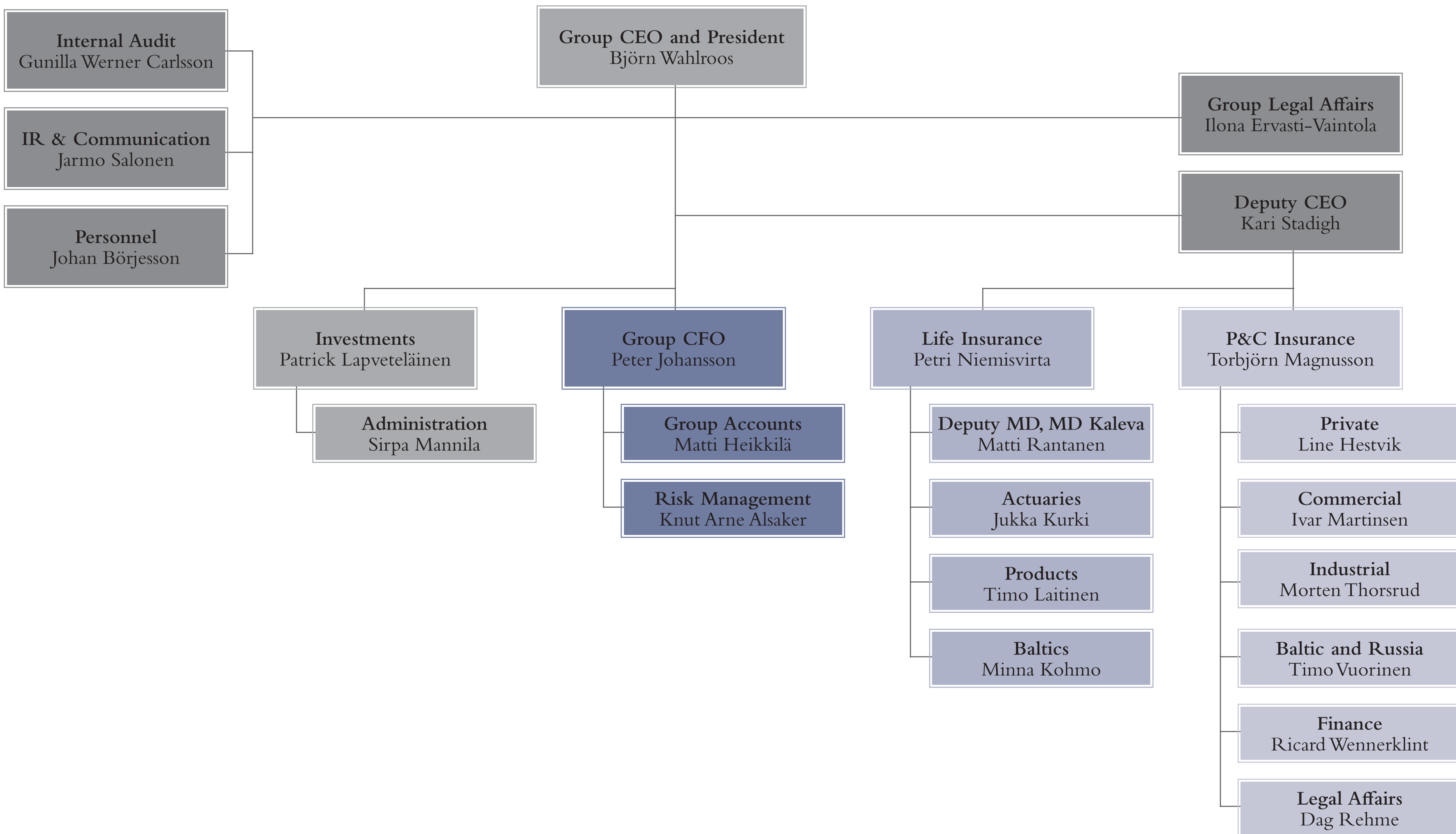
17 December
Sampo applied for a permission to exceed 10 per cent in Nordea

On 17 December, Sampo plc submitted an application to the Swedish Financial Supervisory Authority for a permission to increase its holding in Nordea Bank AB (publ) to over 10 per cent.

Main Legal Structure 1 January, 2008



Organisation 31 December, 2007



Corporate Governance

Sampo complies with the Corporate Governance Recommendation for Listed Companies issued by HEX plc (OMX Nordic Exchanges), the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers (Confederation of Finnish Industries EK) which entered into effect on 1 July 2004. Sampo's Board of Directors has also approved internal rules concerning corporate governance, internal control and reporting in Sampo Group.

Board of Directors

BOARD OF DIRECTORS' DUTIES

Sampo's Board of Directors is responsible for the management of the company in compliance with law, regulations of the authorities, Sampo's Articles of Association and the decisions of Shareholders' Meetings. The operating procedures and main duties of the Board of Directors have been defined in the Board's Charter.

The Board of Directors decides on Sampo Group's business strategy, approves the budget and the principles governing the Group's risk management and internal control, and is responsible for the proper management of the Group's operations. The Board also decides, within the limits of the company's field of activities, on exceptional and far-reaching matters with respect to the scope and nature of Sampo Group.

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

The Board elects the CEO, the executives of Sampo Group and the Head of Internal Audit, releases them from their duties, and decides on the terms and conditions of their employment and on other compensation. In addition, the Board confirms the Group's staff planning targets and monitors their fulfilment, determines the grounds for the Group's compensation system and decides on other far-reaching matters concerning the staff.

ELECTION AND TERMS OF OFFICE OF THE 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 2007 decided to elect eight members to the Board until the close of the Annual General Meeting to be held in 2008. The term of office of the Board members ends at the close of the Annual General Meeting that first follows their election. The members of the Board annually elect a Chairman and a Vice Chairman from among their members, at their first meeting following the Annual General Meeting.

The composition of the Board of Directors of Sampo plc is as follows:

Georg Ehrnrooth, *Chairman*
Matti Vuoria, *Vice Chairman*
Tom Berglund, *Member*
Anne Brunila, *Member*
Jukka Pekkarinen, *Member*
Jussi Pesonen, *Member*
Christoffer Taxell, *Member*
Björn Wahlroos, *Member*

The following Board members are independent of the company and its major shareholders: Tom Berglund, Georg Ehrnrooth, Jussi Pesonen and Christoffer Taxell.

The Board of Directors of Sampo plc convened 14 times in 2007. The average attendance of Board members at meetings was 99.10 per cent.

Executive Committee and other Committees appointed by the Board

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.

SAMPO GROUP'S EXECUTIVE COMMITTEE

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

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

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

The composition of the Group's Executive Committee is as follows:

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

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

In 2007, the Executive Committee convened regularly, once every quarter, at the request of the CEO. The Group MD Committee, which assists the Executive Committee, normally met twice a month, except when the Executive Committee convened in its entirety.

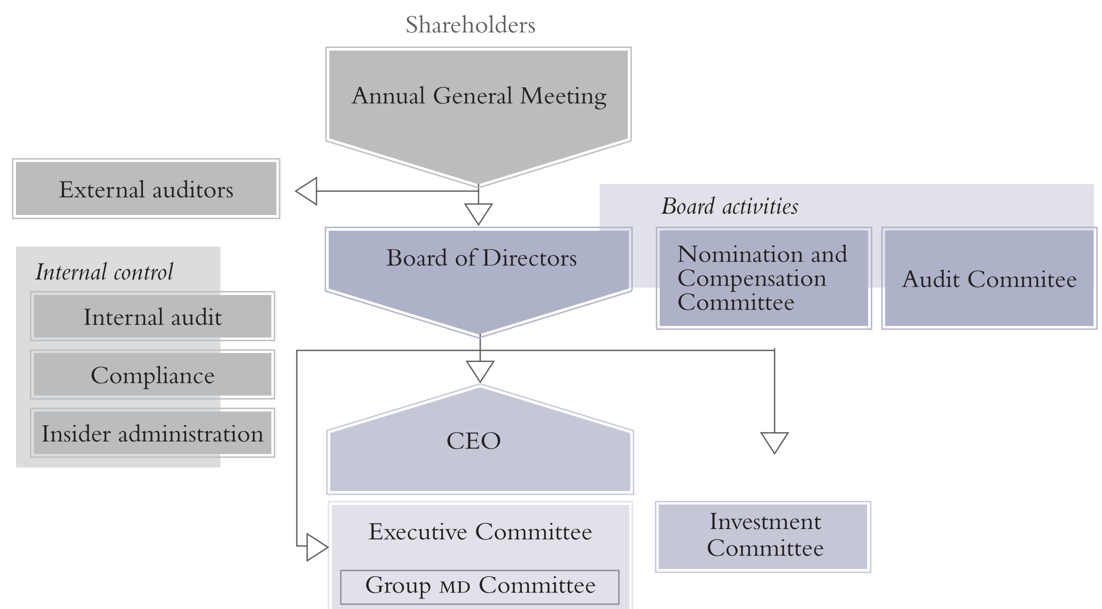
Committees appointed by the Board

NOMINATION AND COMPENSATION COMMITTEE

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

As authorised by the Board of Directors, the Committee also decides on the compensation of the members of the Executive Committee, excluding the Group's CEO and Deputy CEO. Further, the Committee prepares a proposal on the appointment, employment conditions and other compensation of the Sampo Group's Head of Internal Audit, and on the principles by which the Sampo Group's staff are to be compensated. In addition, the Committee is responsible for preparing proposals

Governance Structure (*Order of election*)



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 composed of the Chairman of the Board (who acts as the Committee's Chairman), the Vice Chairman of the Board and one member elected from among the members of the Board. The Chairman of the Nomination and Compensation Committee is Georg Ehrnrooth and other members Matti Vuoria and Christoffer Taxell. The Committee met seven times in 2007.

AUDIT COMMITTEE

The Audit Committee is responsible for overseeing Sampo Group's internal audit and the actions of the auditors under the laws of Finland, the authenticity of the Group's financial accounts and the auditors' professional competence and independence, and for assessing compliance with laws and regulations within Sampo Group. The Audit Committee prepares the proposal to be made to the Annual General Meeting on the election of the auditor and the auditing fees, and monitors the auditors' invoicing in the way it sees fit. The Audit Committee is also responsible for overseeing the preparation of and compliance with Sampo Group's risk management policies and other related guidelines, monitoring Sampo Group's risks and the quality and scope of risk management, monitoring the fulfilment of risk policies, the use of limits and the development of risks and profit in the various business areas, and carrying out any tasks that may be bestowed upon it by the Board. The Audit Committee meets at least quarterly.

The Board of Directors' Audit Committee comprises at least three members elected from among those Board members who do not hold management positions in Sampo and are independent of the company. In addition, present in the meetings of the Committee are the Responsible Auditor, the CEO, the CFO, Group Chief Counsel, Group Chief Audit Executive, Chairman of the Group Investment Committee, the Member of the Group Executive Committee responsible for risk control and the Group Chief Risk Officer. The Chairman of the Audit Committee is Christoffer Taxell and other members Anne Brunila, Tom Berglund and Jukka Pekkarinen. In addition, Tomi Englund, Björn Wahlroos, Kari Stadigh, Peter Johansson, Ilona Ervasti-Vaintola, Knut Arne Alsaker and Gunilla Werner Carlsson attended the Audit Committee's meetings in 2007.

The Audit Committee met four times in 2007.

Other Committees

INVESTMENT COMMITTEE

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

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

In 2007, the Chairman of the Investment Committee was Kari Stadigh and other members Patrick Lapveteläinen, Sirpa Mannila and Vesa Nurminen.

Chief Executive Officer

The company has a Managing Director who is simultaneously the CEO of Sampo Group. The Board of Directors elects and releases the CEO, and decides on the terms of employment and other compensation. The Managing Director of the company and the CEO of Sampo Group is Björn Wahlroos.

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

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

Compensation

COMPENSATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

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

In accordance with a decision of the Annual General Meeting in 2007, the members of the Board will be paid the following annual fees for their Board and committee work until the close of the Annual General Meeting in 2008: The Chairman EUR 120,000, the Vice Chairman EUR 85,000, and the other members of the Board EUR 70,000, with 30 per cent of each Board member's annual fee being paid in Sampo A shares. Board members employed by the company will not receive separate compensation for the Board work.

Members of the Board of Directors did not receive any other benefits, nor did they participate in Sampo's incentive systems. However, in accordance with a decision of the Annual General Meeting held in spring 2007, the Group CEO is included in the Sampo 2006 long-term share incentive system for the company's management.

COMPENSATION OF THE MANAGING DIRECTOR AND OTHER EXECUTIVES

The Board of Directors decides on the terms of employment and compensation of the CEO and other executives on the Sampo Group's Executive Committee, on the basis of a proposal by the Nomination and Compensation Committee. However, the Nomination and Compensation Committee can decide, upon authorisation by the Board of Directors, on the salaries of the members of the Group Executive Committee, excluding the Group CEO and Deputy .

PRINCIPLES OF COMPENSATION SYSTEM

In addition to receiving monthly salaries, executives who are members of the Group's Executive Committee are participants in the Group's profit bonus system which is decided upon separately each year. The criteria used in determining the profit bonus are the Group's result, the business area's result and the individual performance of the person in question. The maximum profit bonus that can be paid for 2007 to executives who are members of the Executive Committee is an amount corresponding to nine months' salary.

With the exception of the Group CEO, the members of the Group Executive Committee are also participants in the long-term incentive systems (2005 I, 2005 II, 2006 I and 2006 II) for Sampo plc's executive management. The members of the Executive Committee, including the Group CEO, are also participants in the long-term share incentive system for the Sampo Group's key management, entitled Sampo 2006. The terms of the incentive systems are available on Sampo's web pages at www.sampo.com.

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

The CEO was paid a total of EUR 2,998,879 in salaries and bonuses for 2007. The Deputy CEO was paid a total of EUR 1,789,923 in salaries and profit bonuses.

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

External Auditors

Ernst & Young Oy
Authorised Public Accountants

Responsible auditor
Tomi Englund, APA

The total fees paid to the auditor for services rendered and invoiced were EUR 1,948,000. In addition, Ernst & Young Oy were paid fees for nonaudit services rendered and invoiced totalling EUR 213,900.

Internal audit

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

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

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

Insider Administration

Sampo's Board of Directors has approved the Sampo Group's Guidelines for Insiders. These comply with the Guidelines for Insiders issued by OMX Helsinki, the Insider Guidelines for Investment Activities issued by the Federation of Finnish Insurance Companies and the Standards of the Financial Supervision Authority. Sampo Group's Guidelines for Insiders are stricter than the above-mentioned norms on matters that concern the Group Executive Committee, other corporate executives and other specifically-named persons, as these persons must ask for separate written permission in advance for each share-related securities transaction they make.

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Sampo plc's insider guidelines and insider register may be viewed on the Internet at *www.sampo.com/english*, see Investor Relations/ Shares and Options/Insiders.

Board of Directors

   

CHAIRMAN

Georg Ehrnrooth, born 1940

Positions of Trust:

Oy Karl Fazer Ab, Board Member
Sandvik AB (publ.), Board Member
Nokia Corporation, Board Member
Finnish Business and Policy Forum EVA, Vice Chairman of the Board
Research Institute of the Finnish Economy ETLA, Vice Chairman of the Board

–Member of the Board of Directors of Sampo plc since 26 June 1992.

–Ehrnrooth holds 23,366 Sampo plc shares directly or through a controlled company.

VICE CHAIRMAN

Matti Vuoria, born 1951

CEO, PRESIDENT OF VARMA MUTUAL PENSION INSURANCE COMPANY

Positions of Trust:

Danisco A/S (Denmark), Board Member
Stora Enso Oyj, Board Member
Wärtsilä Corporation, Board Member
Finnish-Russian Chamber of Commerce, Chairman
The Finnish Pension Alliance TELA, Chairman of the Board
Federation of Finnish Financial Services, Board Member
Securities Markets Association (Finland), Chairman

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

–Vuoria holds 27,664 Sampo plc shares directly or through a controlled company.

Tom Berglund, born 1951

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

Positions of Trust:

Emerging Markets Review (Elsevier), Member of the Associate Editorial Board
The European Shadow Financial Regulatory Committee, Member

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

–Berglund holds 2,257 Sampo plc shares directly or through a controlled company.

Anne Brunila, born 1957

PRESIDENT AND CEO, FINNISH FOREST INDUSTRIES FEDERATION

Positions of Trust:

Confederation of European Paper Industries CEPI, Member
The Research Institute of the Finnish Economy ETLA, Board Member
Finnish Business and Policy Forum EVA, Board Member
Finnish Marine Administration, Chairman of the Board
Economic Information Office, Board Member
The Finnish Innovation Fund Sitra, Board Member

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

–Brunila holds 2,591 Sampo plc shares directly or through a controlled company.

Jukka Pekkarinen, born 1947
DIRECTOR GENERAL,
MINISTRY OF FINANCE
Positions of Trust:
European Union, Economic Policy Committee, Vice Chairman
Incomes Policy Information Committee, Chairman
Advisory Board to the Government Institute for Economic Research, Chairman
The Local Government Pensions Institution, Investments Advisory Board, Chairman
–Member of the Board of Directors of Sampo plc since 5 April 2006.
–Pekkarinen holds 2,192 Sampo plc shares directly or through a controlled company.

Jussi Pesonen, born 1960
PRESIDENT AND CEO,
UPM–KYMMENE CORPORATION
Positions of Trust:
UPM-Kymmene Corporation, Board Member
Finnish Forest Industries Federation, Chairman of the Board
Confederation of Finnish Industries EK, Board Member
Oy Metsä-Botnia Ab, Board Member
Confederation of European Paper Industries CEPI, Board Member
–Member of the Board of Directors of Sampo plc since 5 April 2006.
–Pesonen holds 5,257 Sampo plc shares directly or through a controlled company.

Christoffer Taxell, born 1948
CHANCELLOR, ÅBO AKADEMI UNIVERSITY
Positions of Trust:
Society of Swedish Literature in Finland, Investment Committee, Member
Stockmann plc, Board Member
Stiftelsen för Åbo Akademi, Chairman of the Board
Finnair plc, Chairman of the Board
Nordkalk Corporation, Board Member
Föreningen Konstsamfundet, Chairman of the Board
Luvata Oy, Board Member
– Taxell was transferred to the Board of Directors of Sampo plc from the Supervisory Board on 1 January 1998.
–Taxell holds 3,195 Sampo plc shares directly or through a controlled company.

Björn Wahlroos, born 1952
GROUP CEO AND PRESIDENT,
MANAGING DIRECTOR OF SAMPO PLC
Positions of Trust:
Varma Mutual Pension Insurance Company, Board Member (until 31 December 2007)
Finnish Business and Policy Forum EVA, Board Member
The Research Institute of the Finnish Economy ETLA, Board Member
–Wahlroos was appointed to the Board of Directors of Sampo plc on 5 April 2001.
–Wahlroos holds 11,839,890 Sampo plc shares directly or through a controlled company.

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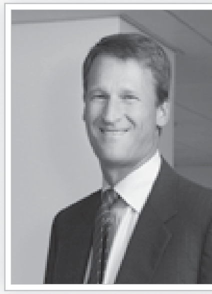
Information as on 31 December 2007.
The CVs of members of the Board of Directors can be viewed on the Internet at *www.sampo.com*, see Sampo Group/Corporate Governance.

Group Executive Committee


Björn Wahlroos


Line Hestvik


Torbjörn Magnusson

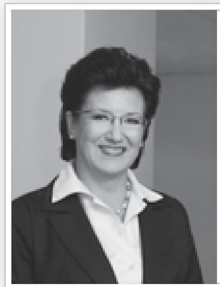

Morten Thorsrud


Kari Stadigh


Peter Johansson


Ivar Martinsen


Ricard Wennerklint


Ilona Ervasti-Vaintola


Patrick Lapveteläinen


Petri Niemisvirta

Björn Wahlroos, born 1952

GROUP CEO AND PRESIDENT, MANAGING DIRECTOR OF SAMPO PLC

Positions of Trust:

Varma Mutual Pension Insurance Company, Board Member (until 31 December 2007)

Finnish Business and Policy Forum EVA, Board Member

The Research Institute of the Finnish Economy ETLA, Board Member

–Wahlroos holds 11,839,890 Sampo plc shares directly or through controlled company.

Kari Stadigh, born 1955

GROUP DEPUTY CEO

Positions of Trust:

If P&C Insurance Holding Ltd, Chairman of the Board

Sampo Life Insurance Company Limited, Chairman of the Board

Kaleva Mutual Insurance Company, Chairman of the Board

Aspo plc, Chairman of the Board, *Alma-Media plc,* Chairman of the Board

Federation of Finnish Financial Services, Board member

Varma Mutual Pension Insurance Company, Board Member (from 1 January 2008)

–Stadigh holds 217,498 Sampo plc shares directly or through controlled companies.

Ilona Ervasti-Vaintola, born 1951

GROUP CHIEF COUNSEL, PRINCIPAL ATTORNEY

Positions of Trust:

Fiskars Corporation, Board Member, *Finnish Literature Society,* Board Member, *OMX Nordic Exchange Group Oy,* Board Member

The Panel on Takeovers and Mergers at the Central Chamber of Commerce of Finland, Member, *Central Chamber of Commerce of Finland, Legal Committee,* Chairman

–Ervasti-Vaintola holds 309,131 Sampo plc shares directly or through controlled companies.

Line Hestvik, born 1969

GROUP EXECUTIVE VICE PRESIDENT, HEAD OF BA PRIVATE, IF P&C

Positions of Trust:

If Livförsäkring AB (Sweden), Board Member, *If P&C Insurance Company Ltd (Finland),* Board Member, *If Life Insurance Ltd (Sweden),* Chairman of the Board (from 1 January 2008), *FNH Norway* (the organisation for the Financial Sector in Norway), Board Member

–Hestvik holds 3,364 Sampo plc shares directly or through controlled companies.

Peter Johansson, born 1957

GROUP CFO

Positions of Trust:

If P&C Insurance Holding Ltd, Board Member

Sampo Life Insurance Company Limited, Board Member

–Johansson holds 40,356 Sampo plc shares directly or through controlled companies.

Patrick Lapveteläinen, born 1966

GROUP CIO

Positions of Trust:

If P&C Insurance Holding Ltd, Board Member

Sampo Life Insurance Company Limited, Board Member

–Lapveteläinen holds 211,045 Sampo plc shares directly or through controlled companies.

Torbjörn Magnusson, born 1963

PRESIDENT AND HEAD OF P&C INSURANCE, IF P&C INSURANCE HOLDING LTD

Positions of Trust:

If P&C Insurance Ltd (Sweden), Chairman of the Board

If P&C Insurance Company Ltd (Finland), Chairman of the Board

Swedish Insurance Federation, Chairman

Swedish Insurance Employer Association, Chairman

–Magnusson holds 7,992 Sampo plc shares directly or through controlled companies.

Ivar Martinsen, born 1961

GROUP EXECUTIVE VICE PRESIDENT, HEAD OF BA COMMERCIAL, IF P&C

Positions of Trust:

If Livförsäkring AB (Sweden), Board Member

If P&C Insurance Company Ltd (Finland), Board Member

If Life Insurance Ltd (Sweden), Board Member (from January 1 2008)

FNH Norway (the organisation for the Financial Sector in Norway), Member of the Executive committee of P&C Insurance

–Martinsen holds 2,917 Sampo plc shares directly or through controlled companies.

Petri Niemisvirta, born 1970

PRESIDENT AND HEAD OF LIFE INSURANCE

Positions of Trust:

If Livförsäkring AB (Sweden), Board Member

Amanda Capital Plc, Board Member

Consumers' Insurance Office, Board Member

Nordben Life and Pension Insurance Co. Limited (Guernsey), Board Member

Federation of Finnish Financial Services, Life Insurance Executive Committee, Chairman

–Niemisvirta holds 29,579 Sampo plc shares directly or through controlled companies.

Morten Thorsrud, born 1971

GROUP EXECUTIVE VICE PRESIDENT, HEAD OF BA INDUSTRIAL, IF P&C

Positions of Trust:

If P&C Insurance Ltd (Sweden), Board Member

If P&C Insurance Company Ltd (Finland), Board Member

CJSC If Insurance (Russia), Board Member

Forsikring & Pension (Denmark), Board Member

–Thorsrud holds 1,718 Sampo plc shares directly or through controlled companies.

Ricard Wennerklint, born 1969

CFO, IF P&C

Positions of Trust:

If Livförsäkring AB (Sweden), Board Member

If P&C Insurance Company Ltd (Finland), Board Member

If Livförsäkring AB (Sweden), Board Member

AS If Eesti Kindlustus (Estonia), Board Member

UAB If Draudimas (Lithuania), Board Member

AAS If Latvia (Latvia), Board Member

Capital Assurance Company, Inc., Board Member

Capital Assurance Services, Inc., Board Member

SOS International a/s, Board Member

–Wennerklint holds 4,677 Sampo plc shares directly or through controlled companies.

Personal information as on 31 December 2007.

Group Staff

Important Personnel Related Initiatives in 2007

Trends such as globalization, shorter product lifecycles, increasing pace of change and demographic changes make employee competence, attitude and motivation some of the most important drivers of value creation. This is especially true for 'knowledge companies' in the service sector such as Sampo Group. Our business success is entirely dependent on being able to attract, recruit, develop and retain excellent people. In light of this our focus on people is very high. The 'Best in Risk' strategy framework launched within If P&C in 2006 that puts personnel matters such as competence development, innovation, cooperation and health into the centre has been further developed during 2007. Some initiatives of special importance are listed below:

IF ACADEMY

During 2007 If launched a project to create the 'If Academy'. The aim is to create a hub for competence development which is recognised among the insurance industry. If Academy will be responsible for Leadership Development, being the link between corporate strategy and competence development and for coordinating training activities within the different business areas. The first steps have been taken and the If Academy will become fully operational from summer 2008 forward.

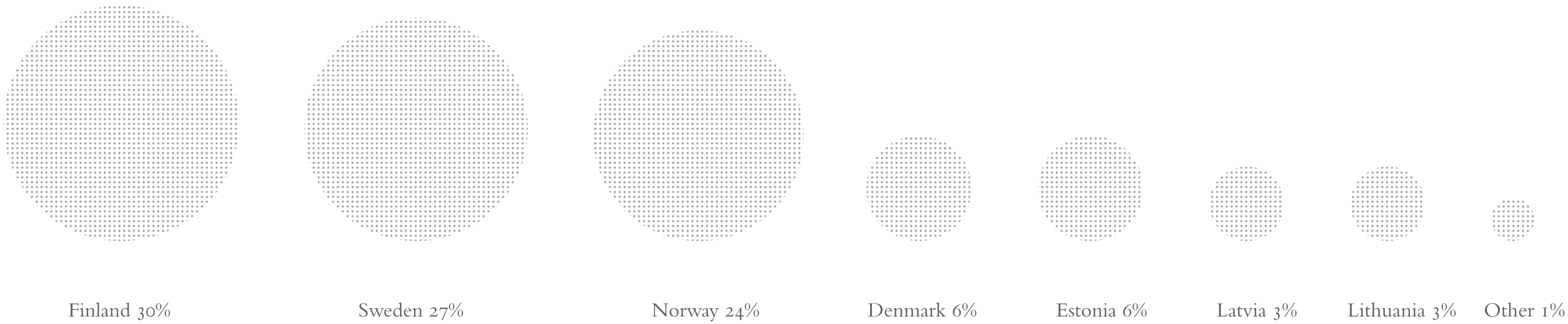
PERFORMANCE MANAGER

To support our Strategic Personnel Processes within Leader Evaluation, Competence Mapping and Development and Management Planning, a comprehensive e-tool called Performance Manager was introduced during 2007. Within Performance Manager each employee has a personal file containing data such as Competence Profile, CV and Job Description. Performance Manager also contains functionality enabling the manager and the employee to prepare for Appraisal and Development Dialogues, and to create Development and Performance Plans that are also stored electronically. Already after 8 months use close to 6,000 profiles have been created in the system. Apart from facilitating the manager/employee dialogue, the tool enables us to track competence and performance development on an aggregate level.

REORGANIZATION OF HR

To further improve the way we work with the personnel matters of Sampo Group, the HR function has been reorganized during 2007. Previously HR was geographically organized with one HR department in each country. Reflecting the true Nordic organization of Sampo, the HR department has now instead been functionally reorganized. The national HR departments have been replaced by Nordic functional organizations for HR Administration, Employment Relations, HR Consulting and Competence Development. In this way we ensure that our best Nordic competence is brought to bear on each issue. The new functional HR organization handles HR issues for the whole Sampo Group.

Breakdown of Staff by Country



The average number of employees in Sampo Group in year 2007 was 6,836, compared with 11,657 in 2006 (2006 includes Sampo Bank and its subsidiaries).

The employees were divided as follows: 56 worked in the holding company Sampo plc, 6,405 in If P&C and its subsidiaries and 375 in Sampo Life and its subsidiaries.

FINLAND
30% of total employees
Sampo plc: 56
If P&C and subsidiaries: 1,759
Sampo Life and subsidiaries: 261

SWEDEN
27% of total employees
If P&C and subsidiaries: 1,822

NORWAY
24% of total employees
If P&C and subsidiaries: 1,617

DENMARK
6% of total employees
If P&C and subsidiaries: 436

ESTONIA
6% of total employees
If P&C and subsidiaries: 383
Sampo Life and subsidiaries: 38

LATVIA
3% of total employees
If P&C and subsidiaries: 135
Sampo Life and subsidiaries: 37

LITHUANIA
3% of total employees
If P&C and subsidiaries: 195
Sampo Life and subsidiaries: 39

OTHER
1% of total employees
If P&C and subsidiaries: 58

Staff numbers are expressed as full-time equivalents. In other words, the numbers of part-time employees have been converted into numbers of full-time employees, by taking their working hours into account.

Corporate Responsibility

As a listed company, Sampo plc has the responsibility to act in the best interests of its shareholders, in compliance with legislation and in accordance with sound business practices. Sampo's core values; ethicality, loyalty, transparency and entrepreneurship, relate to the entire Group. Sampo Group is also committed to applying high ethical standards, and, to ensure this, the company's corporate governance is based on principles that are more stringent than official requirements – with respect to insider administration, for example.

Due to substantial organisational restructuring in Sampo Group after the divestment of the Sampo Bank Group to Danske Bank A/S, more emphasis in the Corporate Responsibility issues has been placed on the Group's remaining business areas and especially on If P&C. It is natural for If, as a P&C insurance company, to promote a society in which everyone can live securely. Preventing and limiting the need for claims is a natural feature of If's operations as it attempts to increase corporate profitability while reducing the human suffering of its customers. Therefore, If actively participates in claims prevention measures for private individuals and companies on both short and long term basis.

If in Society

The core of P&C insurance is a commitment to help when damage occurs. Along with public bodies such as the police, rescue services, and the judiciary, the insurance industry is one of society's most important providers of safety and security to citizens, companies, and other organisations. Insurance provides security against economic risk. Through their insurance policies, companies get the necessary predictability and stability to be able to take various business risks. It is therefore natural for If to work towards a secure society.

Preventing and alleviating damage is a natural part of If's business activity which aims to both increase profitability and reduce distress for our customers. If contributes to long and short-term damage-prevention activities for private individuals and companies.

Important Events during 2007

NATURAL DAMAGE AND CLIMATE CHANGE IN FOCUS

Year 2007 was affected by several natural disasters. At the beginning of the year, the storm "Per" caused severe damage throughout Scandinavia. Then heavy summer rains led to flooding in many areas. Predicted climate changes will probably lead to natural disasters like these having increasing significance in the insurance industry in Scandinavia and the Baltic countries. If continues to focus on the problems of climate change, and the ways in which society can adapt to it in the best possible way. The experience gained from our claims handling will enable us to contribute to planning the structure of future society in the light of climate change.

The Swedish insurance industry has contributed to the Commission on Climate and Vulnerability. In the Commission's final report a broad perspective is given to the consequences of climate change and the adaptive actions needed to mitigate its negative effects. If has actively participated in the Commission's proposals regarding future insurance requirements and begun a product survey, which in some respects has already resulted in extended insurance coverage.

If's CEO and other representatives have also contributed as speakers at various conferences on our future climate.

CONCERNS OVER FIRE DAMAGE DEVELOPMENT

In Norway, the number of people killed in house fires increased in 2007. In Finland the number of major fires continued to be high. This was also the case in Denmark where, for If's part, the greatest damage events occurred in 2007. A large and relatively constant problem for society is also the high incidence of arson.

CONTINUED STRUGGLE AGAINST INSURANCE-RELATED CRIME

Insurance claims connected to development of crime in society are also constantly in focus. Among other things, If has noted the growing problem with serious truck robberies. To protect customers, the incidence of insurance fraud must be reduced. If's investigation units are actively working on this problem.

WELFARE SYSTEM IN CHANGE

The future shape of the social insurance system is under continual discussion in all the Scandinavian countries. The common goal is to create a long-term stable system and to reduce sickness absence.

The Swedish government has started a Commission with the objective of extending private motor insurance similar to the Finnish model. The aim of this reform is fewer and less expensive claims for traffic accidents. As a first step, a premium tax on motor insurance has been introduced to finance unresolved old claims. Representatives of If management have made an active contribution to the debate on a future social insurance system.

The sickness and healthcare system has also been debated intensively and there is continued strong growth of private healthcare and rehabilitation insurance. New ideas have been launched, such as establishing children's hospitals with healthcare wholly financed by private insurance. An area being discussed in the research is the increasing health problem with obesity in children. If has contributed to solutions in this area.

Working towards a Safer Society

If's sponsorship has taken on a socially responsible aspect and primarily supports areas that have a natural connection to insurance activity.

If therefore collaborates with organisations that are working to increase safety in society by long-term counteractions against negative phenomena such as segregation and isolation. The most important target groups for If are children and young people. We work with the youth organisation 'Fryshuset' including 'Lugna Gatan (Calm Street)' and a special price for 'local heroes' in Sweden. In Finland, If's athletics school is operated with the collaboration with the Finnish Athletics Association. In Norway, If supports the 'Norwegian Narcotics Police Association', the Norway Cup (youth football) and the If Athletics School in collaboration with Norway's Athletics Association and Olympics Committee.

If's Safety Fund supports efforts and projects that increase safety in our customers' local environments. The grant is up to SEK 50,000 and is regularly distributed in all Scandinavian countries. Money from the fund can be sought by individuals, companies, or organisations and has gone during the year to various activities. One important application of these funds is to support training and donate safety equipment of various types for children and young people.

In Sweden, the Safety Fund has also been used for a newly-instituted grant, 'If's Safety Pin', the aim of which is to support especially vulnerable children.

To reduce fire risks in society, If supports the Norwegian Firefighting Association and is especially involved in the annual 'Firefighting Week'. In Finland, If is involved in 'Nou Hätä!' (Don't worry!), a safety campaign aimed at children in senior grade at upper secondary school. In Sweden, collaboration with the Swedish Fire Protection Association has started around the project 'Fire Safety at Home'.

If also works with Trygg Trafik in a project aiming to increase traffic safety in Norway.

If also increased its involvement with environmental concerns via an internal project, intended to promote activities for reducing the company's own environmental impact and also to offer If customers insurance solutions with built-in environmental considerations.

Experience to Prevent and Alleviate Damage

If gives advice to prevent damage through various channels. We take note of trends and insurance needs through regular surveys of people's experiences of various risks.

The starting point is our own extensive experience of damages and claims. Our business area Industrial publishes a newsletter 'Lessons from Losses' where for example the company's risks connected to working environment, fire, flooding, and business travel are illustrated for 2007.

In our magazine 'Risk Consulting', customers are informed about current themes in the risk handling and insurance areas. If has also launched an Internet-based safety test for commercial customers which has been very well received especially in Finland. For private customers there is also the previous If 'bad luck test'.

Another type of damage-prevention work is carried out at If's Safety Centre in Norway, which each year is visited by many customers and other interested parties. During the autumn, the Norwegian Parliament Transport and Communications Committee was given a demonstration of risks involving in car fires in tunnels. The Committee's visit to the Centre took place in collaboration with the Norwegian Truck Owners Association. Also, a large number of employees from Oslo Municipality have undergone damage prevention training in theory and practice at the Safety Centre. Several school classes have also experienced safety training with the support of If's Safety Fund.

Board of Directors' Report and Financial Statements 2007

Sampo plc's Board of Directors' Report for 2007

Sampo Group's profit before taxes for 2007 rose to EUR 3,833 million (1,353). The profit contains the sales gain of EUR 2,830 million from the Sampo Bank transaction closed on 1 February 2007. Earnings per share amounted to EUR 6.18 (1.73) and, including the change in the fair value reserve, to EUR 5.89 per share (1.89). Earnings per share from continuing operations were EUR 1.25 (1.27). Net asset value per share amounted to EUR 13.49 (9.21).

The return on equity for the Group was 52.6 per cent for 2007 (22.6). The Board proposes to the AGM a dividend of EUR 1.20 per share and an authorisation to repurchase Sampo shares.

Insurance technical result for P&C insurance remained sound and the combined ratio amounted to 90.6 per cent for the full year 2007 (89.9). Net investment income decreased to EUR 211 million (390) because of the weak investment markets and the profit before taxes amounted to EUR 534 million (730). RoE exceeded the target of 17.5 per cent and was 19.2 per cent (22.0).

Reported profit before taxes in life insurance improved further and amounted to EUR 342 million (295). The fair value reserve decreased in 2007 by EUR 174 million and was EUR 289 million (after tax) on 31 December 2007. Because of the decrease in the market value of investments, RoE target of 17.5 per cent was not achieved and the RoE at market value was 9.1 per cent (30.0).

Profit before taxes for the segment 'Holding' amounted to EUR 95 million (-27).

Sampo plc sold in November 2006 all Sampo Bank plc's shares to Danske Bank A/S for a cash consideration of 4,050 million euros. The transaction was closed on 1 February 2007. The profit of EUR 2,830 million is reported under 'Discontinued operations'.

Sampo Group's total investment assets at the end of the reporting period amounted to EUR 21 billion, of which 74 per cent was invested in fixed income instruments and 23 per cent in equities. Investment income was EUR 974 million (1,008).

The Group's equity on 31 December 2007 amounted to EUR 7,733 million (5,189). Equity was strengthened by the profit for the period of EUR 3,573 million and by new capital through subscriptions with option rights in January 2007 of EUR 6 million. Equity was reduced by the dividends of EUR 693 million paid in April, the decrease in the fair value reserve by EUR 169 million, the repurchase of Sampo A shares for EUR 81 million, and the exchange rate changes of EUR 74 million.

At the end of December 2007 Sampo Group's own funds exceeded the minimum solvency requirements by EUR 5,969 million and the solvency ratio was 774.6 per cent (202.7).

Sampo Group's balance sheet total amounted to EUR 25,424 million (47,620). The comparison figure includes Sampo Bank Group's balance sheet. Asset growth was fastest in cash or equivalents, which increased to EUR 958 million from EUR 41 million, and in unit-linked investments, which increased by almost 20 per cent to EUR 2,072 million. On the liability side of the balance sheet, other debt decreased by almost 40 per cent to EUR 655 million and unit-linked liabilities increased from EUR 1,752 to EUR 2,071 million.

KEY FIGURES

EURm	2007	2006	CHANGE %
Profit before taxes	3,833	1,353	183
P&C insurance	534	730	-27
Life insurance	342	295	16
Holding	95	-27	-
Profit for the financial year	3,573	991	261
Return on equity, %	52.6	22.6	133
Group solvency ratio, %	774.6	202.7	282
Average number of staff (FTE)	6,846	11,657	-41
Earnings per share, euro	6.18	1.73	257
EPS including change in fair value reserve, euro	5.89	1.89	212
Diluted earnings per share, euro	-	1.69	-
NAV per share, euro	13.49	9.21	46
Adjusted share price, high, euro	24.38	20.74	18
Adjusted share price, low, euro	18.08	13.58	33
Market capitalization	10,382	11,413	-9

Business Areas in 2007

P&C INSURANCE

If P&C Insurance Company 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.

If has continued its strategy to focus on underwriting and customer value. The strategy paid off also in 2007 and If achieved all its objectives.

Profit before taxes for P&C insurance for the full year 2007 was EUR 534 million (730). The decrease was due to a lower investment result that was caused by a weakened development in the equity market, mainly during the latter half of 2007. The technical result improved compared to the previous year and ended at EUR 565 million (554). Of the technical result, business area Private accounted for 53 per cent, Commercial for 31 per cent, Industrial for 11 per cent and Baltic & Russia for 3 per cent. Insurance margin (technical result in relation to net premiums earned) was in line with the previous year, 14.8 per cent (14.7).

Combined ratio for 2007 was significantly better than the long term target of below 95 per cent and ended at 90.6 per cent (89.9). Combined ratios in business area Industrial and in the Danish operation were negatively affected by the significantly higher than average large claims outcome. Also the

KEY FIGURES

EURm	2007	2006	CHANGE %
Insurance premiums	3,840	3,773	2
Net income from investments	211	390	-46
Other operating income	29	23	26
Claims incurred	-2,541	-2,480	2
Change in insurance liabilities	-43	-8	438
Staff costs	-441	-431	2
Other expenses	-493	-505	-2
Finance costs	-29	-33	-12
Profit before taxes	534	730	-27
Combined ratio, %	90.6	89.9	1
Risk ratio, %	66.9	65.9	2
Cost ratio, %	23.7	24.0	-1
Expense ratio, %	17.2	17.4	-1
Return on equity, %	19.2	22.0	-13
Average number of staff (FTE)	6,415	6,428	0

return on equity (RoE) target of 17.5 per cent was clearly exceeded with a RoE of 19.2 per cent (22.0).

Gross written premiums increased by 2 percent to EUR 4,085 million (4,019). Compared to the previous year, premiums increased in all business areas except in Commercial. The strongest growth was again seen in business area Baltic & Russia. If's recently established Russian operation has grown rapidly. In 2007 a new branch office was also opened in Moscow to offer better service for customers in the Moscow region.

Cost efficiency continued to improve and the cost ratio decreased to 23.7 per cent (24.0). Total costs decreased to EUR 963 million (969) due to continued focus on efficiency improvements and cost awareness throughout the organization. Investments in new technology are expected to further increase efficiency as well as improve If's customer service and communication with the customers.

Claims incurred increased to EUR 2,541 million (2,480) and risk ratio ended at 66.9 per cent (65.9). EUR 76 million (65) was released from the technical reserves relating to prior year claims. Reserve ratio increased somewhat and was 170 percent (159) of net premiums written and 261 per cent (254) of claims paid affected by both currency effects and a real increase of reserves mainly corresponding to the increase in volumes.

Net income from investments decreased to EUR 211 million (390) and the investment return was 2.6 per cent (4.3). The decrease was attributable to a weak development of the equity markets. On December 31, 2007 total investment assets amounted to EUR 9.9 billion (10.1) of which 89 per cent (89) was invested in fixed income instruments, 10 per cent (10) in equity and 1 per cent (1) in other assets. Duration for interest bearing assets was 2.2 years (3.0).

On December 31, 2007 solvency capital amounted to EUR 2,681 million (2,841). Solvency ratio (solvency capital in relation to net premiums written) was 71 per cent (74).

Several important distribution agreements were concluded during the year. Within car-branded insurance If extended its cooperation with Nissan and General Motors (SAAB and Opel) to a Nordic level. In Denmark, 2007 was a very active year and at the end of the year If had eight car brand agreements there. In January 2008 an agreement was also signed with Suzuki. In 2007 If also signed an agreement regarding tailor-made guarantee insurance for used cars sold through Blocket.se, which is the biggest second-hand internet market in Sweden.

In Finland an important agreement was concluded with S Group, which is Finland's leading company in food trade and in hotel and restaurant business. If 's customers will be eligible for the S Group's customer bonus for P&C insurance policies offered to households by If. The agreement will be in effect as of June 2008.

Customer satisfaction has been a priority for If and will be one of the focus areas also in the coming years. New technology in interaction with clients is of increasing importance, both regarding distribution and claims. If is already a forerunner in terms of integration of business processes with customers. Customers are already able to assess their individual risk situation online. Another example is the internet portal, If Login, which makes it possible for the customers to obtain an overview of and administrate their total insurance coverage from a single site. The next step will be a further development of the claims handling process through internet.

LIFE INSURANCE

Sampo Life Group consists of Sampo Life, a wholly-owned subsidiary of Sampo plc operating in Finland, and of its subsidiary Sampo Life Insurance Baltic SE, a European company headquartered in Estonia. Sampo Life Insurance Baltic SE operates in Latvia and Lithuania through branches. Sampo Life also had until January 2008 a subsidiary in Sweden to complement the product offering of If P&C.

KEY FIGURES

EURm	2007	2006	CHANGE %
Premiums	618	660	-6
Net income from investments	600	601	0
Other operating income	0	1	-100
Claims incurred	-653	-550	19
Change in liabilities for inv. and ins. contracts	-145	-345	-58
Staff costs	-20	-19	5
Other operating expenses	-50	-45	11
Finance costs	-10	-8	25
Profit before taxes	342	295	16
Expense ratio, %	101.0	101.9	-1
Return on equity, %	9.1	30.0	-70
Average number of staff (FTE)	375	365	3

Sampo Life Group's profit before taxes for 2007 was EUR 342 million (295). The reduction in the fair value reserve from the beginning of the year was EUR 174 million.

Net investment income, excluding income on unit-linked contracts, amounted to EUR 543 million (462). Net income from unit-linked investments was EUR 57 million (139).

Return on equity (RoE) in life insurance operations fell below its target being 9.1 per cent (30.0).

Excluding the assets of EUR 2.1 billion (1.8) covering unit-linked liabilities, Sampo Life Group's investment assets amounted to EUR 5.7 billion (5.9) at market value on 31 December 2007. Fixed income covered 73 per cent (66), equity 25 per cent (31) and real estate 3 per cent (2) of the total assets. Equity investments, which include direct equity holdings, equity funds and private equity, have not been at such a low level since years 2002–2003.

Return on investments in 2007 was 5.0 per cent (9.7). The decrease in the return was attributable to a weak development of the equity markets. At the end of December 2007 the duration of fixed income assets was 1.9 years (2.6).

Sampo Life's expense ratio remained competitive at 101.0 per cent (101.9). The expense ratio was somewhat burdened by costs caused by the separation of Sampo Bank's and Sampo Life's administration and back-up operations. The ratio does not, however, take into account all fees intended to cover the operating expenses. If all fees are taken into account, the ratio decreases to 80.6 per cent (81.3). A new computerized insurance system will enhance the cost effectiveness in 2008.

Sampo Life Group's solvency remained strong and amounted to EUR 846 million (1,032) on 31 December, 2007. Solvency ratio was 16.5 per cent (20.1). Total technical reserves were EUR 6.7 billion (6.4), of which unit-linked reserves accounted for 2.1 billion (1.8). The share of unit-linked reserves of total technical reserves grew to 31 per cent (27).

Sampo Life's with-profit policyholders received a bonus of 0–2.25 per cent depending on the quaranteed rate of their policies. Total bonuses for 2007 amounted to EUR 36.1 million (26.7). Reserve for future customer bonuses amounted to 39.8 million (35.6) at the end of 2007.

Sampo Life Group's premium income on own account amounted to EUR 618 million (660). Premiums in the main focus area, unit-linked insurance, declined to EUR 403 million (429). Private and group unit-linked retirement pension insurance premiums continued to grow. Endowment sales was affected by uncertain conditions in the capital market and by reorganization of the main distribution channel Sampo Bank during the fourth quarter of 2007. Sales through Sampo Bank may temporarily suffer due to the integration of the Bank to Danske Bank's IT platform in early 2008. In addition, the figures of 2006 include an exceptional amount of large single premium contracts. The share of unit-linked premiums remained at 65 per cent of the total premiums (65).

Pure risk premiums grew in volume both in private and in corporate segments and Sampo Life's volume growth targets were reached. Corporate pension policies developed particularly well.

Baltic life insurance markets continued their strong growth. Sampo Life's premiums from the Baltic companies grew by 67 per cent to EUR 64 million (38). Sampo Life is one of the three main players in the unit-linked business in the Baltics. Sampo Life increased its market share in unit-linked policies in the Baltics to 19 per cent (15). Sampo Life continues selling insurance policies in the Baltics both via Sampo Bank and via its own branch network.

If Livförsäkring AB, Sampo Life's Swedish subsidiary, increased its premium income to EUR 6 million (3). If Livförsäkring focuses on risk policies. The company was sold to If P&C Insurance Holding Ltd., a fully-owned subsidiary of Sampo plc, on 1 January 2008.

In Finland Sampo Life's overall market share measured by premium income was 19.8 per cent (20.4) and its market share in unit-linked premiums was 22.4 per cent (25.2). The market share in pure risk insurance in Finland amounted to 14.6 per cent (15.4). According to preliminary premium income statistics, Sampo Life is the market leader in group pension policies and in corporate pension policies in Finland.

The greatest event for Sampo Life in 2007 was the sale of its most important distribution channel Sampo Bank. In connection with the sale of Sampo Bank to Danske Bank in February 2007, Sampo Life signed a co-operation agreement with Sampo Bank. The agreement secures the sales of life and pension insurance products through Sampo Bank's branch network.

Sampo Life has reinforced its sales organization and R&D organizations with new personnel and will continue to recruit new personnel to its sales organization in 2008. A selection of new structured products will be introduced in 2008.

HOLDING

Sampo plc manages investment assets of approximately EUR 5 billion and, in addition, owns and controls its subsidiaries engaged in P&C and life insurance.

KEY FIGURES

EURm	2007	2006	CHANGE %
Net investment income	168	24	600
Other operating income	8	96	-92
Staff costs	-18	-38	-53
Other operating expenses	-26	-57	-54
Finance costs	-38	-52	-27
Profit before taxes	95	-27	-
Average number of staff (FTE)	56	87	-36

The segment's profit before taxes amounted to EUR 95 million (-27). The fair value reserve increased during 2007 by EUR 7 million to EUR 26 million (after tax).

The assets on Sampo plc's balance sheet on 31 December 2007 comprise investment assets of EUR 4.9 billion, of which fixed income instruments covered EUR 2.1 billion and equities EUR 2.7 billion.

Sampo plc's largest equity holding is Nordea, the market value of which was EUR 2.7 billion on 31 December 2007. Sampo plc held 238,283,129 Nordea shares and, in addition, Sampo Life held 11,270,000 Nordea shares. Sampo Group's average acquisition price of Nordea share was EUR 11.13 per share. Closing price for Nordea on 28 December 2007 was EUR 11.41. Sampo plc's assets also include holdings in subsidiaries for EUR 2.4 billion (3.2).

On 17 December 2007 Sampo plc applied for a permission from the Swedish supervisory authorities to increase its holding above 10 per cent in Nordea. The permission was received on 6 February 2008. Sampo Group's holding in Nordea exceeded 10 per cent on the same day.

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

GROUP QUARTERLY INCOME STATEMENT

EURm	10-12/2007	7-9/2007	4-6/2007	1-3/2007	10-12/2006
Continuing operations					
Insurance premiums written	974	887	1,046	1,552	1,001
Net income from investments	75	217	360	322	335
Other operating income	8	6	6	5	10
Claims incurred	-789	-781	-769	-855	-752
Change in liabilities for insurance and investment contracts	180	193	-84	-477	-12
Staff costs	-117	-120	-116	-126	-133
Other operating expenses	-155	-132	-139	-132	-175
Finance costs	-17	-16	-16	-19	-17
Share of associates' profit/loss	1	1	1	1	0
Profit from continuing operations before taxes	160	256	289	270	258
Taxes	-46	-65	-75	-68	-75
Profit from continuing operations	113	191	214	202	183
Discontinued operations					
Profit from discontinued operations	0	0	0	2,853	57
Profit for the period	113	191	214	3,055	241
Attributable to					
Equity holders of parent company	113	191	214	3,054	239
Minority interest	0	0	0	0	2

Changes in Group Structure

Sampo Group experienced a major structural change during the first quarter of the year as Sampo Bank Group was divested from Sampo Group. The ownership of Sampo Bank, its subsidiary banks in Baltics and Russia, and a group of investment services companies was transferred from Sampo Group to Danske Bank on 1 February 2007. Sampo plc disclosed the sale of Sampo Bank plc to Danske Bank A/S on 9 November 2006.

After the closing of the Sampo Bank transaction Sampo Group comprises Sampo plc and its wholly-owned subsidiaries If P&C insurance and Sampo Life. Sampo plc has in addition investment assets of close to EUR 5 billion.

Sampo Life combined its Baltic subsidiaries under a new company SE Sampo Life Insurance Baltic on 2 January 2007. The new company is a European company and operates in all Baltic countries. The company is domiciled in Estonia and has branches in Latvia and Lithuania.

Administration

ANNUAL GENERAL MEETING AND MANAGEMENT

The closing of the Sampo Bank transaction created changes in the administration of Sampo Group. Sampo Bank's deputy managing directors Ilkka Hallavo and Maarit Näkyvä left Sampo Group's Executive Board with immediate effect after the closing of Sampo Bank transaction on 1 February 2007.

Sampo Bank's managing director Mika Ihamuotila resigned from his position on 1 February 2007. He continued as a member of Sampo Group's Executive Committee until he left the service of the Sampo Group as of 15 April 2007. Ihamuotila resigned from Sampo Life's Board of Directors on 16 March 2007.

Sampo Life's Annual General Meeting elected Jarmo Salonen, Sampo Group's Head of Investor Relations and Group Communications, as a new member to its Board of Directors on 16 March 2007. Sampo Group's CFO Peter Johansson was elected as Vice Chairman of the Board of Sampo Life and Kari Stadigh continues as Chairman of the Board.

The Annual General Meeting for Sampo plc was held 12 April 2007. The meeting adopted the financial accounts for 2006 and discharged the Board of Directors and the Group CEO and President from liability for the financial year. Ernst & Young Oy was re-elected as Auditor.

The Annual General Meeting re-elected the earlier Board of Directors. Georg Ehrnrooth continues his duties as Chairman of the Board and Matti Vuoria serves as Vice Chairman. Other members of the Board are Tom Berglund, Anne Brunila, Jussi Pesonen, Jukka Pekkarinen, Christoffer Taxell, and Björn Wahlroos.

The Annual General Meeting decided to keep the fees payable to the members of the Board of Directors at their present level until the close of the 2008 Annual General Meeting. Accordingly, the Chairman of the Board will be paid EUR 120,000 per year, the Vice Chairman EUR 85,000 per year and the other members EUR 70,000 per year. An amount equivalent to 30 per cent of the annual fee will be paid in Sampo plc A shares. No separate fee will be paid to Björn Wahlroos, Group CEO and President, for his work on the Board of Directors.

The Annual General Meeting approved the proposed amendments to the Articles of Association necessitated by amendments to the Finnish Companies Act and by other technical reasons. The most significant changes were the deletion of provisions concerning the amount of share capital and the number of shares and the addition of a new provision that the company shall have one Auditor, which must be a firm of Authorised Public Accountants. The complete lists of proposals approved by the Annual General Meeting can be found on *www.sampo.com*.

The Annual General Meeting decided to distribute a dividend of EUR 1.20 per share for year 2006.

Sampo Group follows the recommendation issued by a working group of HEX plc (OMX Nordic Exchange), Chamber of Commerce and the Federation of Finnish Employers in December 2003 on corporate governance. A more detailed description of the Group's governance systems is available in the 2006 Annual Report and on the Group's homepage *www.sampo.com*.

CORPORATE RESPONSIBILITY

As a listed company, Sampo plc has the responsibility to act in the best interests of its shareholders, in compliance with legislation and in accordance with sound business practices. Sampo's core values; ethicality, loyalty, transparency and enterprise, relate to the entire Group. Sampo Group is also committed to applying high ethical standards, and, to ensure this, the company's corporate governance is based on principles that are more stringent than official requirements – with respect to insider administration, for example.

Due to substantial organisational restructuring in Sampo Group after the divestment of Sampo Bank Group to Danske Bank A/S, more emphasis in the Corporate Responsibility matters has been placed on the Group's remaining business areas and especially on If P&C. It is natural for If, as a P&C insurance company, to promote a society in which everyone can live securely. Preventing and limiting the need for claims is a natural feature of If's operations as it attempts to increase corporate profitability while reducing the human suffering of its customers. Therefore, If actively participates in claims prevention measures for private individuals and companies on both short and long term basis.

More detailed information on Sampo Group's Corporate Responsibility is available in the Annual Report's Corporate Responsibility section and on *www.sampo.com*.

STAFF

The number of full-time equivalent staff decreased in 2007 to 6,965 employees on 31 December 2007 from 11,763 employees a year earlier. The comparison figure includes the staff of Sampo Bank Group, which was divested from Sampo Group on 1 February 2007.

Approximately 94 per cent of the staff worked in P&C insurance, 6 per cent in life insurance and 1 per cent in the holding company. Geographically, 30 per cent worked in Finland, 28 per cent in Sweden, 23 per cent in Norway and 19 per cent in the Baltic countries, Denmark and other countries. The staff increased in both P&C insurance and life insurance and decreased somewhat in the holding company. The average number of employees during 2007 was 6,846 compared with 11,657 during 2006.

MANAGEMENT INCENTIVE SCHEMES

The payout on Sampo Group's long-term management incentive schemes is dependent on Sampo's financial and share price performance. The incentive schemes 2004I – 2006II extend to 2010. The incentive schemes increased staff costs in 2007 by EUR 1 million (29) and on 31 December 2007 the total provision for the schemes was EUR 20 million (53). The comparison figure contains EUR 18 million of provisions in the banking and investment services companies.

The 'Sampo 2006' share-based incentive scheme increased staff costs by EUR 5 million in 2007 and on 31 December 2007 the provision for the scheme was EUR 5 million.

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

Shares, Share Capital and Shareholders

SHARES AND SHARE CAPITAL

On 31 December 2007 Sampo plc had 577,330,890 A shares and 1,200,000 B shares. According to company's Articles of Association A Shares number at least 179,000,000 and at most 711,200,000 and B shares number at least 0 and at most 4,800,000. Each A share entitles the holder to one vote and each B share to five votes at the General Meeting of Shareholders. Sampo A shares have been quoted on the main list of the Helsinki Stock Exchange since 1988. All the B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into an A shares at the request of the holder.

The quotation of Sampo's year 2000 option programme on the Helsinki Stock Exchange was terminated on 24 January 2007, because of the subscription period ended on 31 January 2007. A new share category called Sampo Uudet (Sampo New) was listed on the main list of the Helsinki Stock Exchange on 2 January 2007. The reason for the introduction of a new share category was that the Sampo A shares subscribed for with the warrants of the option programme 2000 after 31 December 2006 entitled their holders to dividends only after the dividend distribution for 2006. The Sampo Uudet category was combined with Sampo A share on 21 May 2007 after the dividends had been paid.

On 31 December 2007 Sampo plc's share capital amounted to EUR 98 million (95). Subscriptions with the warrants of Sampo 2000 option programme for 15,740,245 A shares were approved by the Board in January 2007. The subscriptions increased Sampo plc's share capital by EUR 2.6 million. On 13 February 2007 the Board of Sampo plc decided to cancel 4,827,500 Sampo A shares repurchased in 2006.

At the end of the financial year, Sampo plc held 4,322,000 of its own A shares. Other Group companies did not hold any shares in the parent company.

AUTHORIZATIONS GRANTED TO THE BOARD

The Annual General Meeting of 12 April 2007 authorised the Board of Directors to repurchase Sampo shares. The authorisation is valid until the close of the next Annual General Meeting. Sampo A shares can be repurchased in one or more lots to a total of up to 10 per cent of all the company's shares. Sampo shares may be repurchased in other proportion than the shareholders' proportional shareholdings.

The share price will be no higher than the highest price paid for Sampo shares in public trading at the time of purchase. In implementing the repurchase of Sampo shares, normal derivatives, stock lending or other contracts may also be entered into as permitted by the laws and regulations at the price determined by the markets.

Based on the authorisation, Sampo plc's Board of Directors decided on 22 August 2007 to repurchase Sampo's A shares with distributable capital and reserves. The maximum amount to be repurchased is 28,000,000 A shares, corresponding to approximately 4.8 per cent of the total number of shares. The shares were acquired through public trading on the OMX Nordic Stock Exchange at market price prevailing at the time of repurchase. Repurchases decreased the distributable capital and reserves.

During 2007 Sampo plc acquired 4,322,000 Sampo A shares corresponding to 0.75 per cent of all shares and 0.74 per cent of the related voting rights. EUR 81 million was used to repurchase the shares at an average price of EUR 18.62.

After the end of the reporting period Sampo has continued to purchase its own shares and on 12 February holds 6,437,000 shares corresponding to 1.1 per cent of all shares and related votes. All in all EUR 120 million has been used to purchase the shares at an average price of EUR 18.68.

YEAR 2000 OPTION PROGRAMME

On 29 September 2000, an Extraordinary General Meeting of Sampo decided to offer options, without consideration and in deviation from the pre-emptive subscription rights of shareholders, to management, middle management and other key personnel of Sampo and its subsidiaries, and to a wholly-owned subsidiary specified by the company's Board of Directors.

A total of 5,200,000 options were issued with each option entitling its holder to subscribe for five Sampo A shares. The share subscription period ended on 31 January 2007.

Sampo plc presently has no option plans in place.

SHAREHOLDERS

On 31 December 2007 the number of Sampo plc's shareholders amounted to 64,283, an increase of 7 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 increased to 54.5 per cent (53.8) of the shares and 54.0 per cent of the votes (53.3).

At the end of 2007, the members of Sampo plc's Board of Directors, including the Chief Executive Officer, owned directly or indirectly 11,906,412 Sampo A shares. Their combined holdings constituted 2.1 per cent of the share capital and 2.0 per cent of the related votes.

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

– On 8 February 2007, 26 March 2007, 11 April 2007, 25 July 2007 and 9 August 2007 Sampo received disclosures regarding Exista hf.'s and its subsidiaries' holding in Sampo shares and voting rights. According to the latest disclosure Exista holds 19.98 percent of the total number of shares and 19.82 per cent of the voting rights. Exista hf. also notified Sampo that it had entered into an agreement regarding 100,000 A shares in Sampo plc. The agreement, if consummated through delivery of the shares, would result in Exista holding shares in Sampo plc in excess of 20 percent of the total number of shares.

– On 29 March 2007 Sampo received a disclosure according to which Morgan Stanley & Co International Limited's holding in Sampo plc had risen to 5.08 per cent of the total amount of Sampo's shares and to 5.04 per cent of the voting rights. On 5 April 2007 Morgan Stanley notified Sampo that its holding had decreased to 0.67 per cent of the shares and to 0.66 per cent of the voting rights.

– Morgan Stanley & Co International Limited notified Sampo that its holding in Sampo plc had on 24 July 2007 risen to 5.33 per cent of the total amount of Sampo's shares and 5.29 per cent of the voting rights. According to the same disclosure the holding had, as a result of the share transaction concluded on 25 July 2007, decreased to 1.55 per cent of the total amount of Sampo's shares and 1.54 per cent of the voting rights.

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

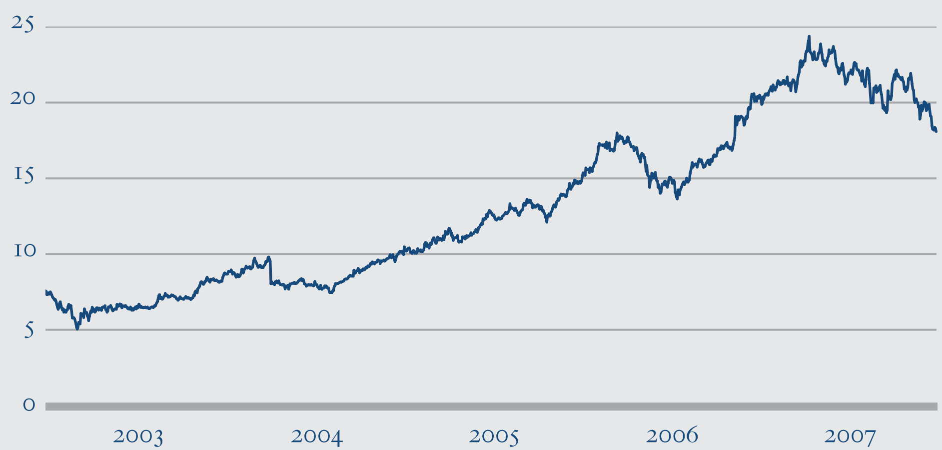
SHAREHOLDER GROUPS ON 31 DECEMBER 2007 (A AND B SHARES)

GROUP	NUMBER OF SHARES	%
Companies	13,402,271	2.3
Financial Institutions and Insurance Companies	27,181,868	4.7
Public Corporations	149,691,803	25.9
Non-profit Corporations	10,167,470	1.8
Households	55,329,713	9.6
Foreign Ownership and Nominee Registered	315,237,995	54.5
On Joint Account	7,519,770	1.3
Total	**578,530,890**	**100.0**

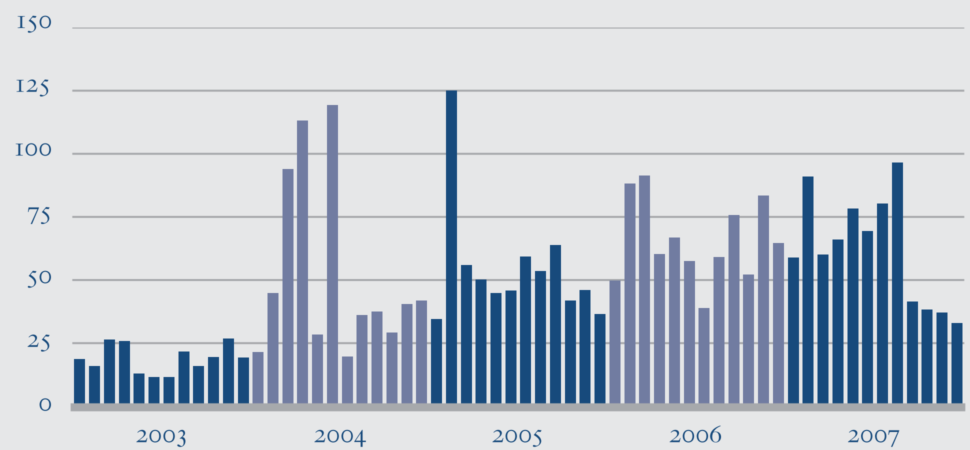
SHAREHOLDERS BY NUMBER OF SHARES OWNED ON 31 DECEMBER 2007

	SHAREHOLDERS		BOOK-ENTRY		VOTES	
NUMBER OF SHARES	NUMBER	%	NUMBER	%	NUMBER	%
1 – 100	16,263	25.299	1,061,337	0.183	1,061,337	0.182
101 – 500	29,653	46.129	7,931,194	1.371	7,931,194	1.36
501 – 1000	8,776	13.652	6,960,814	1.203	6,960,814	1.193
1001 – 5000	7,826	12.174	17,058,103	2.949	17,058,103	2.924
5001 – 10000	962	1.497	6,994,713	1.209	6,994,713	1.199
10001 – 50000	627	0.975	12,836,114	2.219	12,836,114	2.2
50001 – 100000	65	0.101	4,946,418	0.855	4,946,418	0.848
100001 – 500000	79	0.123	16,499,054	2.852	16,499,054	2.828
500001 – 99999999	32	0.05	496,723,373	85.859	501,523,373	85.976
Total	64,283	100	571,011,120	98.7	575,811,120	98.711
Nominee regestered	20		312,637,813	54.04		
On waiting list, total			0	0	0	0
On joint account			7,519,770	1.3	7,519,770	1.289
Total			0	0	0	0
Total shares issued			578,530,890	100	583,330,890	100

Monthly share price performance, 2003–2007, *euros*



Monthly share turnover, trading volume, 2003–2007, *million shares*



SHAREHOLDERS ON 31 DECEMBER 2007

A AND B SHARES	NUMBER OF SHARES	% OF SHARE CAPITAL	% OF VOTES
Finnish State	79,280,080	13.70	13.59
Varma Mutual Pension Insurance Company	48,608,785	8.40	8.33
Wahlroos Björn	11,739,890	2.03	2.01
Ilmarinen Mutual Pension Insurance Company	7,440,911	1.29	1.28
Kaleva Mutual Insurance Company *)	6,127,855	1.06	1.87
State pension fund	4,410,000	0.76	0.76
Sampo plc	4,322,000	0.75	0.74
Mutual Insurance Company Eläke-Fennia	2,900,000	0.50	0.50
Etera Mutual Pension Insurance Company	2,680,131	0.46	0.46
Swedbank	2,534,240	0.44	0.43
OP-Delta mutual fund	2,209,300	0.38	0.38
Wärtsilä plc	1,901,000	0.33	0.33
Odin Norden c/o Odin Forvaltning AS	1,301,600	0.22	0.22
Sampo Suomi Osake mutual fund	941,145	0.16	0.16
Nordea life insurance Finland Ltd	817,390	0.14	0.14
ABN Amro Finland mutual fund	815,789	0.14	0.14
Nordea Fennia mutual fund	810,250	0.14	0.14
Special mutual fund OMX Helsinki 25 Index Share Fund	764,082	0.13	0.13
Mutual fund Gyllenberg Finlandia	710,000	0.12	0.12
OP Finland value fund	708,000	0.12	0.12
Nominee registered total	312,637,813	54.04	53.60
Other	84,870,629	14.67	14.55
Total	**578,530,890**	**100.00**	**100.00**

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

INCREASES AND DECREASES IN SHARE CAPITAL 2003–2007

MODE OF INCREASE/ DECREASE	SUBSCRIPTION PERIOD/ REGISTRATION	TERMS OF SUB- SCRIPTION OR SUB- SCRIBER OR REA- SON FOR DECREASE	NUMBER OF NEW SHARES	SHARE CAPITAL AFTER INCREASE /DECREASE (EUR MILLION)
Decrease in share capital	11 April 2003	Cancellation of shares bought back (2,434,400 A shares)	-2,434,400	93.15
Bond with Warrants, 1998 A shares	Three conversions in 2003	Warrant conversion	66,100	93.16
Bond with Warrants, 1998 A shares	One conversion in 2004	Warrant conversion	281,250	93.21
Bond with Warrants, 1998 and Options 2000 A shares	Seven conversions in 2004	Warrant and option conversion	9,561,200	94.82
Bond with Warrants, 1998 A shares	One conversion in 2005	Warrant conversion	2,018,850	95.16
Bond with Warrants, 1998 and Options 2000 A shares	Six conversions in 2005	Warrant and option conversion	7,555,900	96.09
Bond with Warrants, 2000 A shares	One conversion in 2006	Warrant conversion	382,200	96.15
Decrease in share capital	15 April 2006	Cancellation of shares bought back (7,000,000 A shares)	-7,000,000	94.98
Bond with Warrants, 2000 A shares	Five conversions in 2006	Warrant conversion	2,917,630	95.47
Bond with Warrants, 2000 A shares	Three conversions in 2007	Warrant conversion	15,740,245	98.11
Decrease in share capital	23 February 2007	Cancellation of shares bought back (4,827,500 A shares)	-4,827,500	98.11

Financial Standing

INTERNAL DIVIDENDS

Sampo plc received in 2007 a total of EUR 719 million in dividends from its subsidiary companies.

If P&C Insurance Holding Ltd	EUR 519 million (SEK 4,890 million)
Sampo Life Insurance Company Ltd	EUR 200 million

RATINGS

All the main ratings for Sampo Group companies remained unchanged in 2007.

	MOODY'S		STANDARD AND POOR'S	
RATED COMPANY	RATING	OUTLOOK	RATING	OUTLOOK
Sampo plc	Baa1	Positive	Not rated	-
If P&C Insurance (Sweden)	A2	Positive	A	Stable
If P&C Insurance Co. (Finland)	A2	Positive	A	Stable

GROUP SOLVENCY

As a result of the disposal of Sampo Bank plc and other banking and investment service companies, the Group solvency for 2007 is based on adjusted solvency calculations for insurance groups according to the Decree of the Ministry of Social Affairs and Health (1106/2000), Chapter 7.1 §. The adjusted solvency is determined on the basis of the Group financial statements as permitted by the Insurance Supervisory Authority. In the comparative period, the Group solvency is calculated according to the consolidation method defined in Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates, entered into force on 1 January 2005.

The Group's solvency ratio (own funds in relation to minimum requirements for own funds) on 31 December 2007 was 774.6 per cent (202.7).

SAMPO GROUP SOLVENCY

EURm	31.12.2007	31.12.2006
Group capital	7,733	5,190
Sectoral items	855	3,134
Intangibles and other deductibles	-1,733	-3,503
Group's own funds, total	6,854	4,821
Minimum requirements for own funds, total	885	2,378
Group solvency	5,969	2,443
Group solvency ratio		
(Own funds % of minimum requirements)	774.6	202.7

RISK MANAGEMENT

The key objectives of the risk management process are to ensure capital adequacy in relation to the risks inherent in business activities, and to limit fluctuations in financial results.

The risks in Sampo Group are aggregated internally through an economic capital framework, which describes the amount of capital needed to bear different types of risks. The economic capital tied up in the Group's operations was EUR 3,395 million (3,419), which is well covered by the Group's capital base. The major risks associated with Sampo Group's activities in 2007 were market risk arising from investment portfolios, including the portfolio in Sampo plc built up in 2007 by retained proceeds from the disposal of Sampo Bank, and insurance risks in the life and P&C divisions. Operational risks and business risks, such as changes in the economic environment or business cycle, are inherent in all business areas. Sampo Group is continuously working with improving internal control, core processes and systems, as well as monitoring and analysing impacts from changes in the Group's external operating environment to reduce the impact of such risks. The perceived risks in the businesses and operating environment did not change significantly during 2007.

A more detailed description of Sampo Group's risk management organisation and activities is available in the Risk Management section of the 2007 Annual Report or on *www.sampo.com*.

Events After the End of the Reporting Period

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

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

Sampo plc received on 11 February 2008 a disclosure in accordance with Chapter 2 Section 9 of the Securities Market Act regarding Sampo plc's shares. According to the disclosure Exista Trading ehf. has extended the agreement of 9 August 2007 regarding 100,000 A shares in Sampo plc until 11 August 2008. The agreement, if consummated through delivery of the shares, will result in Exista hf. and companies controlled by Exista hf. holding shares in Sampo plc in excess of the flagging threshold of 20 per cent of the number of shares as set forth in Chapter 2, Section 9 of the Securities Markets Act. According to the disclosure Exista hf. and its group companies hold 19.98 per cent of the total number of shares and 19.82 per cent of the voting rights in the Sampo plc.

Outlook for 2008

The negative turn that capital markets took in the latter half of 2007, has steepened in the first weeks of 2008. The macro-economic outlook of early 2008 is much dimmer than it has been for several years. For more than a year Sampo's insurance companies have been significant net sellers of equities, thus documenting a very cautious approach to investments. We have positioned ourselves to face an economic downturn by selling off more than 1.5 billion euros of equity holdings, keeping fixed-income durations short and avoiding exotic investment instruments.

At the end of 2007 Sampo Life's and If's equity allocations were lower and fixed-income duration shorter than in years. Unavoidably, our ability to produce outstanding investment returns suffers in present turbulent market conditions but our relative position vis-à-vis our main competitors is likely to improve. Capital markets do not impose a threat to the operational profitability of Sampo Group's insurance entities.

Sampo Group's result for 2008 will of course depend on investment returns, which are likely to be more volatile than in the previous years.

The insurance technical development in P&C insurance is not expected to suffer from the economic downturn but remain sound in 2008. If P&C is expected to reach its long-term combined ratio target of below 95 per cent.

Changes in the market values of Sampo Life's investment assets are recorded in the fair value reserve in the balance sheet rather than reflected in reported profits. Sampo Life Group is not expected to achieve the exceptionally high profits of 2006 and 2007 unless the capital market conditions improve significantly. However, full-year 2008 results are expected to remain reasonably good with average expected pre-tax profits of approximately 30 million euros per quarter. Operationally the focus of Sampo Life Group continues to be on unit-linked insurance and risk policies in Finland and the Baltics.

Sampo plc has investment assets of approximately EUR 5 billion before the dividend payments for 2007 and further share buybacks. At the end of January 2008 Sampo plc held almost 10 per cent of Nordea's outstanding shares corresponding to over EUR 2.5 billion in market value. Remaining funds are invested in money market instruments. Sampo plc's profit for the second quarter of 2008 will therefore be considerably higher than for other quarters due to the expected dividend payment from Nordea.

The biggest risk for the outlook is a further severe weakening of equity markets. However, Sampo Group's equity capital on 31 December 2007 exceeded the economic capital required to manage the operations by approximately EUR 4.5 billion and Sampo can therefore sustain all foreseeable equity market downturns. A sudden rise in interest rates would in the short term cause some losses by lowering the value of bond portfolios, but in the longer run it would enhance fixed income yields.

Excess Capital

On 31 December 2007 Sampo Group's equity amounted to almost EUR 8 billion whereas the economic capital required for managing the Group's businesses and investments was EUR 3.4 billion. Without taking subordinated loans in Sampo plc into account, Sampo Group had approximately EUR 4.5 billion of excess capital. This capital derives mainly from the sale of Sampo Bank Group and is to a large extent situated in Sampo plc, the holding company. After the investments made into Nordea shares, Sampo plc has more than EUR 2 billion of cash on its balance sheet.

In earlier disclosures Sampo has promised to provide more detailed comments on the use of the excess capital and excess cash. The Sampo Board of Directors has earlier made a decision to invest the sales proceeds in shares of Northern European financials or to keep them in cash. The Board identifies two interesting financials stocks presently – Sampo and Nordea. Sampo continues to invest its excess cash into Nordea and to repurchase its own A shares subject to valuations remaining favourable on both. If a situation arises, Sampo may also use leverage to increase its holdings and to enhance returns.

Should the valuations of other Northern European financial companies fall significantly, Sampo is prepared to reconsider its stance.

Board's Dividend Proposal

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

Parent company's distributable capital and reserves totalled EUR 5,107,162,398.78 of which profit for the financial year was EUR 4,033,082,043.27.

The Board proposes to the Annual General Meeting a dividend of EUR 1.20 per share. The maximum dividends to be paid are EUR 694,237,068. Dividends are not paid to the Sampo A shares that Sampo plc hold on the record date. Rest of the funds are left in the equity capital.

The dividend will be paid to shareholders registered in the Register of Shareholders held by Finnish Central Securities Depository Ltd on the record date 18 April 2008. The Board proposes that the dividend be paid on or about 25 April 2008.

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

SAMPO PLC

Board of Directors

Key Figures

GROUP KEY FIGURES 1)		IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003
Profit before taxes	EURm	3,833	1,353	1,295	948	486
Return on equity (at fair values)	%	52.6	22.6	28.4	26.5	14.0
Return on assets (at fair values)	%	11.5	4.0	4.4	4.0	3.3
Return on economic capital 2)	%	108.1	31.4	35.0	28.2	-
Equity/assets ratio	%	30.5	10.9	10.1	9.1	13.6
Group solvency 3)	EURm	5,969	2,443	2,124	1,504	-
Group solvency ratio 3)	%	774.6	202.7	196.1	170.6	-
Capital adequacy ratio 3)	%	-	-	-	-	12.5
Average number of staff		6,846	11,657	11,730	11,898	5,529

PROPERTY & CASUALTY INSURANCE *)		2007	2006	2005	2004	2003
Premiums written before reinsurers' share	EURm	4,085	4,019	3,962	2,427	
Premiums earned	EURm	3,797	3,765	3,709	2,697	
Profit before taxes	EURm	534	730	800	427	
Return on equity (at fair values)	%	19.2	22.0	24.1	20.3	
Risk ratio 4)	%	66.9	65.9	66.2	64.6	
Cost ratio 4)	%	23.7	24.0	24.3	25.2	
Loss ratio 4)	%	74.9	73.9	74.1	72.6	
Loss ratio excl. unwinding of discount 4)	%	73.4	72.5	72.7	71.1	
Expense ratio 4)	%	17.2	17.4	17.8	18.7	
Combined ratio	%	92.1	91.3	91.9	91.2	
Combined ratio excl. unwinding of discount	%	90.6	89.9	90.5	89.8	
Solvency capital (IFRS)**)	EURm	2,681	2,841	3,216	2,499	
of technical provisions (IFRS)**)	%	33.3	36.8	43.9	34.2	
Solvency ratio **)	%	71.3	73.6	87.5	69.8	
Average number of staff		6,415	6,428	6,592	6,776	

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

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

LIFE INSURANCE		2007	2006	2005	2004	2003
Premiums written before reinsurers' share	EURm	622	662	655	528	528
Profit before taxes	EURm	342	295	234	142	195
Return on equity (at fair values)	%	9.1	30.0	39.0	32.2	-
Expense ratio	%	101.0	101.9	93.4	100.6	86.9
Solvency margin	EURm	-	-	-	-	857
Equalisation provision	EURm	-	-	-	-	4
Solvency capital (IFRS)	EURm	844	1,031	1,075	854	865
of technical provisions (IFRS)	%	16.4	20.1	21.3	17.7	18.0
Average number of staff		375	365	370	372	387

HOLDING 5)		IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003
Profit before taxes	EURm	95	-27	-49	106	-4
Average number of staff		56	435	567	648	671

PER SHARE KEY FIGURES		2007	2006	2005	2004	2003
Earnings per share	EUR	6.18	1.73	1.68	1.46	0.64
Earnings per share, continuing operations	EUR	1.25	1.27	-	-	-
Options diluted earnings per share	EUR	-	1.69	1.65	1.44	0.64
Options diluted earnings per share, continuing operations	EUR	-	1.24	-	-	-
Earnings per share, incl. change in fair value reserve	EUR	5.89	1.89	1.97	1.58	-
Earnings per share, incl. change in fair value reserve, continuing operations	EUR	0.95	1.44	-	-	-
Capital and reserves per share	EUR	13.47	9.18	7.65	6.11	5.43
Net asset value per share	EUR	13.49	9.21	7.67	6.16	5.64
Dividend per share 6)	EUR	1.20	1.20	0.60	0.20	1.50
Dividend per earnings	%	19.4	69.4	35.7	13.7	234.4
Effective dividend yield	%	6.6	5.9	4.1	2.0	18.3
Price/earnings ratio		2.9	11.7	8.8	7.0	12.8
Adjusted number of shares at 31 Dec. 7)	1,000	574,209	562,791	564,701	563,762	553,920
Average adjusted number of shares 7)	1,000	577,802	563,092	564,864	558,077	553,859
Weighted average number of shares, incl. dilutive potential shares 7)	1,000	577,802	576,341	575,268	566,391	556,400
Market capitalisation	EURm	10,382	11,413	8,312	5,728	4,542

A SHARES:		2007	2006	2005	2004	2003
Adjusted number of shares at 31 Dec. 7)	1,000	573,009	561,591	563,501	562,562	552,720
Average adjusted number of shares 7)	1,000	576,602	561,892	563,664	556,877	552,659
Weighted average number of shares, incl. dilutive potential shares 7)	1,000	576,602	575,141	574,068	562,562	555,200
Weighted average share price	EUR	21.43	16.78	11.97	8.72	6.85
Adjusted share price, high	EUR	24.79	20.74	14.95	10.24	8.53
Adjusted share price, low	EUR	17.95	13.58	9.83	7.20	5.05
Adjusted closing price	EUR	18.08	20.28	14.72	10.16	8.20
Share trading volume during accounting period	1,000	750,748	592,839	663,491	648,086	188,014
Relative share trading volume	%	130.2	105.5	117.7	116.4	34.0

B SHARES:		2007	2006	2005	2004	2003
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. The comparison average numbers of staff include the average staff number of the Banking and investment services (discontinued operations).*

[2] *RoEC was calculated for the first time in 2004. Due to changes in the Group structure and accounting principles, the different years are not fully comparable.*

[3] *The Group solvency for 2007 is based on adjusted solvency calculations for insurance groups according to the Decree of the Ministry of Social Affairs and Health (1106/2000), Chapter 7.1 §. The adjusted solvency is determined on the basis of the Group financial statements as permitted by the Insurance Supervisory Authority. For years 2004–2006, the Group solvency is calculated according to the consolidation method defined in Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates entered into force on 1 January 2005. Before that Group's Capital adequacy ratio was calculated according to the Act on Credit Insitutions, Chapter 9.72–81 §.*

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

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

[6] *The Board of Director's proposal to the Annual General Meeting for the accounting period 2007.*

[7] *The 4,322,000 treasury shares acquired by Sampo plc have been deducted from the numbers of shares. In the average number of shares, the 4,827,500 treasury shares cancelled at 13 Feb. 2007 have also been taken into account.*

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 liabilitiy has been deducted from valuation differences.

In calculating the net asset value per share and the return on equity as per 2003, an interpretation of the principle of fairness in life insurance has been taken into account, according to which the owners' share of the valuation differences is a standard 25%. As a result of a change in accounting practice in 2004, the target level for total policyholder bonuses was kept as before, but the division of valuation differences in accounting was abandoned. Accordingly, the valuation differences on investments for years 2004–2007 have been treated entirely as capital and reserves in calculating the above-mentioned key figures.

If is consolidated as a subsidiary in Sampo Group's accounts as of April 1, 2004. Between January 1, 2004 and March 31, 2004 as well as in 2003 If has been treated as an associate.

Calculation of Key Figures

The key figures for the insurance business have been calculated in accordance with the decree issued by the Ministry of Finance and the specifying regulations and instructions of the Insurance Supervisory Authority.

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)

+ total equity

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

x 100%

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

+ balance sheet total

– technical provisions relating to unit-linked insurance

± valuation differences on investments
(average of values on 1 Jan. and 31 Dec.)

x 100%

RETURN ON ECONOMIC CAPITAL, %

+ profit for the financial year

– euribor 12 month forward rate x (1 – tax rate) x (net asset value – economic capital)

± change in fair value reserve, net of tax
± change in valuation differences on investments, net of tax

+ economic capital (average of values on 1 Jan. and 31 Dec.)

x 100%

EQUITY/ASSETS RATIO (AT FAIR VALUES), %

+ total equity

± valuation differences on investments less deferred tax

+ balance sheet total

± valuation differences on investments

x 100%

GROUP SOLVENCY

+ total equity
+ sectoral items

– intangible assets and sectoral deductibles
– profit distribution from previous period and
proposed profit distribution for current period

---

own funds, total

– minimum requirements for own funds, total

---

group solvency

GROUP SOLVENCY RATIO, %

own funds

---

minimum requirements for own funds

x 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, %

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

COST RATIO, %

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

LOSS RATIO, %

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

LOSS RATIO EXCL. UNWINDING OF DISCOUNT, %

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

EXPENSE RATIO, %

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

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
+ capital securities
– deferred tax liability probably realised in near future
± other required items (Ministry of Finance decree)

SOLVENCY CAPITAL, % OF TECHNICAL PROVISION (IFRS)

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

SOLVENCY RATIO (IFRS), %

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

Life Insurance Key Figures

PROFIT BEFORE TAXES

Formula shown above in connection with the Group key figures.

RETURN ON EQUITY (AT FAIR VALUES), %

Formula shown above in connection with the Group key figures.

EXPENSE RATIO, %

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

SOLVENCY CAPITAL (IFRS)

+ equity after proposed profit distribution
± valuation differences on investment
– intangible assets
+ capital securities
– 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)

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

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. x closing share price at 31 Dec.

RELATIVE SHARE TRADING VOLUME, %

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

Consolidated Income Statement

EURm	*Note*	1–12/2007	1–12/2006
Continuing operations			
Insurance premiums written	2, 9	4,458	4,433
Net income from investments	3	974	1,008
Other operating income		25	64
Claims incurred	4, 9	-3,195	-3,030
Change in liabilities for insurance and investment contracts	5	-188	-353
Staff costs	6	-479	-483
Other operating expenses	7, 9	-558	-572
Finance costs		-67	-85
Share of associates' profit/loss		3	1
Profit from continuing operations before taxes		**974**	**984**
Taxes	19, 20	-254	-281
Profit from continuing operations		**720**	**703**
Discontinued operations			
Profit from discontinued operations		2,853	288
Profit for the period		**3,573**	**991**
Attributable to			
Equity holders of parent company		3,572	977
Minority interest		0	15
Earning per share (eur)	10		
Basic, continuing operations		1.25	1.27
Basic, discontinued operations		4.94	0.47
Total		**6.18**	**1.73**
Diluted, continuing operations		-	1.24
Diluted, discontinued operations		-	0.46
Total		-	**1.69**

Consolidated Balance Sheet

EURm	*Note*	12/2007	12/2006
ASSETS			
Property, plant and equipment	12	40	51
Investment property	13	158	170
Intangible assets	14	718	782
Investments in associates	15	9	5
Financial assets	16, 17	19,575	15,921
Investments related to unit-linked insurance contracts	18	2,072	1,753
Tax assets	19	89	149
Reinsurers' share of insurance liabilities	24	489	525
Other assets	21	1,316	1,638
Cash and cash equivalents	22	958	41
Assets classified as held for sale	23	-	26,585
Total assets		**25,424**	**47,620**
LIABILITIES			
Liabilities for insurance and investment contracts	24	13,148	12,942
Liabilities for unit-linked insurance and investment contracts	25	2,071	1,752
Financial liabilities	26, 17	1,102	1,395
Tax liabilities	19	562	607
Provisions	27	35	42
Employee benefits	28	118	109
Other liabilities	29	655	1,065
Liabilities directly associated with assets classified as held for sale	30	-	24,520
Total liabilities		**17,691**	**42,431**
Equity	32		
Share capital		98	95
Reserves		1,847	2,012
Retained earnings		5,788	3,061
Equity attributable to parent company's equityholders		**7,733**	**5,168**
Minority interest		0	21
Total equity		**7,733**	**5,189**
Total equity and liabilities		**25,424**	**47,620**

Statement of Changes in Equity

	ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY							MINORITY INTEREST	
EURm	SHARE CAPITAL	SHARE PREMIUM ACCOUNT	LEGAL RESERVE	FAIR VALUE RESERVE	RETAINED EARNINGS	ASSETS HELD FOR SALE	TOTAL		TOTAL
Equity at 1 Jan. 2006	96	1,048	370	396	2,412		4,322	26	4,348
Transfer to non-current assets classified as held for sale				-2		2	0		0
Cash flow hedges:									
- recognised in equity						0	0		0
- recognised in p/l						-1	-1		-1
Financial assets available-for-sale									
- recognised in equity				336		19	355		355
- recognised in p/l				-209		-24	-233		-233
Exchange differences					72		72		72
Income tax related to items recognised in equity or transferred to p/l				-33		2	-32		-32
Net income recognised in equity	-	-	-	**92**	**72**	**-2**	**162**		**162**
Profit for the financial year					977		977	15	991
Total income and expenses recognised for the period	-	-	-	**92**	**1,049**	**-2**	**1,138**	**15**	**1,153**
Dividends					-339		-339	-20	-359
Subscription for shares with options	1	108					108		108
Share-based payments					-1		-1		-1
Acquisition of treasury shares					-73		-73		-73
Cancellation of treasury shares	-1	1					0		0
Recognition of undrawn dividends					13		13		13
Equity at 31 Dec. 2006	**95**	**1,157**	**370**	**488**	**3,061**	**-2**	**5,168**	**21**	**5,189**
Equity at 1 Jan. 2007	**95**	**1,157**	**370**	**486**	**3,061**	-	**5,168**	**21**	**5,189**
Equity related to non-current assets classified as held for sale		0	0	3	-3		-1	-22	-22
Financial assets available-for-sale									
- recognised in equity				6			6		6
- recognised in p/l				-238			-238		-238
Exchange differences					-74		-74		-74
Income tax related to items recognised in equity or transferred to p/l				60			60		60
Net income recognised in equity	-	-	-	**-169**	**-78**	-	**-246**	**-22**	**-268**
Profit for the financial year					3,572		3,572	0	3,573
Total income and expenses recognised for the period	-	-	-	**-169**	**3,495**	-	**3,326**	**-21**	**3,305**
Dividends					-693		-693		-693
Subscription for shares with options	3	4					6		6
Share-based payments					0		0		0
Acquisition of treasury shares					-81		-81		-81
Recognition of undrawn dividends					6		6		6
Equity at 31 Dec. 2007	**98**	**1,160**	**370**	**317**	**5,788**	-	**7,733**	**0**	**7,733**

Statement of Cash Flows

EURm	2007	2006
Cash flows from operating activities		
Profit before taxes	3,833	1,353
Adjustments:		
Depreciation and amortisation	44	90
Unrealised gains and losses arising from valuationt	339	-207
Realised gains and losses on investments	-3,031	-398
Impairment losses on loans and receivables	2	9
Change in liabilities for insurance and investment contracts	903	556
Other adjustments	3,035	124
Adjustments total	**1,293**	**174**
Change (+/-) in assets of operating activities		
Investments *)	-5,652	-2,920
Other assets	-222	-125
Total	**-5,873**	**-3,045**
Change (+/-) in liabilities of operating activities		
Financial liabilities	676	269
Other liabilities	22	150
Paid taxes	-172	-318
Total	**526**	**102**
Net cash used in operating activities	**-222**	**-1,417**
Cash flows from investing activities		
Investments in group and associated undertakings	0	-5
Proceeds from the sale of group and associated undertakings	3,230	26
Other investments	-2,646	-
Net investment in equipment and intangible assets	14	-84
Net cash from investing activities	**598**	**-64**
Cash flows from financing activities		
Subscription of share options	6	108
Acquisition of own shares	-81	-73
Dividends paid	-693	-359
Issue of debt securities	742	13,226
Repayments of debt securities in issue	-1,395	-11,193
Net cash used in financing activities	**-1,421**	**1,710**
Total cash flows	**-1,045**	**229**
Cash and cash equivalents at 1 January	2,016	1,788
Effects of exchange rate changes	13	-1
Cash and cash equivalents at 31 December	958	2,016
Net change in cash and cash equivalents	**-1,045**	**229**

Additional information to the statement of cash flows:

EURm	2007	2006
Interest income received	682	1,331
Interest expense paid	78	-497
Dividend income received	195	133

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

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

Cash and cash equivalents include cash at bank and in hand EURm 184 (206), and short-term deposits (max. 3 months) EURm 774 (35). The cash and cash equivalents for the year 2006 include also balances with central banks EURm 1,682 and loans and advances to credit institutions repayable on demand EURm 93.

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

EURm	2007	2006
Operating activities	-712	-1,693
Investing activities	3,224	-46
Financing activities	-299	2,160
Net cash flows total	**2,214**	**421**

Note to the Cash Flow Statement

DISPOSED ENTITIES DURING THE YEAR 2007

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

Disposed assets and liabilities 31.1.2007

EURm

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

Notes to the Consolidated Accounts

Summary of Significant Accounting Policies

Sampo Group has prepared the consolidated financial statements for 2007 in compliance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. In preparing the financial statements, Sampo has applied all the new or amended standards and interpretations relating to its business and effective at 31 December 2007. Sampo adopted the following new interpretations that took effect during the financial year:

IFRIC 8 — *Scope of IFRS 2*
IFRS 2 *Share-based payment* applies to arrangements where an entity makes share-based payments for apparently nil or inadequate consideration.

IFRIC 9 — *Reassessment of embedded derivatives*
Clarifies certain aspects for the treatment of specific embedded derivatives under IAS 39.

IFRIC 10 — *Interim financial reporting and Impairment*
An entity shall not reverse an impairment loss recognised in the previous interim report in respect of goodwill or certain financial assets.

Sampo has under transitional provisions adopted IFRIC 11 regarding IFRS 2 – Group and treasury share transactions, published by IASB in 2006. The interpretation addresses the how to apply IFRS 2 in arrangements that involve the entity's own equity instruments or equity instruments of the parent company.

The introduction of the above IFRIC interpretation has not had any material effect on the Sampo's financial statements information, per share key figures or accounting policies.

Furthermore, under transitional provisions, Sampo adopted already for the financial year beginning on 1 January 2005, two standards whose application has been mandatory only from the financial year beginning on 1 January 2007. Thus, financial assets and liabilities are disclosed in accordance with IFRS 7 'Financial Instruments: Disclosures'. Similarly, capital disclosures are disclosed in the notes together with risk management disclosures, in accordance with the amendment to IAS 1 'Presentation of Financial Statements – Capital Disclosures'.

In preparing the notes to the consolidated financial statements, attention has also been paid to Finnish accounting and company legislation and applicable regulatory requirements.

The financial statements have been prepared under the historical cost convention, modified by changes in fair value, amortisation, depreciation or impairment losses, depending on the accounting treatment of the respective items.

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 12 February 2008.

Consolidation

SUBSIDIARIES

The consolidated financial statements combine the financial statements of Sampo plc and all its subsidiaries. Entities qualify as subsidiaries if the Group has the controlling power. The Group exercises control if its shareholding is more than 50 per cent of the voting rights or it otherwise has the power to exercise control over the financial and operating policies of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date that control ceases.

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. The excess of the cost of an acquisition over the Group's share of the fair value of the identifiable net assets acquired is recognised as goodwill.

The accounting policies used throughout the Group for the purposes of consolidation are consistent with respect to similar business activities and other events taking place in similar conditions. All intra-group transactions and balances are eliminated upon consolidation.

ASSOCIATES

Associates are entities in which the Group has significant influence, but no control over the financial management and operating policy decisions. Unless otherwise demonstrated, this is generally presumed when the Group holds in excess of 20 per cent, but no more than 50 per cent, of the voting rights of an entity. Investments in associates are treated by the equity method of accounting, in which the investment is initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition net income (or loss), or other movements reflected directly in the equity of the associate. If the Group's share of the associate's loss exceeds the carrying amount of the investment, the investment is carried at zero value, and the loss in excess is consolidated only if the Group is committed to fulfilling the obligations of the associate. Goodwill arising on the acquisition is included in the cost of the investment. Unrealised gains (losses) on transactions are eliminated to the extent of the Group's interest in the entity.

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in euro, which is the functional and reporting currency of the Group and the parent company. Items included in the financial statements of each of the Group entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of transactions or the average rate for a month. Monetary balance sheet items denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date. Non-monetary balance sheet items measured at historical cost are presented in the balance sheet using the historical rate existing at the date of the transaction.

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

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

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

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

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

1 euro (EUR) =	BALANCE SHEET DATE	AVERAGE EXCHANGE RATE
Swedish krona (SEK)	9.4415	9.2510
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.

Banking- and investment services has been presented as discontinued operations. On 9 November 2006, Sampo plc signed an agreement on the divestment of Sampo Bank plc's entire stock to Danske Bank A/S. The classification to discontinued operations was made from that date on. The transaction was closed on the 1 February, 2007.

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

Inter-segment pricing is based on market prices. 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 in the Life Insurance business as fee and commission expenses under 'Other operating expenses'. In the P&C Insurance business they are treated as deferred acquisition costs, and are accordingly deferred and amortised.

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 Life insurance, 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 recognised in premiums written either when the premium is charged, or when the premium has been paid.

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.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets are recognised and derecognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Loans and receivables are recognised when cash is advanced.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

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.

According to the Group 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 personnel at fair value. In the P&C Insurance business, financial investments are primarily designated as financial assets at fair value through profit or loss. Investments comprise debt and equity securities. In the Life Insurance business, financial assets designated as at fair value through profit or loss are investments related to unit-linked insurance, which are 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.

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.

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 as available-for-sale financial assets.

In the Holding business, available-for-sale financial assets comprise assets that, although they are not acquired for trading purposes, might not be held to maturity.

Available-for-sale financial assets are initially recognised at cost, which is the fair value of the consideration given, including direct and incremental transaction costs. They are subsequently remeasured at fair value, and the changes in fair value are included as a separate component of equity, taking the tax effect into account. Interest income and dividends are recognised in profit or loss. When the available-for-sale assets are sold, the cumulative change in the fair value is transferred from equity and recognised together with realised gains or losses in profit or loss. The cumulative change in the fair value is also transferred to profit or loss when the assets are impaired and the impairment loss is recognised. Translation differences due to available-for-sale monetary balance sheet items are always recognised directly in profit or loss.

Other financial liabilities

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

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

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

Fair value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Financial assets are measured at the bid price and financial liabilities at the asking price. If there are items in a position offsetting each other's market position, the mid price may be used to that extent. If a published price quotation does not exist for a financial instrument in its entirety, but active markets exist for its component parts, the fair value is determined on the basis of the relevant market prices of the component parts.

If a market for a financial instrument is not active, or the instrument is not quoted, the fair value is established by using generally accepted valuation techniques including recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If the fair value of a financial asset cannot be determined, historical cost is deemed to be a sufficient approximation of fair value. The amount of such assets in the Group balance sheet is immaterial.

Impairment of Financial Assets

Sampo assesses on each balance sheet date whether there is any objective evidence that a financial asset, other than those at fair value through p/l, may be impaired. A financial asset is impaired and impairment losses are incurred, if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset, and if that event has an impact, that can be reliably estimated, on the estimated future cash flows of the financial asset.

Financial assets carried at amortised cost

There is objective evidence of impairment if the payment status of a customer is rated as 'default'.

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

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

Available-for-sale financial assets

The impairment of available-for-sale financial assets is monitored through an investment plan. The credit risk limits by issuer have been determined in the investment plan and the plan is followed daily. The objective evidence of an impairment of available-for-sale financial assets is based on a separate assessment, which is done if the credit rating of an issuer has declined or the entity is placed on watchlist, or there is a significant or prolonged decline in the fair value of an equity instrument below its cost. When the observable data indicates that an impairment has occurred, the cumulative loss recognised directly in equity is removed from equity and recognised in profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed by recognising the amount in profit or loss. Impairment losses recognised in profit or loss for an equity instrument shall not be reversed through profit or loss.

Derivative Financial Instruments and Hedge Accounting

Derivative financial instruments are classified as those held for trading and those held for hedging, including interest rate derivatives, foreign exchange derivatives, equity derivatives and commodity derivatives. Derivative instruments are measured initially at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivatives held for trading

Derivative instruments that are not designated as hedges and embedded derivatives separated from a host contract are treated as held for trading. They are measured at fair value and the change in fair value, together with realised gains and losses and interest income and expenses, is recognised in profit or loss.

If derivatives are used for hedging, but they do not qualify for hedge accounting as required by IAS 39, they are treated as held for trading.

Hedge accounting

The Sampo Group may hedge its operations against interest rate risks, currency risks and price risks through fair value hedging and cash flow hedging. Fair value hedging is used to protect against changes in the fair value of recognised assets or liabilities, while cash flow hedging is used to protect against the variability of the cash flows of recognised assets or liabilities which are attributable to a particular risk and could affect profit or loss. In the financial and comparative year Sampo plc has used hedging against interest rate risks through fair value hedging.

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.

In the Insurance segments, hedges are made against interest rate risk and currency risk, but hedge accounting is not applied.

FAIR VALUE HEDGING

Fair value hedging is used to hedge individual fixed interest rate loans, debt securities in issue, as well as index-linked deposits and index-linked debt securities in issue. The hedging instruments used include interest rate swaps, interest rate and cross currency swaps and, for index-linked items, index options. In addition, fixed interest rate loan portfolios are hedged by using interest rate swaps.

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.

Sale and repurchase agreements and securities lending

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

Non-current assets held for sale and discontinued operations

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

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

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

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

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

Leases

GROUP AS LESSEE

Finance leases

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

Operating leases

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

GROUP AS LESSOR

Operating leases

Leases in which assets are leased out and the Group retains substantially all the risks and rewards of ownership are classified as operating leases. They are included in 'Property, plant and equipment' 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	"

Property, Plant and Equipment

Property, plant and equipment comprise properties occupied for Sampo's own activities, office equipment, fixtures and fittings, and furniture. Classification of properties as those occupied for own activities and those for investment activities is based on the square metres in use. If the proportion of a property in Sampo's use is no more than 10 per cent, the property is classified as an investment property.

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Improvement costs are added to the carrying amount of a property when it is probable that the future economic benefits that are attributable to the asset will flow to the entity. Costs for repairs and maintenance are recognised as expenses in the period in which they were incurred.

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. In most cases, the residual value is estimated at zero. Land is not depreciated. Estimates of useful life are reviewed at financial year-ends and the useful life is adjusted if the estimates change significantly. The estimated useful lives by asset class are as follows:

Residential, business premises and offices	20–60	years
Industrial buildings and warehouses	30–60	"
Components of buildings	10–15	"
IT equipment and motor vehicles	3–5	"
Other equipment	3–10	"

Depreciation of property, plant or equipment will be discontinued, if the asset in question is classified as held for sale in accordance with IFRS 5 *'Non-current Assets Held for Sale and Discontinued Operations'*.

Impairment of Intangible Assets and Property, Plant and Equipment

At each reporting date the Group assesses whether there is any indication that an intangible asset or an item of property, plant or equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset. In addition, goodwill, intangible assets not yet available for use and intangible assets with an indefinite useful life will be tested for impairment annually, independent of any indication of impairment. For impairment testing the goodwill is allocated to the cash-generating units of the Group from the date of acquisition. In the test the carrying amount of the cash-generating unit, including the goodwill, is compared with its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated by estimating future net cash flows expected to be derived from an asset or a cash-generating unit, and by discounting them to their present value using a pre-tax discount rate. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognised in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

If there is any indication that an impairment loss recognised for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss is reversed, but no more than to the carrying amount which it would have been without recognition of the impairment loss. Impairment losses recognised for goodwill are not reversed.

Investment Property

Investment property is held to earn rentals and for capital appreciation. The Group applies the cost model to investment property in the same way as it applies to property, plant and equipment. 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. Under the standard, insurance contracts are classified as insurance contracts if significant insurance risk is transferred between the policyholder and the insurer. If the risk transferred on the basis of the contract is essentially financial risk rather than significant insurance risk, the contract is classified as an investment contract. Classification of a contract as an insurance contract or investment contract determines the measurement principle applied to it.

Sampo treats the liabilities arising from contracts in the first phase of the standard according to national accounting standards, except for the equalisation reserve and the provision for collective guarantee item and their changes which are reported in equity and profit or loss, in accordance with the IFRS.

REINSURANCE CONTRACTS

A reinsurance contract is a contract which meets the IFRS 4 requirements for insurance contracts and on the basis of which the Sampo Group (the cedant) may receive compensation from another insurer (the reinsurer), if it becomes liable for paying compensation based on other insurance contracts it has issued. Such compensation received on the basis of reinsurance contracts is included in the balance sheet under 'Reinsurers' share of insurance liabilities' and 'Other assets'. The former item includes the reinsurers' share of the provisions for unearned premiums and claims outstanding in the Group's reinsured insurance contracts, while the latter includes short-term receivables from reinsurers.

When the Group itself has to pay compensation to another insurer on the basis of a reinsurance contract, the liability is recognised in the item 'Other liabilities'.

Receivables and liabilities related to reinsurance are measured uniformly with the cedant's receivables and liabilities. Reinsurance receivables are tested annually for impairment. Impairment losses are recognised through profit or loss, if there is objective evidence indicating that the Group (as the cedant) will not receive all amounts of money it is entitled to on a contractual basis.

P&C INSURANCE BUSINESS

Classification of insurance contracts

In classifying insurance contracts and examining their related risks, embedded contracts are interpreted as one contract.

Other than insurance contracts, i.e. contracts where the risk is not transferred, include Captive contracts in which an insurance company underwrites a company's direct business and reinsures the same risk in an insurance company in the same group as the policyholder. There are also contracts in P&C insurance (Reverse Flow Fronting contracts) in which the insurance company grants insurance and then transfers the insurance risk to the final insurer. For both the above types of contract, only the net effect of the contract relationship is recognised in the income statement and balance sheet (instead of the gross treatment, as previously). The prerequisite for net treatment is that the net retention recognised on the contract is zero.

There are also contracts in P&C insurance in which the insurance risk is eliminated by a retrospective insurance premium, i.e. the difference between forecast and actual losses is evened out by an additional premium directly or in connection with the annual renewal of the insurance. The net cash flow from these contracts is recognised directly in the balance sheet, without recognising it first in the income statement as premiums written and claims incurred.

Insurance liabilities

Insurance liabilities are the net contractual obligations which the insurer has on the basis of insurance contracts. Insurance liabilities, consisting of the provisions for unearned premiums and unexpired risks and for claims outstanding, correspond to the obligations under insurance contracts.

The provision for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force. In P&C insurance and reinsurance, the provision for unearned premiums is normally calculated on a strictly proportional basis over time, i.e. on a pro rata temporis basis. In the event that premiums are judged to be insufficient to cover anticipated claims costs and operating expenses, the provision for unearned premiums must be augmented by a provision for unexpired risks. Calculation of the provision for unexpired risks must also take into account instalment premiums not yet due.

The provision for claims outstanding is intended to cover the anticipated future payments of all claims incurred, including claims not yet reported to the company; i.e. the IBNR (incurred but not reported) provision. The provision for claims outstanding includes claims payments plus all estimated costs of claim settlements.

The provision for claims outstanding in direct P&C insurance and reinsurance may be calculated by statistical methods or through individual assessments of individual claims. Often a combination of the two methods is used, meaning large claims are assessed individually while small claims and claims incurred but not reported (the IBNR provision) are calculated using statistical methods. The provision for claims outstanding is not discounted, with the exception of provisions for vested annuities, which are discounted to present value using standard actuarial methods, taking anticipated inflation and mortality into account.

Premiums written for P&C insurance and reinsurance are recognised in the income statement when the annual insurance premium is due for payment.

Liability adequacy test

A liability adequacy test is performed separately for both the provision for claims outstanding and the provision for unearned premiums. The provision for claims outstanding is based on estimates of future cash flows. The estimates are made by using well-established actuarial methods.

The provision for unearned premiums is, for the most part, calculated on a strictly proportional basis over time (so called pro rata temporis principle). The adequacy of the provision for unearned premiums is tested by calculating a provision for unexpired risks for each company per business area and line of business. If the provisions are judged to be insufficient, the provision for unearned premiums is augmented by recognising a provision for unexpired risks.

Provision for a collective guarantee

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

Pay-as-you-go system for P&C insurance

Pensions and compensation for healthcare or medical rehabilitation paid on the basis of Finland's statutory P&C insurance (accident, motor third party liability and patient insurance) are raised annually by the TEL (Employee Pensions Act) index in order to maintain the real value of the pensions. The index raises are not the responsibility of the insurance companies, but are funded by the so-called pay-as-you-go principle, i.e. each year premiums written include index raises to the same amount that is paid out in that year. In practice, the P&C insurance companies collect a so-called expense loading along with their premiums written, which is then forwarded to the central organisation for the particular insurance line. The central organisation distributes the pay-as-you-go contributions collected so that the company undertaking the type of insurance in question receives an amount equal to the compensation falling under the pay-as-you-go system it has paid that year. The insurer's participation in the payment is proportional to the insurer's market share in the insurance line in question.

The pay-as-you-go system related to pension index raises is not treated as an insurance activity under IFRS 4 and does not generate any risk for the insurance company. Thus, the pay-as-you-go contribution collected together with the insurance premium is not deemed to be premium income, and the pension index raise paid out is not deemed to be claims incurred. Because the collected index raise corresponds in amount to the paid out pension index raise, the said items are set-off in the Income Statement item 'Other expenses from operations'. The share of a balancing figure not yet received from, or not paid by, a central organisation is presented as current receivables or liabilities in the balance sheet items 'Other assets' or 'Other liabilities'.

Deferred acquisition costs

In the P&C insurance business, acquisition costs clearly relating to the writing of insurance contracts and extending beyond the financial year are recognised as assets in the balance sheet. Acquisition costs include operating expenses directly or indirectly attributable to writing insurance contracts, fees and commissions, marketing expenses and the salaries and overheads of sales staff. Acquisition costs are amortised in the same way as provisions for unearned premiums, usually in 12 months at the maximum.

LIFE INSURANCE BUSINESS

Classification of insurance contracts

Policies issued by the Life Insurance business are classified as either insurance contracts or investment contracts. Insurance contracts are contracts that carry significant insurance risk or contracts in which the policyholder has the right to change the contract by increasing the risk. As capital redemption contracts do not carry insurance risk, these contracts are classified as investment contracts.

The discretionary participation feature (DPF) of a contract is a contractual right held by a policyholder to receive additional benefits, as a supplement to the guaranteed minimum benefits. The supplements are bonuses based on the reserves of policies credited to the policy reserve or additional benefits in the case of death. In Sampo 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 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 is discounted by an interest rate of 3.5 per cent, and most of the life business with DPF by 2.5 per cent. The highest discount rate used for accrued benefits is 3.5 per cent. The guaranteed interest rate used in the direct insurance premium basis varies on the basis of the starting date of the insurance from 0 to 4.5 per cent.

Due to the difference in the discount rate of liabilities and the guaranteed interest of policies, supplementary provisions for guaranteed interest have been added to technical provisions. In the subsidiary, SE Sampo Life Insurance Baltic, the discount rate varies by country between 2.3–3.5 per cent and the average guaranteed interest rate between 3.5–3.8 per cent.

Mortality assumptions have an essential effect on the amount of liability, particularly in group pension insurance, the liability of which accounts for about 37 per cent of the technical provisions of the Finnish life company. A so-called cohort mortality model has been used in calculating the group pension insurance liability since 2002, incorporating the insured person's birth year in addition to his or her age and sex. The cohort mortality model assumes that life expectancy increases by one year over a ten-year period.

For unit-linked contracts, all the liabilities and the assets covering the unit-linked insurance are matched. Both the liabilities and the assets have been presented in the Notes to the financial statements. In calculating the provision for claims outstanding of direct insurance, discounting is applied only in connection with the liabilities of pensions whose payment has commenced. The liabilities of assumed reinsurance are based on the reports of the ceding company and on an estimate of claims which have not yet been settled.

The provision for claims outstanding is intended to cover expected future payments for all claims incurred, including claims not yet reported to the company (the "IBNR" provision). The provision for claims outstanding includes claim payments plus all costs of claim settlements.

The amounts of short- and long-term liabilities in technical provisions are determined annually. Additionally, the risk management section of the Notes includes the forecast annual maturities of technical provisions.

Liability adequacy test

A liability adequacy test is applied to all portfolios, company by company, and the need for augmentation is checked, company by company, on the basis of the adequacy of the whole technical provisions. The test includes all the expected contractual cash flows for non-unit-linked liabilities. The expected contractual cash flows include expected premiums, claims, bonuses and expenses. The claims have been estimated including surrenders and other insurance transactions based on historical data. The amounts of claims include the guaranteed interest and an estimation of future bonuses. The present values of the cash flows have been discounted to the balance sheet date by using a risk-free, zero-coupon yield 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 3 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.

Sampo 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. As for the level of the total return, continuity is pursued. 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 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 Sampo Life and have no material significance.

TERMINATION BENEFITS

An obligation based on termination of employment is recognised as a liability when the Group is verifiably committed to terminate the employment of one or more persons before the normal retirement date or to grant benefits payable upon termination as a result of an offer to promote voluntary redundancy. As no economic benefit is expected to flow to the employer from these benefits in the future, they are recognised immediately as an expense. Obligations maturing more than 12 months later than the balance sheet date are discounted. The benefits payable upon termination at Sampo are the monetary and pension packages related to redundancy.

Share-based Payments

Sampo has share-based incentive schemes that are settled either in cash (the long-term incentive schemes 2003 I, 2004 I, 2004 II, 2005 I, 2006 I and 2006 II for executives and specialists) or in equity instruments (Sampo 2006). Schemes with cash payments are measured at the intrinsic value of the incentive on interim or annual balance sheet dates, and changes in the liability are recognised through profit or loss. Schemes where the payment is in equity instruments are measured at fair value at the grant date, and are recognised as an expense and as an increase in equity on a straight-line basis during the vesting period.

The fair value of incentives payable in equity instruments has been determined using the Black-Scholes-pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of shares to be paid as an incentive. The effects of non-market based terms are not included in the fair value of the incentive; instead, they are taken into account in the number of those share options that are expected to be exercised during the vesting period. In this respect, the Group will update the assumption on the estimated final number of shares at every interim or annual balance sheet date.

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

Income Taxes

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

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

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

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

Share Capital

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

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

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

Cash and Cash Equivalents

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

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

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

Accounting Policies Requiring Management Judgement and Key Sources of Estimation Uncertainties

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

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

ACTUARIAL ASSUMPTIONS

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

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

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

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

DETERMINATION OF FAIR VALUE

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

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

IMPAIRMENT TESTS

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

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

Application of New or Revised IFRSs and Interpretations

In 2008, the Group will apply the following new or revised standards and interpretations related to the Group's business and published by the IASB in 2007, provided that they are adopted by the EU commission:

IAS 1	*Presentation of Financial Statements*
IFRIC 14	*The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction*

The revised IAS 1 aims to improve the analysis and comparison of the information in the financial statements. The changes in the standard were yet not approved by EU at the balance sheet date.

IFRIC 14 clarifies how to assess the limit on the amount of the surplus that can be recognised as an asset, and how the the pension asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The interpretation was yet not approved by EU at the balance sheet date.

The view of Sampo's management is that the introduction of the above revised standard and IFRIC interpretation will have no material effect on the Sampo Group's financial statements information, per share key figures or accounting policies. The application of revised IAS 1 will only have an effect on the way the financial information is presented and on the disclosures.

Segment Information

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

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

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

Depreciation and amortisation by segment are disclosed in Note 12 and Investments in associates in Note 15.

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

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

Consolidated Income Statement by Business Segment for Year Ended 31 December 2006

EURm	P&C INSURANCE	LIFE INSURANCE	HOLDING	ELIMINA-TION	GROUP
Insurance premiums written	3,773	660	-	-	4,433
Net income from investments	390	601	24	-7	1,008
Other operating income	23	1	96	-56	64
Claims incurred	-2,480	-550	-	-	-3,030
Change in liabilities for insurance and investment contracts	-8	-345	-	-	-353
Staff costs	-431	-19	-38	5	-483
Other operating expenses	-505	-45	-57	35	-572
Finance costs	-33	-8	-52	9	-85
Share of associates' profit/loss	0	1	0	-	1
Profit from continuing operations before taxes	**730**	**295**	**-27**	**-13**	**984**
Taxes					-281
Profit from continuing operations					**703**
Profit from discontinued operations					288
Profit for the period					**991**
Attributable to					
Equity holders of parent company					977
Minority interest					15

Consolidated Balance Sheet by Business Segment at 31 December 2007

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

Consolidated Balance Sheet by Business Segment at 31 December 2006

EURm	P&C INSURANCE	LIFE INSURANCE	HOLDING	ELIMINA-TION	GROUP
Assets					
Property, plant and equipment	28	5	18	-	51
Investment property	41	110	19	-	170
Intangible assets	599	159	23	-	782
Investments in associates	4	1	0		5
Financial assets	9,821	5,657	4,043	-3,598	15,921
Investments related to unit-linked insurance contracts	-	1,753	-	-	1,753
Tax assets	113	13	22	1	149
Reinsurers' share of insurance liabilities	521	4	0	-	525
Other assets	1,475	121	78	-36	1,638
Cash and cash equivalents	230	58	336	-582	41
Assets classified as held for sale	-	-	-	-	26,585
Total assets	**12,831**	**7,882**	**4,538**	**-4,216**	**47,620**
Liabilities					
Liabilities for insurance and investment contracts	8,247	4,695	-	-	12,942
Liabilities for unit-linked insurance and investment contracts	-	1,752	-	-	1,752
Financial liabilities	499	112	930	-146	1,395
Tax liabilities	407	189	11	-	607
Provisions	42	-	0	-	42
Employee benefits	109	-	-	-	109
Other liabilities	961	39	98	-32	1,065
Liabilities directly associated with assets classified as held for sale	-	-	-	-	24,520
Total liabilities	**10,264**	**6,787**	**1,039**	**-179**	**42,431**
Equity					
Share capital					95
Reserves					2,012
Retained earnings					3,061
Equity attributable to parent company's equityholders					**5,168**
Minority interest					21
Total equity					**5,189**
Total equity and liabilities					**47,620**

Geographical Segment Information

REVENUE BY GEOGRAPHICAL SEGMENT

EURm	FINLAND	SWEDEN	NORWAY	DENMARK	BALTICS	OTHER	TOTAL
Income 2007							
P&C insurance	814	1,187	1,378	284	134	0	3,797
Life insurance	550	1	3	0	64	-	618
Holding	176	-	-	-	-	-	176
Banking and investment services (discontinued operations)	60	-	-	-	8	0	68
Total	**1,600**	**1,188**	**1,381**	**285**	**206**	**0**	**4,659**
Income 2006							
P&C insurance	820	1,199	1,358	282	112	-7	3,765
Life insurance	620	0	1	0	38	-	660
Holding	120	-	-	-	-	-	120
Banking and investment services (discontinued operations)	736	-	-	-	78	0	814
Total	**2,297**	**1,199**	**1,359**	**282**	**228**	**-6**	**5,360**

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

The revenue for Holding includes all net investment income and other operating income in that segment. The comparison year includes also the income of Primasoft Oy, consolidated as a subsidiary in 2006.

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

ASSETS BY GEOGRAPHICAL SEGMENT

EURm	FINLAND	SWEDEN	NORWAY	DENMARK	BALTICS	OTHER	ELIMINATION	TOTAL
Assets 2007								
P&C insurance	3,066	5,202	3,018	653	238	347	-	12,524
Life insurance	7,817	1	7	1	141	-	-	7,968
Holding	7,458	-	-	-	-	-	-	7,458
Total	**18,341**	**5,203**	**3,025**	**654**	**380**	**347**	**-2,527**	**25,424**
Assets 2006								
P&C insurance	2,836	5,794	2,750	622	192	637	-	12,831
Life insurance	7,792	7	-	-	83	-	-	7,882
Holding	4,538	-	-	-	-	-	-	4,538
Banking and investment services (discontinued operations)	23,611	-	-	-	3,015	17	-	26,643
Total	**38,778**	**5,801**	**2,750**	**622**	**3,290**	**654**	**-4,274**	**47,620**

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

Sampo Group Risk Management Disclosure 2007

1 Risk Management Overview

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

The key objectives of the risk management process are to ensure capital adequacy in relation to the risks inherent in business activities, and to limit fluctuations in financial results. To meet these objectives, we strive to ensure careful capital allocation planning and a reasonable risk to return ratio, and to guarantee efficient and continued business processes under all circumstances.

RISK MANAGEMENT GOVERNANCE

The risk management process consists of risk control and risk management. Risk control consists of formulating risk management principles, setting limits and granting authorisations, management accounting and risk calculation, assessing the economic capital needed, and monitoring the functionality of the risk management process. Risk management is about identifying and pricing risks, risk-taking decisions, and portfolio management.

The Board of Directors of Sampo plc is responsible for ensuring that the Group's risks are properly managed and controlled. The Board sets the principles of risk management and provides guidance on the organisation of risk management and internal control in the business areas.

Due to the divestment of Sampo Bank, the Board of Directors decided in January 2007 to abolish the Group's Risk Control Committee and integrate relevant duties as part of the responsibilities of the Audit Committee. In addition, the Board of Directors has established and appointed the members of an Investment Committee to control the holding company's investment activities and investment risks.

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

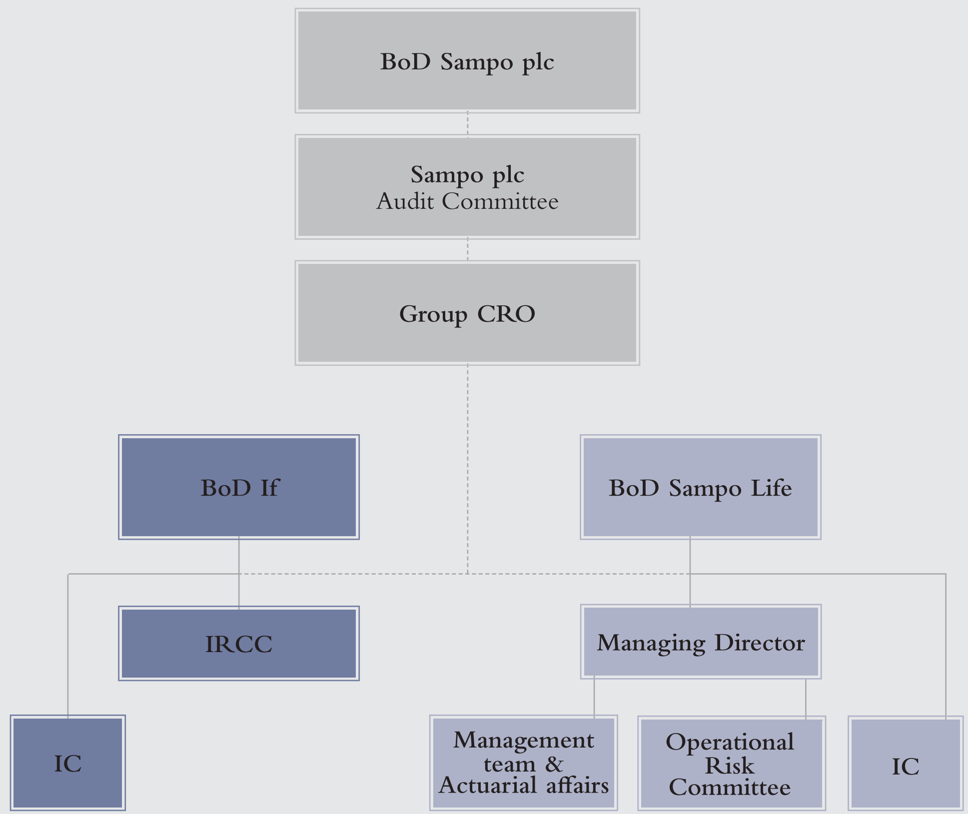
Sampo plc's Board of Directors and the Audit Committee, together with the Boards of Directors of the subsidiaries, share the responsibility for risk control. Line organisations are responsible for risk management.

2 Reporting Structure and Risks

Sampo Group's reporting structure is divided into three segments, which are P&C Insurance (If P&C), Life insurance (Sampo Life) and Holding.

Figure 1

RISK MANAGEMENT GOVERNANCE FRAMEWORK



Sampo divested its banking and investment services operations to Danske Bank A/S in a deal that was closed on 1 February, 2007.

Sampo Board of Directors made a decision, following the divestment of Sampo Bank, to invest the sales proceeds in shares of Northern European financials or to keep them in cash. The Board identifies two interesting financial shares presently - Sampo and Nordea. Sampo continues to invest its excess cash into these shares subject to valuations remaining favourable. Market risks related to Sampo plc's investment portfolio are monitored and regularly reported within the company's and Sampo Group's risk governance framework.

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

Life insurance business carries and manages risks originating from the randomness of insurance events and the financial risks included in assets and liabilities. Major part of Sampo Life's risks and result relate to investment assets. Return on assets should cover, in the long term, at least the guaranteed return, bonuses based on the principle of fairness and the cost of capital. Other profit elements are generated from carrying insurance risk and expense risk. The insurance risk result is the assumed claims in premium calculations less the actual claims. It is managed through careful risk selection and diversification. The expense result is the expense charges from policies less the actual expenses. It is managed by continuously monitoring expenses, by improving efficiency, and by using an expense charge structure that also covers expenses after policy inception.

3 Capital Management

Insurance is a highly regulated business with formal rules for minimum capital and capital structure. Solvency is reported quarterly to the supervisory authorities monitoring Sampo Group and to the local supervisors of subsidiaries.

The group solvency for 2007 is based on adjusted solvency calculations for insurance groups according to the Decree of the Finnish Ministry of Social Affairs and Health (1106/2000). The adjusted solvency is determined on the basis of the group financial statements as regulated by the Insurance Supervisory Authority. In the comparative period, i.e. prior to 2007, the group solvency was calculated according to the consolidation method defined in Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates.

The Group's solvency ratio (own funds in relation to minimum requirements for own funds) on 31 December, 2007 was 774.6 per cent (202.7 per cent).

All Sampo Group companies fulfilled the regulatory minimum capital requirements during 2007.

Table 1
GROUP SOLVENCY

EURm	31 DEC 2007	31 DEC 2006
Group capital	7,733	5,190
Sectoral items	855	3,134
Intangibles and other deductibles	-1,733	-3,503
Group's own funds, total	6,854	4,821
Minimum requirements for own funds, total	885	2,378
Group solvency	5,969	2,443
Group solvency ratio (Own funds % of minimum requirements)	774.6	202.7

ECONOMIC CAPITAL

In Sampo Group, and in its insurance subsidiaries, risks are measured and aggregated internally using an economic approach, in which the amount of capital required to protect the economic solvency over a one year time horizon at a confidence level equalling the historic bond defaults of AA-rated issuers is calculated. The economic capital tied up in the Group's operations on December 31, 2007 was EUR 3,395 million compared to pro forma EUR 2,695 million on 31 December, 2006 excluding Sampo Bank Group. The large increase is mainly due to the increase in market risk at Sampo plc following the large investment in Nordea Bank.

In Sampo Group the economic capital is determined by market, credit, insurance and operational risks. Economic capital does not only reflect the capital needed for the different kinds of risks, but also their mutual diversification effect. This gives a more accurate view of the overall capital need as it is very unlikely that all risks in the Group's segments will materialise simultaneously. The magnitude of the diversification effect at the group level is approximately 13 per cent.

Economic Capital in P&C Insurance

The economic capital for market risk, insurance risk and credit risk relating to reinsurance assets is calculated using If's own internal stochastic models. For credit risks related to investment assets and for operational risks, the economic capital is calculated in accordance with the standard model used in the third Quantitative Impact Study ('QIS 3') in the Solvency II project and calibrated to the confidence level equalling the historic bond defaults of AA-rated issuers.

Quantification of the individual risk types, such as underwriting risk or market risk, is important. However, in order to assess the overall risk profile, it is necessary to incorporate the interrelationships between the various risk types, as some of the risks may develop in opposite directions creating natural hedges. If has used an internal dynamic financial analysis (DFA) model for the purpose of quantifying individual risks and risk aggregation for several years. Through simulations of both the investment and insurance operations, the effects of, for example, alternative reinsurance structures and investment allocations can be analyzed simultaneously. The model is used, besides for calculating economic capital, also for making decisions on:

- Overall capital needs for If and its subsidiaries
- Allocation of capital to the various lines of business in order to achieve consistent profit targets throughout the organisation
- Allocation of investment assets between asset classes and regions
- Reinsurance structures

Economic Capital in Life Insurance

Calculations of economic capital requirements in Sampo Life are based on a total balance sheet approach, meaning that values and risks of assets and liabilities are recognized market consistently. Market consistent value of liabilities is estimated by using stochastic simulation. The approach as well as the basis for the calculation of the most crucial risk factors is similar to what was used in the Quantitative Impact Study 3 ('QIS 3') in Solvency II. The outcome is calibrated to the confidence level equalling the historic bond defaults of AA-rated issuers.

CAPITALISATION AND CAPITAL MANAGEMENT PROCESS

The basis for the Sampo Group's capitalisation is the economic capital requirement. Other factors affecting the capital are the expected business growth, changes in the business environment, and the financial strength rating targets together with the regulatory minimum capital requirements.

The Group's economic capital decreased during the year by EUR 24 million or 0.7 per cent. The capital allocated to life insurance operations increased by EUR 191 million. The large increase is due to a change in methodology used as from the first quarter of 2007. The actual risk has however decreased during 2007 and if the same methodology had been used in 2006 the EC would have decreased by approximately EUR 100 million. The capital allocated to P&C insurance operations increased by EUR 81 million.

The minimum capital adequacy requirements decreased by EUR 1,493 million (63 per cent).

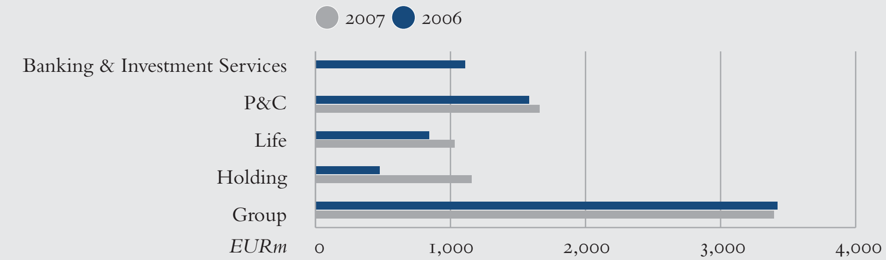
4 Market Risks

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

The sensitivity analysis of existing financial assets and financial liabilities to different market risk scenarios are shown in table 3. This table does not show the financial risks of technical provisions, which are quantified in tables 9 and 10.

Graph 1

ECONOMIC CAPITAL BY SEGMENT 2006–2007



Graph 2

ECONOMIC CAPITAL, MINIMUM CAPITAL REQUIREMENT AND NAV 2006–2007

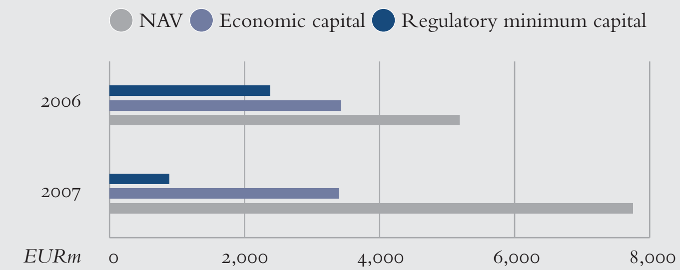


Table 2

FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY SEGMENT ON 31 DECEMBER 2007

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

EURm	P&C INSURANCE	LIFE INSURANCE	HOLDING	ELIM.	GROUP	VALUATION DIFF.	GROUP
Financial assets							
Equity securities and funds							
At fair value through P/L	1,011	5	-	-	1,016		1,016
Available for sale	-	1,707	2,758	-	4,465		4,465
Interest bearing instruments							
At fair value through P/L	8,272	42	-	-	8,314		8,314
Available for sale	-	3,679	2,023	-129	5,573		5,573
Held to maturity	-	8	-	-	8	1	9
Derivatives							
At fair value through P/L	182	10	0	-	193		193
Other							
Deposits long term	-	2	1	-	2		2
Deposits with ceding undertakings	2	2	-	-	4		4
Investments related to unit-linked contracts							
Investments related to unit-linked contracts	-	2,071	-	-	2,071		2,071
Cash and cash equivalents							
Cash and balances at central banks	163	10	12	-	184		184
Short term deposits	474	84	217	-	774		774
Other assets							
Settlement receivables	2	5	-	-	7		7
Total financial assets	**10,105**	**7,625**	**5,010**	**-129**	**22,612**		**22,612**
Financial liabilities							
Derivatives	90	1	0	-	91		91
Other financial liabilities							
Subordinated loans	440	100	-	-125	415	-2	413
Debentures	-	-	589	-	589	5	594
Amounts owed to credit institutions	-	0	6	-	6		6
Other liabilities							
Settlement liabilities	0	6	8	-	14		14
Total financial liabilities	**530**	**108**	**604**	**-125**	**1,116**	**3**	**1,119**

Market risk relating to foreign currency consists of the translation risk linked to the net asset value and dividends of If, and the currency risk related to Sampo plc's investment portfolio. The currency positions of the Group's companies against their home currency and the translation risks are shown in table 5.

Table 3

MARKET RISK BY ASSET CLASS ON 31 DECEMBER 2007

SAMPO GROUP, FINANCIAL ASSETS AND LIABILITIES, SENSITIVITY TO MARKET CHANGES	RISK			
	INTEREST RATE		EQUITY	ALTERNATIVE INVESTMENTS
EURm	1% PARALLEL SHIFT DOWN	1% PARALLEL SHIFT UP	10% FALL IN PRICES	10% FALL IN PRICES
Assets				
Cash	0	0		
Long term fixed income	337	-309		
Short term fixed income	9	-9		
Equity			-476	-41
Loans and receivables				
Other financial assets				-23
Liabilities				
Short term fixed income				
Senior bonds				
Subordinated bonds	-8	7		
Other financial liabilities				
Derivatives				
Net	-26	22	-3	
Total 2007	**313**	**-288**	**-479**	**-64**

Table 4

MARKET RISK BY SEGMENT ON 31 DECEMBER 2007

MARKET RISK SENSITIVITIES FOR FINANCIAL ASSETS AND LIABILITIES BY SEGMENT	RISK			
	INTEREST RATE		EQUITY	ALTERNATIVE INVESTMENTS
EURm	1% PARALLEL SHIFT DOWN	1% PARALLEL SHIFT UP	10% FALL IN PRICES	10% FALL IN PRICES
P&C Insurance	240	-222	-101	-9
Life Insurance	79	-73	-104	-51
Holding	-7	6	-273	-4
2007, Sampo Group total	**313**	**-288**	**-479**	**-64**

MARKET RISK MANAGEMENT AND CONTROL

The Audit Committee controls the aggregated market risk on Sampo Group level. For If and Sampo Life the market risks in the investment portfolios are managed and controlled by the two segments' respective investment committees.

The investment operations of Sampo Group's insurance companies aim at achieving the highest possible returns at acceptable levels of risk, to ensure that both Sampo Life and If will, under all circumstances, exceed the required solvency ratio and have sufficient and structurally suitable investment assets to cover the companies' technical provisions. Profitability will deteriorate if the value of assets decreases, or if investment returns are lower than what implicitly is required due to guarantees relating to, or discounting of, insurance technical provisions. The intention is to limit these risks by diversifying the investment portfolio by instrument, sector and geography. Currency risks are managed by keeping assets and liabilities sufficiently balanced across currencies or by using derivatives. In some cases, derivatives are also used to hedge the investment portfolio against value decreases.

The Boards of Directors of If and Sampo Life annually approve the companies' investment policies, which define the target allocation of the investment portfolio, the limits by instrument, the organisation of investment activities and the authorities to make and execute decisions. When allocating assets and setting return and liquidity targets, the structure and requirements of the companies' technical provisions, their risk-bearing capacities, regulatory requirements, rating ambitions and risk appetites are taken into account. The investment policy also includes guidelines on the use of derivatives.

The Boards of Directors in each insurance subsidiary and in Sampo plc appoint an Investment Committee, which is responsible for the organisation and control of investment activities within the respective legal entity. The Investment Committee ensures compliance with the principles and limits specified in the investment policy and reports to the company's Board on

Table 5

CURRENCY RISK BY SEGMENT ON 31 DECEMBER 2007

EURm		FOREIGN CURRENCY										
CURRENCY RISK OPEN POSITION	HOME CCY	EUR	SEK	NOK	DKK	EEK	LVL	LTL	GBP	USD	JPY	OTHER
P&C insurance	SEK	12		64	-1	-55	-7	-10	0	-5	6	3
Life insurance	EUR		16	18	29	6	2	5	0	-45	-4	51
Holding	EUR		2,783	0	0	0	0	0	0	13	0	0
Holding Company translation risk	EUR		1,886	0	0	0	0	0	0	0	0	0
Sampo Group total	**EUR**		**4,685**	**82**	**28**	**-49**	**-5**	**-5**	**0**	**-37**	**2**	**54**
5% depriciation of foreign currency against EUR, 2007			-234	-4	-1	2	0	0	0	2	0	-3
5% depriciation of foreign currency against EUR, 2006			-130	-3	0	0	-1	0	0	1	0	-6

investment activities. Sampo Life's Investment Committee meets every second week and If's Investment Committee meets at minimum eight times a year.

MARKET RISKS IN P&C INSURANCE

If's investment operations achieved a return of 2.6 per cent in 2007. The investment assets amounted to EUR 9,944 million. The split between asset classes on 31 December 2007 was 10 per cent equity, 89 per cent fixed income and 1 per cent other investment assets and the major market risks are thus equity risk and interest rate risk. The duration of fixed income investments decreased during the year from 3.0 years to 2.2 years.

The objective of investment activities in If is to, achieve the highest possible return on investment assets, with a balanced and controlled level of risk and with adequate liquidity; as well as reduce risk by asset matching of the liabilities

Equity Risk

If's equity portfolio is actively managed in-house with a long term investment horizon and at year end the exposure was EUR 1,008 million. The equity portfolio consists of Scandinavian small cap stocks as well as a diversified global fund portfolio. Mandates for investments are given in the investment policy and according to the governance structure. Currency exposure is hedged back to SEK and risk & return are monitored on a daily basis.

Interest Rate Risk

Both financial assets and technical provisions are exposed to changes in interest rates.

According to the matching principle described in If's investment policy, the composition of investments assets shall take into account the nature of the insurance commitments with respect to interest rate risk, inflation risk, liquidity risk and currency risk.

A major part of the technical provisions is stated in the balance sheet in nominal terms. Hence, from an accounting perspective, the company is mainly exposed to changes in future inflation. The economic value of these reserves, i.e. the present value of future claims payments is, however, exposed to changes in interest rates, either real or nominal.

The duration of reserves, and thus the sensitivity to changes in risk factors, depends on the product. The overall duration of all technical provisions is approximately 4.9 years. Durations for Motor claims in Finland and in Sweden and for Worker's Compensation claims in Finland are long, which is due to the fact that claims are settled in the form of annuities. Any duration gap between liabilities and fixed income assets is subject to constant monitoring and management.

Technical provisions can be split into provisions for unearned premiums and unexpired risks and provisions for claims outstanding. On 31 December 2007, net provisions for unearned premiums and unexpired risks amounted to EUR 1,636 million, while net provisions for claims outstanding amounted to EUR 6,406 millions.

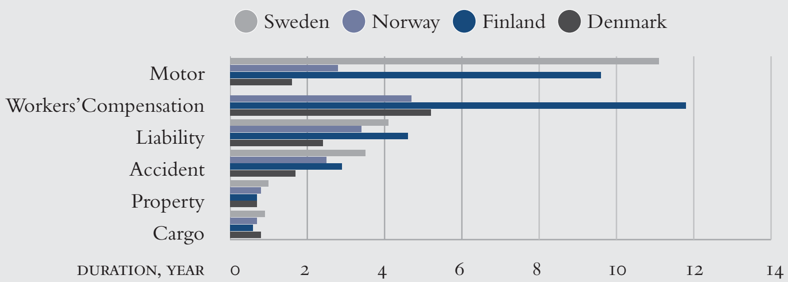
Reserves for annuities in Finland, Sweden and Denmark are discounted, and potential changes in the discount rates will affect the level of technical provisions. The discount rates vary between countries mainly due to differences in legislation. On 31 December, 2007 the total amount of discounted provisions is EUR 1,756 million.

Currency Risk

If writes insurance policies mostly denominated in Scandinavian currencies (SEK, NOK, DKK) and in Euro. The currency risk is reduced by matching technical provisions with investments in the corresponding currencies or by using derivatives.

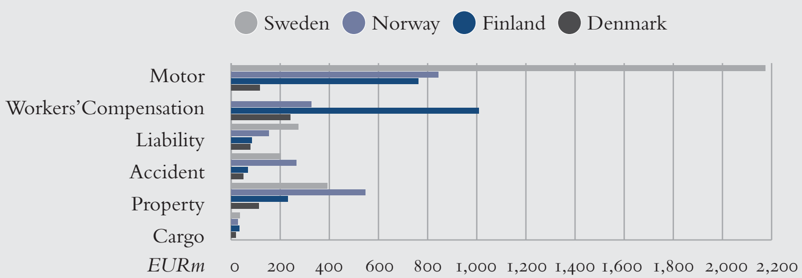
Graph 3

DURATION OF TECHNICAL PROVISION FOR CLAIMS OUTSTANDING PER PRODUCT



Graph 4

DISTRIBUTION OF TECHNICAL PROVISION PER PRODUCT



MARKET RISKS IN LIFE INSURANCE

Sampo Life's market risk derives mainly from equity investments and interest rate risk of assets and liabilities. Market risk is continuously followed and managed based on principles set by the Board in the Investment policy. The Investment policy outlines the acceptable risk profile and limitations to be followed in investment operations. The objective is to always, under all circumstances, exceed the required solvency and to ensure that investments are sufficient and eligible as assets covering technical provisions.

The investment return in 2007 was 5.0 per cent. The amount of investment assets was EUR 5,683 million. Sampo Life was a net seller of equity and decreased the equity allocation during the year. Short term fixed income investments were overweighted in 2007.

Sampo Life's investment operations' long-term target is to provide sufficient net income to cover guaranteed return plus bonuses based on principle of fairness and shareholder expectations with acceptable level of risk. More than 80 per cent of Sampo Life's liabilities with a guaranteed return originate from the long-term pension business with a very low surrender risk. This fact, coupled with high solvency, makes it possible for the investment strategy to look for an extra return, e.g. from the equity markets or from alternative investments.

Equity Risk

Sampo Life's equity portfolio is actively managed. The positions and risks in equity portfolio and related derivatives may not exceed the limits set in the Investment policy.

Geographical distribution of equity investments is presented in figure 4. The Nordic equity portfolio is managed by Sampo Group's Investment Management unit while the equity investments outside the Nordic area are mainly managed through funds or external asset managers. When investing in new funds, the Investment Committee or the Board of Sampo Life makes the investment decisions.

Interest Rate Risk

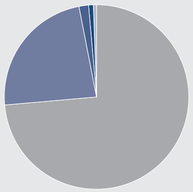
The most significant interest rate risk is that fixed income investments will not over a longer period of time generate a return at least equal to the required minimum return of technical provisions to cover guarantees. This risk increases when market interest rates decrease and remain at a low level. The duration gap between liabilities and fixed income investments is under constant monitoring and management.

Sampo Life has also prepared for low interest rates on the liability side by, for example, reducing the minimum guaranteed return in new contracts and increasing the reserve for policies with higher guaranteed returns. Due to these actions, the minimum return requirement for assets backing the pension business has been decreased to 3.5 per cent and, with respect to other business, to 2.5 per cent. In addition, existing contracts have been changed to accommodate improved management of reinvestment risk.

Figure 2

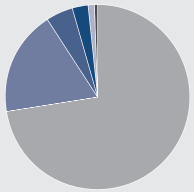
ALLOCATION OF INVESTMENT ASSETS, SAMPO GROUP, SAMPO LIFE, IF P&C, SAMPO PLC, 31 DECEMBER 2007

Total Sampo Group EUR 20,510 million



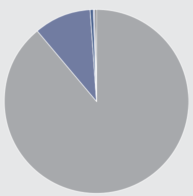
- Fixed Income 73.7%
- Equities 23.3%
- Private Equity 1.6%
- Real Estate 1%
- Hedge Funds 0.4%

Sampo Life EUR 5,683 million



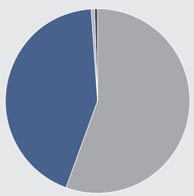
- Fixed Income 72.6%
- Equities 18.4%
- Private Equity 4.8%
- Real Estate 2.6%
- Hedge Funds 1.2%
- Commodities 0.4%

If P&C EUR 9,944 million



- Fixed Income 89.0%
- Equities 10.1%
- Private Equity 0.4%
- Real Estate 0.4%
- Hedge Funds 0.1%

Sampo plc EUR 4,883 million

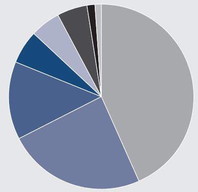


- Equities 55.7%
- Fixed Income 43.4%
- Private Equity 0.5%
- Real Estate 0.4%

Figure 3

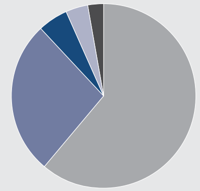
FIXED INCOME INVESTMENTS, SAMPO GROUP, SAMPO LIFE, IF P&C, 31 DECEMBER 2007

Total Sampo Group EUR 15,127 million



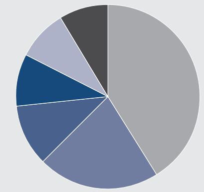
- Short Term Fixed Income 43%
- Scandinavian govt/credits 24%
- Euro govt/credits 14%
- Other ccy govt/credits 6%
- Swedish Index Linked Bonds 5%
- US govt/credits 5%
- Global High Yield 1%
- Other fixed income 1%

Sampo Life EUR 4,112 million



- Short Term Fixed Income 61%
- Euro govt/credits 27%
- Global High Yield 5%
- Other fixed income 4%
- Other ccy govt/credits 3%

If P&C EUR 8,893 million

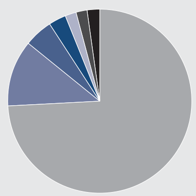


- Scandinavian govt/credits 40%
- Short Term Fixed Income 22%
- Euro govt/credits 11%
- Other ccy govt/credits 9%
- Swedish Index Linked Bonds 9%
- US govt/credits 9%

Figure 4

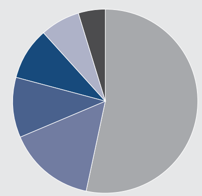
EQUITY INVESTMENTS, SAMPO GROUP, SAMPO LIFE, IF P&C, 31 DECEMBER 2007

Total Sampo Group EUR 4,768 million



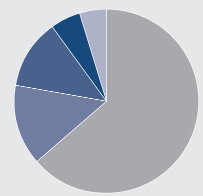
- Scandinavia 74%
- Finland 12%
- Western Europe 5%
- North America 3%
- East Europe 2%
- Far East 2%
- Japan 2%

Sampo Life EUR 1,039 million



- Finland 53%
- Scandinavia 15%
- East Europe 11%
- Western Europe 9%
- Far East 7%
- Japan 5%

If P&C EUR 1,008 million



- Scandinavia 64%
- Western Europe 14%
- North America 12%
- Japan 5%
- Far East 5%

The investment policy sets limits for fixed income investments regarding e.g. concentration risk and counterparty ratings. The major part of fixed income investments will in all circumstances consist of credit risk free government bonds and short-term fixed income investments in euro area.

Risks in Alternative Investments

Sampo Life's alternative investments include real estate, private equity, investments in hedge funds and commodities. The investment policy sets limits for maximum allocation. On 31 December, 2007 the share of alternative investments was 9.0 per cent of the total investment portfolio.

Private equity, hedge funds and commodities are managed by external asset managers. The private equity portfolio is diversified both according to fund type and geographical areas. Hedge fund investments are placed both directly into individual funds and into fund of funds in order to attain sufficient diversification between funds and investment styles. Commodity investments are made through derivatives and funds.

Sampo Group's real estate management unit manages the real estate portfolio. The portfolio includes direct investments in properties and investments in indirect vehicles within decided allocations. The main risks are changes in property values and changes in rental income. These risks are limited by diversifying holdings both geographically and by type of property. In rental activities, the benefits of diversification are pursued by the length of the tenancy relationships and the industry of the lessee.

Currency Risk

Sampo Life's currency risk derives mainly from investments in financial assets in other currencies than EUR. Sampo Life's currency strategy is based on active management of the FX position. The objective is to bear absolute surplus value in proportion to a situation where the open currency risk exposure is fully hedged.

5 Credit Risks

Credit risk is the risk of loss, or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk or spread risk. Credit risk arises both from investment and insurance operations.

Credit risk in the investment operations includes the risk that a government or corporate issuer will not fulfill its obligations or otherwise obstruct the remittance of funds by debtors, particularly in the context of fixed income securities.

CREDIT RISK MANAGEMENT AND CONTROL

The Investment policies state specific credit risk limits, through maximum exposures towards single issuers or per class of rating. The credit risk in investment operations can be divided into

Figure 5

RATING FIXED INCOME INVESTMENTS; SAMPO GROUP, SAMPO LIFE, IF P&C, 31 DECEMBER 2007

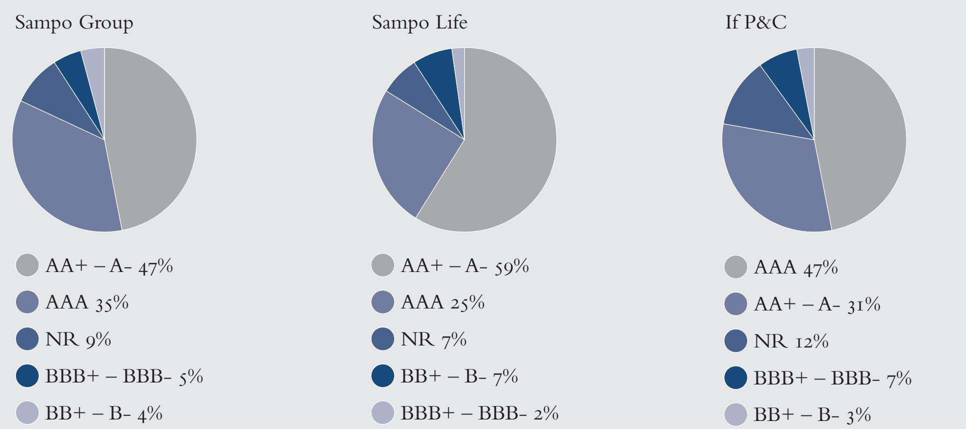
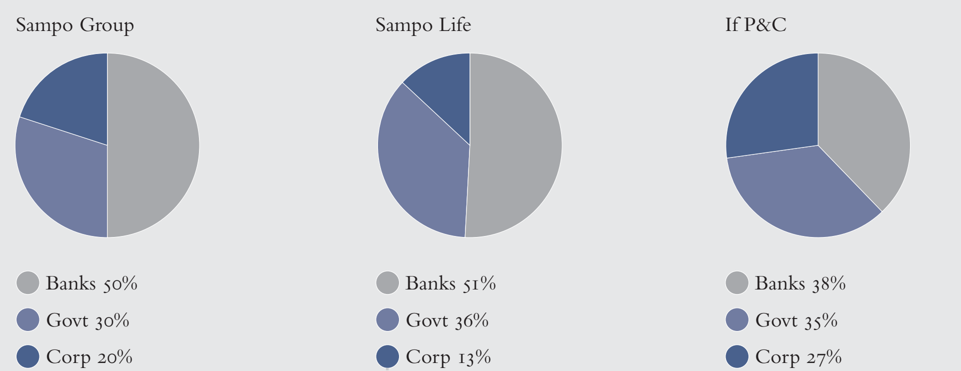


Figure 6

SECTOR ALLOCATION FIXED INCOME INVESTMENTS; SAMPO GROUP, SAMPO LIFE, IF P&C, 31 DECEMBER 2007



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 former case, the entire value of the bond is at risk, whereas in the latter case it is only the current market value of the derivative contract that is at risk.

Credit ratings mainly from Standard & Poor's, Moody's and Fitch, are used to judge the creditworthiness of issuers and counterparties. The credit risk is controlled by restrictions and limits given in the investment policy, and followed up on a continuous basis.

CREDIT RISKS IN P&C INSURANCE

The credit risk in If's investment portfolio is mainly associated with corporates in the Nordic region. Before an investment in a new instrument, the credit standing of the issuer is thoroughly assessed as well as valuation and liquidity of the instrument. The exposure is controlled by having limits both for individual counterparties as well as per rating class in total. The portfolio development and the counterparties credit standing is followed up continuously.

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

The distribution of reinsurance receivables and reinsurers' share of claims provisions on 31 December, 2007 per rating category is presented in Table 6. In the table reinsurance receivables and reinsurers' portion of outstanding claims amounting to EUR 137 million are excluded. The excluded amount relates mainly to captives and statutory pool solutions.

Table 6

REINSURANCE RECEIVABLES AND REINSURERS' PORTION OF OUTSTANDING CLAIMS PER RATING CATEGORY, IF P&C

	2007		2006
RATING	TOTAL EURm	% OF TOTAL	TOTAL EURm
AAA	10	2.9	8
AA	266	79.9	258
A	46	13.9	73
BBB	2	0.5	5
BB - CCC	0	0.1	1
Not rated	9	2.7	11
Default	0.4	0.1	0.4
Grand Total	**332**	**100.0**	**357**

In order to limit and control credit risk associated with reinsurance, If has a Reinsurance security policy which sets requirements for the reinsurers' minimum credit ratings and the maximum exposure to individual reinsurers. The distribution of ceded treaty and facultative premiums in 2007 per rating category is presented in Table 7.

Table 7

RATINGS FOR CEDED TREATY AND FACULTATIVE PREMIUMS, IF P&C

	2007		2006
S&P RATING	PREMIUMS EURm	% OF TOTAL	PREMIUMS EURm
AAA	4	7	4
AA+	0	0	0
AA	4	6	0
AA-	35	55	50
A+	10	16	5
A	4	6	8
A-	7	11	6
BBB+	0	0	1
BBB	0	0	0
NR	0	0	0
Total	**64**	**100**	**73**

CREDIT RISKS IN LIFE INSURANCE

Exposure to credit risks in Sampo Life's investment portfolio is mainly associated with fixed income assets. The investment policy sets restricting limits for different rating classes. Credit risk reporting is based primarily on the rating of the issuer, but instrument ratings are also used (figure 5).

Currently reinsurers' share of Sampo Life's technical provisions is very small and thus credit risk related to reinsurers is not a significant risk.

6 Liquidity Risks

Liquidity risk is the risk that insurance undertakings are unable to realize investments and other assets in order to settle their financial obligations when they fall due.

LIQUIDITY RISK MANAGEMENT AND CONTROL

Liquidity risk is a minor risk in P&C insurance, as premiums are collected in advance, large claims payments are usually known a long time before they fall due and the investment portfolio comprises securities which are readily marketable without material movements in market prices. The expected maturity for technical provisions is presented in Table 8.

As only a relatively small part of Sampo Life's liabilities can be surrendered, it is possible to forecast short-term cash-flows related to claims payments. Because of this, and the high portion of liquid assets, liquidity risk does not play a major role in Sampo's life business.

Liquidity risks are managed on a legal entity level by cash management functions responsible for liquidity planning. Table 8 shows a contractual maturity analysis. In the table, financial assets and liabilities are divided into contracts having 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.

Figure 7

DISTRIBUTION OF TECHNICAL PROVISIONS FOR CLAIMS OUTSTANDING ON PERIOD OF PAYMENT

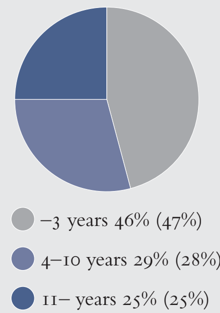


Table 8

FINANCIAL ASSETS AND FINANCIAL LIABILITIES TOGETHER WITH THE INSURANCE LIABILITY

CASH FLOWS ACCORDING TO CONTRACTUAL MATURITY (EXPECTED FUTURE PAYMENTS OF TECHNICAL PROVISIONS), NO ELIMINATIONS	CARRYING AMOUNT TOTAL			CASH FLOWS						
EURm	CARRYING AMOUNT TOTAL	NON MATURITY CARRYING AMOUNT	CARRYING AMOUNT WITH CONTRACTUAL MATURITY	2008	2009	2010	2011	2012	2013–2022	2023–
P&C insurance										
Financial Assets	10,105	1,651	8,454	2,356	1,619	1,183	587	1,331	2,340	199
Financial Liabilities	90	90	0	28	28	28	228	13	243	0
Net technical provisions	8,043	8,043	0	2,740	985	559	435	354	1,972	2,719
Life insurance										
Financial Assets	5,554	1,722	3,832	2,653	273	308	126	89	690	268
Financial Liabilities	108	0	108	8	8	8	8	8	108	0
Net technical provisions	4,621	4,621	0	534	435	426	413	369	2,307	1,869
Sampo plc										
Financial Assets	5,010	2,769	2,241	2,127	10	10	10	10	135	0
Financial Liabilities	604	0	604	28	628	0	0	0	0	0

7 Insurance Risks

INSURANCE RISKS IN P&C INSURANCE

The main insurance risks in the P&C insurance segment are underwriting risk and provision risk. Underwriting risk is the risk of losses due to inadequate pricing, risk concentration, improper reinsurance coverage or random fluctuations in frequency and/or size of claims. Naturally a crucial factor contributing to the profitability of P&C insurance operations is the company's ability to accurately estimate future claims and administrative costs and thereby the correct pricing of insurance contracts.

If sets the standard for its underwriting by having implemented an Underwriting policy and detailed Underwriting guidelines, which secure an accurate assessment and quantification of the risks If undertakes, set limits for maximum insured values and define the risks that may be accepted.

A sensitivity analysis of the aggregated underwriting risk on 31 December, 2007 is presented in table 9.

Table 9

SENSITIVITY TEST, UNDERWRITING RISK

EURm	2007	2006
EFFECT ON PRETAX PROFIT		
1% change in Private's combined ratio	+/- 20	+/- 20
1% change in Commercial's combined ratio	+/- 12	+/- 12
1% change in Industrial's combined ratio	+/- 5	+/- 5
1% change in Baltics' combined ratio	+/- 1	+/- 1
1% change in premium level	+/- 38	+/- 39
1% change in claims frequency	+/- 28	+/- 28
10% change in ceded reinsurance premium	+/- 24	+/- 24

Provision risk is the risk of loss due to technical provisions not being sufficient to cover cost of claims. The estimation of technical provisions for P&C insurance business does always include an element of uncertainty as the provisions represent an estimate of future claims payments.

Underwriting Risk Management and Control in P&C Insurance

The Underwriting policy ('UW policy') is the principal document for underwriting activities and sets general principles, restrictions, limits and directions for the organisation of underwriting activities. The Underwriting Committee is responsible for the administration and monitoring of the UW policy. The Board of Directors of If approves the UW policy at least annually.

The UW policy is supplemented with detailed underwriting guidelines which outline in more detail how to conduct underwriting within each of If's Business Areas. 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 and underwriting limits such as sums insured and acceptable risks.

Table 10

SENSITIVITY TEST PROVISION RISK

PORTFOLIO	RISK	CHANGE IN RISK PARAMETER	COUNTRY	EFFECT EURm 2007
Nominal reserves	Inflation increase	Increase by 1%-point	Sweden	177
			Denmark	9
			Norway	43
			Finland	15
Discounted reserves (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1%-point	Sweden	46
			Denmark	9
			Finland	143
Annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	8
			Denmark	<1
			Finland	16

Within each business area in If, separate underwriting and pricing units are responsible for the tariffs and pricing of insurance contracts. Among other procedures, statistical analyses of historical claims and individual analyses of major undertakings are conducted on a continuous basis in order to secure adequate pricing.

Large claims are an inherent part of the property and casualty insurance business. If's Reinsurance policy stipulates guidelines for purchase of reinsurance. Based on statistical methods and models, the need and optimal choice of reinsurance is evaluated. 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 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
- Technical, or catastrophe, models in which catastrophes are simulated based on historical and meteorological data. Subsequently, insurance losses can be calculated, taking into account vulnerability, exposure and policy terms.

Provision Risk Management and Control in P&C Insurance

The estimation of technical provisions for P&C insurance portfolios includes an element of uncertainty, since the provisions correspond to an approximation of future claims payments. The estimates are based on the facts and data on historical claims and exposures that are known and available at the closing date. Other factors that are monitored are the loss development trends, the level of unpaid claims, changes in legislation, legal cases and economic conditions. The methods used in general are the Chain Ladder and the Bornhuetter-Fergusson methods combined with projections of numbers of claims and average claims costs.

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 claims with an extended time horizon. Workers' Compensation (WC), Motor Third Part Liability (MTPL), Personal Accident, and Liability insurance are products with such characteristics.

For statutory insurance lines such as MTPL and WC, legislation differs significantly between countries. Some of the Finnish, Swedish and Danish provisions consist of annuities which are sensitive to changes in mortality assumptions and discount rates. The Swedish technical provisions are sensitive to changes in inflation. The proportion of the technical provisions for claims related to MTPL and WC is 68 per cent of the total net claims provisions.

If's Chief Actuary is responsible for developing and presenting guidelines on how the technical provisions are to be calculated and for assessing whether the overall level of provisions are sufficient in relation to the set policy. The Board of Directors of If approves guidelines governing the calculation of technical provisions, as stated in the Guiding Technical Principles. The Chief Actuary issues quarterly a report on the adequacy of technical provisions, which is submitted to the Board of Directors, If's Risk Control Committee and If's CEO and CFO.

The Actuarial Committee is a preparatory and advisory board for If's Chief Actuary. The committee makes recommendations on policies and guidelines for technical calculations, including the actuarial sections of the Guiding Technical Principles. It also monitors technical provisions and gives advice to If's Chief Actuary regarding their adequacy.

INSURANCE RISKS IN LIFE INSURANCE

As for P&C insurance, insurance risk in life insurance can be split into underwriting and provision risks. Underwriting risk is the risk of losses due to inadequate pricing, risk concentration, improper reinsurance coverage or random fluctuations in frequency and size of claims. The underwriting risk is mostly related to mortality rate and the incidence of disability and illness. Provision risk is the risk of loss due to technical provisions not being sufficient to cover cost of claim. In life insurance, the main provision risk is due to the discount rate risk, but also contains the same risks as the underwriting risk, such as random fluctuations in the claims.

Among the most significant of underwriting risks included in life insurance policies is protection covering death, disability and medical expenses. These risks are limited through careful risk selection, by pricing to reflect the risks and costs by setting upper limits for the protection granted and by reinsurance. The amount of individual risk is limited by reinsurance. The Board of Directors annually determines the maximum amount of risk to be retained for own account, which for Sampo Life is EUR 0.5 million. To mitigate the effects of possible catastrophes, Sampo Life participates in the catastrophe pool of Finnish life insurance companies. Possible pandemics are not covered by the reinsurance. At this stage, no reliable predictions of mortality in the case of a pandemic can be made. As an indication of the risk, the effect of doubling normal mortality in the insurance portfolio would mean around EUR 15 million in additional cost for Sampo Life.

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

Table 11 shows the result of underwriting risks in Sampo Life's Finnish life insurance policies. The ratio of the actual claims costs assumed was 112 per cent in 2007 (88 per cent in 2006). Excluding the group pension longevity supplement provision the ratio was 84 per cent.

Provision risk is managed by analysing and annually reviewing the assumptions related to the liabilities. The most significant provision risks are discount rate risk and risk of increase in life expectancy within group pension policies. In most with-profit policies, the guaranteed return rate used in the premium basis is 3.5 per cent. In individual policies sold in Finland before 1999, the guaranteed return rate is 4.5 per cent, this being also the statutory maximum discount rate of these policies. With respect to these individual pension policies, the maximum discount rate used when discounting liabilities has been decreased to 3.5 per cent. The discount rate of life insurance and capital redemption policies having a guaranteed interest of 3.5 or 4.5 per cent has been decreased to 2.5 per cent. The provisions have been increased by EUR 143 million (EUR 142 million) due to these measures.

The provisions related to each product type and guaranteed returns are shown in table 12. The table also shows the change in each category during 2007. Table 13 also shows the maturity of each category.

The longevity risk in the group pension liabilities is analysed regularly. The assumed life expectancy in all group pension premiums and liabilities was raised in 2002. During 2007 further changes have been made. Part of the provisions of group pension consists of socio-economically selected pensioners. Provisions relating to this group were strengthened by EUR 20.6 million on 31 December, 2007. Because of this, supplement provision mortality result of group pension is negative.

In most individual pension insurance policies, the longevity risk is smaller than in group pension insurance due to the fixed term of the policies and because most policies have been issued with death cover that compensates for the longevity risk. Policyholders are allowed to cancel the death cover and they are allowed to change pension plans. Both of these changes could increase longevity risk, but so far these options have not had any material effect.

In some older individual policies the mortality rate and structure of products differ from the rest of the portfolio, therefore, valuation basis of these policies was changed and the provision was supplemented in year 2004. Since the change of the liability valuation, the mortality result within individual pension policies has been close to zero.

It is also worth noting that surrender risk does not play an important role in valuation of pension liabilities. The surrender risk included in provisions is of significance in with-profit insurance. In pension insurance, surrender is possible only in exceptional cases. Surrender risk is therefore only really present in life insurance and capital redemption policy operations. This risk is reduced by the relatively short maturity of such contracts and having always at least equal value of liabilities in balance sheet as the surrender value is.

Table 11

CLAIM RATIOS OF SAMPO LIFE AFTER REINSURANCE, THE FIGURES OF EMPLOYEES' GROUP LIFE EXCLUDED.

	2007			2006		
EURm	RISK INCOME	CLAIM EXPENSE	CLAIM RATIO	RISK INCOME	CLAIM EXPENSE	CLAIM RATIO
Life insurance	24.1	13.3	55%	20.7	11.3	54%
Mortality	11.8	4.6	39%	10.0	3.3	33%
Morbidity	12.3	8.7	70%	10.7	7.9	74%
Pension	51.1	70.7	138%	44.8	46.6	104%
Individual pension	8.3	8.8	105%	8.0	8.4	105%
Group pension	42.8	61.9	145%	36.8	38.2	104%
Mortality *)	37.2	57.4	154%	31.2	33.8	109%
Disability	5.6	4.5	80%	5.6	4.4	78%
Sampo Life	**75.2**	**83.9**	**112%**	**65.6**	**57.9**	**88%**

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

Table 12

ANALYSIS OF THE CHANGE IN PROVISIONS IN 2007

LIABILITIES ARISING FROM INSURANCE AND INVESTMENT CONTRACTS OF SAMPO LIFE GROUP *)

EURm	LIABILITY 2006	PREMIUMS	CLAIMS PAID ***)	EXPENSE CHARGES	GUARANTEED INTEREST	BONUSES	OTHER	LIABILITY 2007	SHARE %
SAMPO LIFE PARENT COMPANY									
Group pension	**2,386**	**94**	**-161**	**-9**	**82**	**26**	**4**	**2,422**	**36**
Guaranteed rate 3.5%	2,378	82	-160	-9	81	26	3	2,402	36
Guaranteed rate 2.5% or 0.0%	8	12	-1	-1	0	0	1	20	0
Individual pension insurance	**1,380**	**51**	**-98**	**-8**	**60**	**5**	**5**	**1,395**	**21**
Guaranteed rate 4.5%	1,254	35	-92	-7	55	3	2	1,250	19
Guaranteed rate 3.5%	112	11	-3	-1	4	2	2	127	2
Guaranteed rate 2.5% or 0.0%	14	5	-3	0	0	0	1	18	0
Individual life insurance	**544**	**35**	**-126**	**-10**	**18**	**4**	**-22**	**444**	**7**
Guaranteed rate 4.5%	213	7	-74	-2	15	0	-6	155	2
Guaranteed rate 3.5%	301	14	-50	-5	2	3	-15	250	4
Guaranteed rate 2.5% or 0.0%	30	14	-3	-3	1	1	-1	40	1
Capital redemption operations **)	**134**	**1**	**-36**	**0**	**4**	**1**	**-1**	**103**	**2**
Guaranteed rate 4.5%	49	0	-2	0	2	0	0	48	1
Guaranteed rate 3.5%	76	0	-33	0	2	1	0	45	1
Guaranteed rate 2.5% or 0.0%	9	1	-1	0	0	0	-1	9	0
Unit linked liabilities	**1,694**	**344**	**-112**	**-25**	**0**	**0**	**56**	**1,957**	**29**
Individual pension insurance	489	98	-3	-11	0	0	11	584	9
Individual life	1,046	200	-93	-11	0	0	38	1,180	18
Capital redemption operations **)	62	15	-14	0	0	0	0	63	1
Group pension	97	31	-2	-3	0	0	7	130	2
Future bonus reserves	**36**	**0**	**0**	**0**	**0**	**0**	**4**	**40**	**1**
Reserve for decreased discount rate	**142**	**0**	**0**	**0**	**0**	**0**	**1**	**143**	**2**
Assumed reinsurance	**7**	**3**	**-2**	**0**	**0**	**0**	**-2**	**5**	**0**
Other liabilities	**48**	**28**	**-13**	**-10**	**1**	**0**	**-6**	**48**	**1**
SAMPO LIFE PARENT COMPANY TOTAL	**6,371**	**555**	**-547**	**-62**	**164**	**36**	**39**	**6,556**	**98**
SUBSIDIARIES	**76**	**69**	**-12**	**-7**	**1**	**0**	**8**	**136**	**2**
Unit linked liabilities	58	59	-9	-3	0	0	10	115	2
Other liabilities	18	10	-2	-3	1	0	-2	21	0
SAMPO LIFE GROUP TOTAL	**6,447**	**625**	**-559**	**-68**	**165**	**36**	**47**	**6,692**	**100**

*) *Before reinsurers' share*
**) *Investment contracts*
***) *Operating expenses not included*

The most significant items in the column "Other" are the savings conversions between unit-linked and with-profit savings and the changes in the values of assets linked to unit-linked policies. The column also includes the risk result.

Table 13

MATURITY OF SAMPO LIFE GROUP'S BUSINESS ON 31 DECEMBER, 2007

MATURITY OF INSURANCE AND INVESTMENT CONTRACTS OF SAMPO LIFE GROUP *)

		MATURES IN THE YEARS						
EURm	DURATION	2008 –2009	2010 –2011	2012 –2016	2017 –2021	2022 –2026	2027 –2031	2032 –
SAMPO LIFE PARENT COMPANY								
Group pension	**9.7**	**374**	**359**	**797**	**661**	**519**	**385**	**678**
Guaranteed rate 3.5%	9.7	370	356	791	656	516	382	672
Guaranteed rate 2.5% or 0.0%	9.1	4	3	6	5	4	3	6
Individual pension insurance	**6.8**	**280**	**311**	**550**	**326**	**199**	**107**	**91**
Guaranteed rate 4.5%	6.7	260	285	497	291	175	90	73
Guaranteed rate 3.5%	8.2	18	23	47	31	21	16	15
Guaranteed rate 2.5% or 0.0%	8.4	3	3	6	4	3	2	3
Individual life insurance	**4.0**	**173**	**117**	**120**	**39**	**16**	**11**	**22**
Guaranteed rate 4.5%	4.1	89	17	36	18	9	7	14
Guaranteed rate 3.5%	3.7	76	99	81	14	5	3	6
Guaranteed rate 2.5% or 0.0%	6.1	8	1	3	6	1	1	3
Capital redemption operations **)	**1.5**	**75**	**33**	**3**	**1**	**0**	**0**	**0**
Guaranteed rate 4.5%	0.5	50	0	0	0	0	0	0
Guaranteed rate 3.5%	2.2	22	27	0	0	0	0	0
Guaranteed rate 2.5% or 0.0%	3.3	3	5	3	1	0	0	0
Unit linked liabilities	**7.4**	**351**	**443**	**653**	**293**	**229**	**188**	**373**
Individual pension insurance	12.7	20	41	143	152	147	122	164
Individual life	5.3	303	371	453	105	52	44	169
Capital redemption operations **)	3.3	22	19	25	2	0	0	0
Group pension	12.1	6	11	32	34	30	21	40
Future bonus reserves	**1.0**	**27**	**13**	**0**	**0**	**0**	**0**	**0**
Reserve for decreased discount rate	**6.1**	**30**	**25**	**40**	**23**	**13**	**7**	**7**
Assumed reinsurance	**0.8**	**3**	**0**	**0**	**0**	**0**	**0**	**0**
Other liabilities	**0.8**	**43**	**4**	**0**	**0**	**0**	**0**	**0**
SAMPO LIFE PARENT COMPANY TOTAL	**7.7**	**1,357**	**1,304**	**2,162**	**1,342**	**976**	**698**	**1,171**
SUBSIDIARIES		**47**	**18**	**27**	**42**	**15**	**8**	**11**
Unit linked liabilities		41	17	21	36	12	6	10
Other liabilities		6	2	6	6	4	2	1
SAMPO LIFE GROUP TOTAL		**1,404**	**1,323**	**2,190**	**1,384**	**991**	**706**	**1,182**

*) *Before reinsurers' share*

**) *Investment contracts*

The maturing amounts of Sampo Life are evaluated by assuming lapse rates based on past experience, guaranteed interests and bonus rates based on the liability adequacy test.

Insurance Risk Management and Control in Life Insurance

Sampo Life's Underwriting policy sets principles for risk selection and limits for sum insured. Sampo Life monitors monthly that principles are followed and limits are not exceeded.

Sampo Life conducts thorough analyses, at least annually, of the underwriting result i.e. the actual claims expenditure and the claims expenditure assumed in insurance premiums of every risk cover. Based on these analyses, Sampo Life sets tariffs for the new business, updates Underwriting policy and based on these tests makes changes to the provisions relating to existing business if necessary. In both disability and medical expenses policies, the company has the right to raise insurance premiums for existing policies if the claims experience deteriorates.

The administration and acquisition expenses of every product are followed annually and possible changes in tariffs and processes are made.

The adequacy of liabilities is tested quarterly and changes in provisions are made according to this liability adequacy test. Decisions on changing the tariffs and the reserving principles are made by the Board of Directors.

The Reinsurance principles are reviewed and approved annually by the Board of Directors.

8 Concentration Risks

Concentration risk is the exposure to increased losses associated with inadequately diversified portfolios of assets and/or liabilities.

CONCENTRATION RISK MANAGEMENT AND CONTROL

If underwrites business in the Nordic and Baltic countries. Given the large number of customers and the fact that business is underwritten in different geographical areas and across several classes of insurance, the portfolio is relatively well diversified.

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

The largest single investment exposure to the Sampo Group on 31 December 2007 was related to its equity holding in Nordea. As of year-end, the Sampo Group owned 9.61 per cent of total Nordea shares having a market value of EUR 2,847 million.

Concentration risks related to other risk classes than market and credit risks are of less significance. Insurance risk present in the P&C insurance and life insurance segments respectively has a low degree of correlation. The same is true for operational risk because core operational processes in If P&C and Sampo Life are run and managed independently of each other.

Table 14

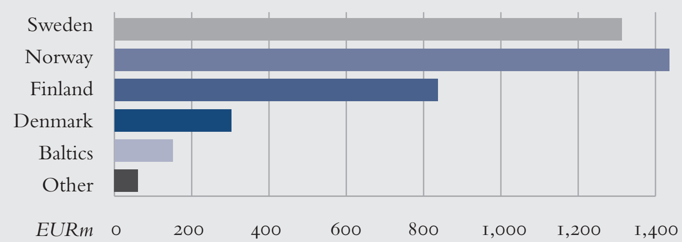
CONCENTRATION RISK SAMPO GROUP ON 31 DECEMBER 2007

TOP 10 CONCENTRATIONS

EURm	MARKET VALUE
Nordea Bank Ab	4,235.7
Sweden	2,010.3
Svenska Handelsbanken Ab	1,550.8
Skandinaviska Enskilda Banken Ab	878.0
Swedbank Ab	845.5
Danske Bank A/S	832.0
Oko Bank plc	720.5
Germany	537.4
France	462.2
Netherlands	264.0
Total Top 10 Exposures	**12,336.6**

Graph 5

PREMIUM INCOME PER COUNTRY, IF P&C, 2007



One concentration risk for If is the exposure to natural disasters, such as winter storms and floodings. The most exposed geographical areas to such disasters are Denmark, Norway and Sweden. The risk is measured by analysing historical events and current exposures, and is managed by purchasing reinsurance. Since 2003, a Nordic-wide reinsurance program has been in place in If. In 2007 the retentions levels were between SEK 100 million (app. EUR 10 million) and SEK 200 million (app. EUR 21 million) per risk and SEK 200 million per event. In terms of insurance classes, Motor insurance constitutes a relatively large share of the overall business underwritten, especially in Sweden.

9 Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, from personnel and systems, or from external events.

OPERATIONAL RISK MANAGEMENT AND CONTROL

If identifies operational risks through several different sources: Operational risk assessment (ORA) is an annual process where operational risks are identified and assessed through interviews and workshops. The risks are analysed and prioritized in all of If's business areas and corporate functions as a part of the annual business planning process. In addition, Operational Risk Management is continuously identifying operational risks through the following sources: incident reporting, environmental analysis and operational risk projects. These are reported on a quarterly basis to Operational Risk Committee in If and to If's Risk Control Committee.

Sampo Life conducts an annual self-assessment of its operational risks. Sampo Life has established a management committee for follow-up and control of operational risks. The committee discusses and coordinates risk management issues regarding operational risks, such as policies and recommendations concerning operational risk management. The committee also discusses deviations from policies regarding operational risks and monitoring of operational risks identified in the self-assessments as well as occurred incidents. The committee meets at least four times a year. Reports on operational risks are submitted to the management and Board of Directors on a quarterly basis.

Continuity plans have been prepared. On the basis of these plans, key functions can be continued in situations of possible disruption. The plans are regularly tested and updated at least annually. Continuity issues are reported to Sampo plc's Board of Directors.

10 Preparation for Legal Changes

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

A separate programme to prepare If for the anticipated changes is organized and was introduced during 2007. The programme has during the year encompassed involvement in the Solvency II debate and a review of If's risk management framework, internal control and corporate governance as well as the internal capital model. Based on the review and the continuous process for improving risk management, projects will be initiated during 2008 to secure full compliance with Solvency II.

Finnish solvency rules for life insurers will change during year 2008. New rules will be based on similar framework as the Solvency II draft, but at a lower confidence level. One aim is to ensure that Finnish life companies will be well prepared for Solvency II before 2012. As part of Sampo Life's Solvency II preparations and improved risk management framework, the company has among other things worked on the development of its internal capital model, participated in QIS 3, and improved control related to operational risk.

Other Notes

1 Discontinued Operations

On 9 Nov. 2006 Sampo plc signed a contract to sell the entire share stock of Sampo Bank plc to Danske Bank A/S. As a result, in the financial year for 2006 the Banking and investment services segment was classified as discontinued operations. The assets and liabilities related to the segment are presented, for the year 2006, in the balance sheet items Assets classified as held for sale (Note 23) and Liabilities directly associated with assets classified as held for sale (Note 30).

ASSETS CLASSIFIED AS HELD FOR SALE, ASSOCIATED LIABILITIES AND RELATED AMOUNTS RECOGNISED IN EQUITY

EURm	2006
Assets	
Property, plant and equipment	90
Intangible assets	64
Financial assets	24,251
Tax assets	24
Other assets	435
Cash and cash equivalents	1,722
Total assets	**26,585**
Liabilities	
Financial liabilities	23,504
Tax liabilities	24
Other liabilities	992
Total liabilities	**24,520**
Equity	
Income and expense recognised directly in equity	
(fair value reserve)	-3

Notes to the Income Statement

2 Insurance Premiums Written

P&C INSURANCE

EURm	2007	2006
Premiums from insurance contracts		
Premiums written, direct insurance	4,000	3,938
Premiums written, assumed reinsurance	85	81
Premiums written, gross	**4,085**	**4,019**
Reinsurers' share of premiums written	-245	-246
Premiums written, net	**3,840**	**3,773**
Change in unearned premium provision	-43	-16
Reinsurers' share	0	8
Change in unearned premium provision, net	**-43**	**-8**
Premiums earned, total	**3,797**	**3,765**

LIFE INSURANCE

EURm	2007	2006
Premiums from insurance contracts		
Premiums written, direct insurance	607	611
Premiums written, assumed reinsurance	2	3
Insurance contracts total, gross	**609**	**614**
Premium revenue ceded to reinsurers on insurance contracts issued	-6	-5
Insurance contracts total, net	**603**	**609**
Investment contracts	15	51
Premiums written, net [1)]	**618**	**660**
Group total	**4,458**	**4,433**

[1)] *The change in unearned premiums is presented in Note 5 "The change in insurance and investment liabilities".*

Specification of premiums written in life insurance

EURm	2007	2006
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	211	223
Premiums from unit-linked contracts	388	384
Premiums from other contracts	7	4
Total	**607**	**611**
Assumed reinsurance	2	3
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	1	6
Premiums from unit-linked contracts	15	45
Total	**15**	**51**
Insurance and investment contracts, total	**625**	**665**
Reinsurers' share	-6	-5
Premiums written, total	**618**	**660**
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	404	395
Single premiums, insurance contracts	202	216
Single premiums, investment contracts	15	51
Total	**622**	**662**

3 Net Income from Investments

P&C INSURANCE

EURm	2007	2006
Financial assets		
Derivative financial instruments		
Gains/losses	35	20
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	363	292
Gains/losses	-82	-84
Equity securities		
Gains/losses	-114	181
Dividend income	43	27
Total	**210**	**416**
Loans and receivables		
Interest income	28	17
Total from financial assets	**273**	**453**
Other financial expenses	-1	-2
Other assets		
Investment properties		
Gains/losses	6	2
Other	-1	-1
Total from other assets	**5**	**1**
Effect of discounting annuities	-56	-54
Fee and commission expenses		
Asset management	-10	-8
P&C insurance, total	**211**	**390**
Net income from investments includes exchange differences		
Arising from insurance business	10	-4
Arising from investments	-1	2

LIFE INSURANCE

EURm	2007	2006
Financial assets		
Derivative financial instruments		
Gains/losses	45	20
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	5	5
Gains/losses	-4	0
Equity securities		
Gains/losses	0	0
Dividend income	0	0
Total	**0**	**5**
Investments related to unit-linked contracts		
Debt securities		
Interest income	3	1
Gains/losses	-7	1
Equity securities		
Gains/losses	61	138
Dividend income	0	0
Total	**57**	**139**
Investments in securities held-to-maturity		
Debt securities		
Interest income	1	1
Gains/losses	-	0
Total	**1**	**1**
Loans and receivables		
Interest income	5	4
Gains/losses	-3	-1
Total	**2**	**3**

EURm	2007	2006
Financial assets available-for-sale		
Debt securities		
Interest income	143	112
Gains/losses	-27	-15
Equity securities		
Gains/losses	263	231
Impairment losses	-10	-13
Dividend income	109	95
Total	**477**	**410**
Total financial assets	**583**	**578**
Other assets		
Investment properties		
Gains/losses	1	8
Impairment losses	0	-1
Other	4	6
Total other assets	**5**	**13**
Net fee income		
Asset management	-16	-14
Fee income	28	24
Total	**12**	**10**
Life insurance, total	**600**	**601**
Net income from investments includes exchange differences		
Arising from insurance business	-	0
Arising from investments	24	12

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 234 (205) transferred from the fair value reserve.

HOLDING

EURm	2007	2006
Financial assets		
Derivative financial instruments		
Gains/losses	2	-5
Loans and receivables		
Interest income	3	10
Financial assets available-for-sale		
Debt securities		
Interest income	123	8
Gains/losses	-	-1
Equity securities		
Gains/losses	-1	1
Dividend income	43	4
Total	**165**	**13**
Total financial assets	**170**	**18**
Other assets		
Investment properties		
Gains/losses	-1	6
Other	0	-1
Total other assets	**-2**	**6**
Holding, total	**168**	**24**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm -1 (3) transferred from the fair value reserve.

Elimination items between segments	-5	-7
Group, total	**974**	**1,008**

The changes in the fair value reserve are disclosed in the Statement of changes in equity on p. 48.

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.

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.

4 Claims Incurred

P&C INSURANCE *EURm*	2007 GROSS	 CEDED	 NET	2006 GROSS	 CEDED	 NET
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,283	31	-1,251	-1,249	26	-1,223
Change in provision for claims outstanding (incurred and reported losses)	-702	44	-658	-675	50	-626
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-707	24	-683	-703	32	-671
Claims-adjustment costs	-14	-	-14	-16	-	-16
Change in claims provision for annuities	-10	-	-10	-9	-	-9
Total claims cost attributable to current-year operations	**-2,716**	**99**	**-2,617**	**-2,652**	**107**	**-2,545**
Claims costs attributable to prior-year operations						
Claims paid	-1,065	95	-970	-1,018	109	-909
Annuities paid	-20	0	-20	-29	0	-29
Claims portfolio	-7	7	-	-18	15	-3
Change in provision for claims outstanding (incurred and reported losses)	693	-67	626	666	-74	592
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	456	-16	439	444	-30	414
Total claims cost attributable to prior-year operations	**56**	**19**	**76**	**46**	**19**	**65**
Insurance claims paid						
Claims paid	-2,348	127	-2,221	-2,267	135	-2,132
Annuities paid	-33	-	-33	-31	-	-31
Claims portfolio	-7	7	-	-18	15	-3
Total claims paid	**-2,388**	**134**	**-2,254**	**-2,315**	**149**	**-2,166**
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	-9	-23	-32	-9	-24	-33
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-251	8	-244	-258	2	-257
Change in claims provision for annuities	-1	0	-1	-7	0	-7
Claims-adjustment costs	-10	-	-10	-16	-	-16
Total change in provision for claims outstanding	**-272**	**-15**	**-287**	**-291**	**-23**	**-313**
P&C insurance, total	**-2,660**	**119**	**-2,541**	**-2,606**	**126**	**-2,480**

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 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 2007 amounted to approximately EURm 284 (236). The non-discounted value was EURm 463 (386). The growth is mainly caused by the increase in the provision for work insurance.

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

	2007	2006
Sweden	1.50	1.50
Finland	3.30	3.30
Denmark	2.00	2.00

LIFE INSURANCE *EURm*	CLAIMS PAID 2007	2006	CHANGE IN PROVISION FOR CLAIMS OUTSTANDING 2007	2006	CLAIMS INCURRED 2007	2006
Insurance contracts						
Life-insurance						
Contracts with discretionary participation feature (DPF)	-140	-121	0	-3	-140	-125
Other contracts	0	0	0	0	-1	0
Unit-linked contracts	-102	-68	-1	-1	-103	-69
Total	**-243**	**-190**	**-1**	**-4**	**-244**	**-194**
Pension insurance						
Contracts with discretionary participation feature (DPF)	-259	-241	-99	-99	-358	-340
Other contracts	0	0	0	3	0	3
Unit-linked contracts	-5	-5	0	0	-6	-5
Total	**-264**	**-245**	**-99**	**-97**	**-364**	**-342**
Assumed reinsurance	-2	0	0	0	-2	-1
Insurance contracts total, gross	**-509**	**-435**	**-100**	**-101**	**-608**	**-536**
Reinsurers' share	5	5	0	-1	5	3
Insurance contracts total, net	**-504**	**-431**	**-100**	**-103**	**-604**	**-533**
Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	-36	-14	0	0	-36	-14
Unit-linked contracts	-14	-2	0	0	-14	-2
Investment contracts, total	**-49**	**-17**	**0**	**0**	**-49**	**-17**
Life insurance, total	**-554**	**-447**	**-100**	**-103**	**-653**	**-550**

Note 4 continues >

Claims paid by type of benefit

EURm	2007	2006
Insurance contracts		
Life insurance		
Surrender benefits	-24	-16
Death benefits	-22	-23
Maturity benefits	-88	-75
Loss adjustment expenses	0	0
Other	-6	-7
Total	**-140**	**-121**
Life insurance, unit-linked		
Surrender benefits	-58	-36
Death benefits	-20	-18
Maturity benefits	-23	-14
Loss adjustment expenses	0	0
Other	0	0
Total	**-102**	**-68**
Pension insurance		
Pension payments	-248	-226
Surrender benefits	-7	-10
Death benefits	-4	-5
Loss adjustment expenses	0	0
Other	0	0
Total	**-259**	**-241**
Pension insurance, unit-linked		
Pension payments	0	0
Surrender benefits	-3	-4
Death benefits	-2	-1
Other	0	0
Total	**-5**	**-5**
Assumed reinsurance	-2	0
Insurance contracts total, gross	**-509**	**-435**
Reinsurers' share	5	5
Insurance contracts total, net	**-504**	**-431**

EURm	2007	2006
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	-32	-2
Loss adjustment expenses	-4	-12
Other	0	-
Total	**-36**	**-14**
Investment contracts		
Capital redemption policy, unit-linked		
Surrender benefits	-14	-2
Loss adjustment expenses	0	0
Total	**-14**	**-2**
Investment contracts total, gross	**-50**	**-17**
Claims paid total, gross	**-559**	**-452**
Claims paid total, net	**-554**	**-447**
Group, total	**-3,195**	**-3,030**

5 Change in Liabilities for Insurance and Investment Contracts

P&C INSURANCE

EURm	2007	2006
Change in unearned premium provision	-43	-16
Reinsurers' share	0	8
Change in unearned premium provision, net	**-43**	**-8**

LIFE INSURANCE

EURm	2007	2006
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	90	79
Other contracts	0	-1
Unit-linked contracts	-190	-290
Total	**-100**	**-212**
Pension insurance		
Contracts with discretionary participation feature (DPF)	50	49
Other contracts	-1	12
Unit-linked contracts	-128	-153
Total	**-79**	**-92**
Assumed reinsurance	1	-1
Insurance contracts total, gross	**-178**	**-305**
Reinsurers' share	0	0
Insurance contracts total, net	**-177**	**-304**
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	33	-46
Unit-linked contracts	0	6
Investment contracts, total	**32**	**-41**
Change in liabilities for insurance and investment contracts in total, net	**-145**	**-345**
Group, total	**-188**	**-353**

6 Staff Costs

P&C INSURANCE

EURm	2007	2006
Staff costs		
Wages and salaries	-311	-286
Equity-settled share-based payments	-1	-1
Cash-settled share-based payments	-1	-16
Pension costs		
- defined contribution plans	-39	-38
- defined benefit plans (Note 28)	-27	-33
Other social security costs	-62	-57
P&C insurance, total	**-441**	**-431**

LIFE INSURANCE

EURm	2007	2006
Staff costs		
Wages and salaries	-16	-14
Equity-settled share-based payments	0	0
Cash-settled share-based payments	0	-1
Pension costs - defined contribution plans	-2	-2
Other social security costs	-2	-2
Life insurance, total	**-20**	**-19**

HOLDING *)

EURm	2007	2006
Staff costs		
Wages and salaries	-7	-29
Equity-settled share-based payments	-5	-1
Cash-settled share-based payments	0	-2
Pension costs - defined contribution plans	-6	-5
Other social security costs	-1	-2
Holding, total	**-18**	**-38**
Elimination items between segments	-	5
Group, total	**-479**	**-483**

*) *The comparison figure includes the staff costs for Primasoft Oy, consolidated as a subsidiary in 2006.*

More information on share-based payments in note 34 Incentive programmes.

7 Other Operating Expenses

P&C INSURANCE

EURm	2007	2006
IT costs	-50	-50
Other staff costs	-17	-16
Marketing expenses	-45	-55
Depreciation and amortisation	-32	-31
Rental expenses	-48	-46
Change in deferred acquisition costs	7	-1
Direct insurance comissions	-130	-119
Commissions on reinsurance ceded	19	20
Other	-197	-208
P&C insurance, total	**-493**	**-505**

LIFE INSURANCE

EURm	2007	2006
IT costs	-10	-7
Other staff costs	-1	-1
Marketing expenses	-3	-1
Depreciation and amortisation	-2	-2
Rental expenses	-2	-2
Direct insurance comissions	-13	-15
Comissions of reinsurance assumed	-1	-1
Commissions on reinsurance ceded	1	1
Other	-20	-15
Life insurance, total	**-50**	**-45**

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

HOLDING

EURm	2007	2006
IT costs	-2	-20
Other staff costs	0	-1
Marketing expenses	-1	-1
Depreciation and amortisation	-2	-8
Rental expenses	-2	-7
Other	-19	-20
Holding, total	**-26**	**-57**

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

Elimination items between segments	11	35
Group, total	**-558**	**-572**

8 Result Analysis of P&C Insurance

EURm	2007	2006
Insurance premiums earned	3,797	3,765
Claims incurred	-2,788	-2,729
Operating expenses	-653	-655
Other insurance technical income and expense	5	0
Allocated investment return transferred from the non-technical account	205	173
Technical result	**565**	**554**
Net investment income	238	412
Allocated investment return transferred to the technical account	-261	-227
Other income and expense	-8	-9
Operating result	**534**	**730**

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

EURm	2007	2006
Claims-adjustment expenses (Claims paid)	-247	-250
Acquisition expenses (Operating expenses)	-436	-391
Joint administrative expenses for insurance business (Operating expenses)	-243	-283
Administrative expenses pertaining to other technical operations (Operating expenses)	-25	-23
Asset management costs (Investment expenses)	-10	-8
Total	**-961**	**-955**

9 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							
2007	562	723	1,068	144	1,198	184	3
2006	552	775	994	141	1,191	174	3
Premiums earned, gross							
2007	561	747	1,015	142	1,197	184	2
2006	544	776	992	142	1,193	176	2
Claims incurred, gross							
2007	-460	-642	-699	-97	-747	-79	0
2006	-448	-696	-670	-88	-708	-129	2
Operating expenses, gross 1)							
2007	-92	-151	-154	-20	-200	-29	0
2006	-87	-146	-157	-26	-204	-32	0
Profit/loss from ceded reinsurance							
2007	13	-1	-3	-10	-96	-31	0
2006	2	-1	-4	-8	-52	-3	0
Technical result before investment return							
2007	**23**	**-46**	**159**	**16**	**153**	**45**	**2**
2006	**11**	**-67**	**161**	**19**	**228**	**13**	**3**

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2007	16	108	4,006	85	-5	**4,085**
2006	14	99	3,943	81	-5	**4,019**
Premiums earned, gross						
2007	16	104	3,967	80	-5	**4,042**
2006	14	90	3,929	79	-4	**4,003**
Claims incurred, gross						
2007	-11	-100	-2,834	-75	2	**-2,907**
2006	-10	-58	-2,807	-55	6	**-2,856**
Operating expenses, gross 1)						
2007	-2	-8	-657	-11	0	**-668**
2006	-3	-1	-656	-19	0	**-674**
Profit/loss from ceded reinsurance						
2007	0	16	-111	0	4	**-107**
2006	0	-8	-74	-16	-2	**-93**
Technical result before investment return						
2007	**3**	**12**	**365**	**-5**	**0**	**360**
2006	**1**	**24**	**392**	**-11**	**0**	**381**

1) Includes other technical income EURm 29 (23) and other technical expenses EURm 25 (23).

10 Earning per share

EURm	2007	2006
Basic earnings per share		
Profit or loss attributable to the equity holders of the parent company/continuing operations	720	714
Profit or loss attributable to the equity holders of the parent company/discontinued operations	2,852	263
Weighted average number of shares outstanding during the period	578	563
Basic earnings per share (EUR per share)/continuing operations	1.25	1.27
Basic earnings per share (EUR per share)/discontinued operations	4.94	0.47
Diluted earnings per share		
Profit or loss attributable to the equity holders of the parent company/continuing operations	-	714
Profit or loss attributable to the equity holders of the parent company/discontinued operations	-	263
Profit or loss for the purpose of calculating diluted earning per share	-	977
Weighted average number of shares outstanding during the period	-	563
Dilutive effect of options [1]	-	13
Weighted average number of shares outstanding during the period for the purpose of calculating diluted earning per share	-	576
Diluted earnings per share (EUR per share)/continuing operations	-	1.24
Diluted earnings per share (EUR per share)/discontinued operations	-	0.46

[1] *In calculating the diluted earnings per share for 2006, those option rights not exchanged to shares during the year but exercice price of which was lower than the average market price of the ordinary share, have been taken into account. The diluting effect was the number of shares that would have been issued without consideration. The fair value of the ordinary share was determined as the average market (closing) price of the shares during the period, being EUR 16.78 in 2006. The dilutive effect of 13 million shares resulted from the year 2000 option programme. More detailed information on option programme by Sampo Group is disclosed in Note 34.*

11 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.

	2007				
EURm	CARRYING AMOUNT	INTEREST-INC./EXP.	GAINS/ LOSSES	IMPAIRMENT LOSSES	DIVIDEND INCOME
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	193	-	70	-	-
Financial assets designated as at fair value through p/l	11,402	370	-146	-	86
Investments held-to-maturity	8	1	-	-	-
Loans and receivables	964	34	-3	-	-
Financial assets available-for-sale	10,043	257	-25	-10	151
Financial assets, total	**22,610**	**662**	**-104**	**-10**	**238**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	91	-			
Other financial liabilities	1,011	-67			
Financial liabilities, total	**1,102**	**-67**			

2006					
EURm	CARRYING AMOUNT	INTEREST-INC./EXP.	GAINS/ LOSSES	IMPAIRMENT LOSSES	DIVIDEND INCOME
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	103	-	43	-	-
Financial assets designated as at fair value through p/l	11,560	297	236	-	27
Investments held-to-maturity	10	1	0	-	-
Loans and receivables	299	20	5	-	-
Financial assets available-for-sale	6,020	106	221	-1	99
Financial assets, total	**17,992**	**424**	**505**	**-1**	**126**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	82	-			
Other financial liabilities	1,313	-85			
Financial liabilities total	**1,395**	**-85**			

For the purpose of better comparison, the 2006 table has been adjusted to include only the financial assets and liabilities of the continuing activities.

Notes to the Balance Sheet

12 Property, Plant and Equipment

P&C INSURANCE *EURm*	2007 EQUIPMENT	2006 EQUIPMENT
At 1 January		
Cost	105	94
Accumulated depreciation	-78	-66
Net carrying amount	**28**	**29**
Opening net carrying amount at 1 January	28	29
Additions	14	13
Disposals	-1	-2
Depreciation	-11	-12
Exchange differences	0	0
Closing net carrying amount at 31 December	**29**	**28**
At 31 December		
Cost	117	105
Accumulated depreciation	-88	-78
Net carrying amount	**29**	**28**

LIFE INSURANCE	2007			2006		
EURm	LAND AND BUILDINGS	EQUIPMENT	TOTAL	LAND AND BUILDINGS	EQUIPMENT	TOTAL
At 1 January						
Cost	4	5	9	6	5	11
Accumulated depreciation	0	-4	-4	-2	-4	-5
Net carrying amount	**4**	**1**	**5**	**4**	**1**	**5**
Opening net carrying amount	4	1	5	4	1	5
Additions	-	1	1	0	0	0
Disposals	-	0	0	-	0	0
Depreciation	0	0	0	0	0	0
Closing net carrying amount	**4**	**1**	**5**	**4**	**1**	**5**
At 31 December						
Cost	4	5	10	4	5	9
Accumulated depreciation	0	-4	-4	0	-4	-4
Net carrying amount	**4**	**1**	**5**	**4**	**1**	**5**

HOLDING EURm	2007 LAND AND BUILDINGS	2007 EQUIPMENT	2007 TOTAL	2006 LAND AND BUILDINGS	2006 EQUIPMENT	2006 TOTAL
At 1 January						
Cost	15	11	26	15	11	26
Accumulated depreciation	-1	-6	-7	-1	-5	-7
Accumulated impairment losses	-1	-	-1	-1	-	-1
Net carrying amount	**13**	**5**	**18**	**14**	**5**	**19**
Opening net carrying amount	13	5	18	14	5	19
Additions	-	2	2	0	0	0
Disposals	-	-2	-2	0	0	0
Transfers between items						
- From owner-occupied to investment properties	-12	-	-12	0	-	0
- From investment to owner-occupied properties	-	-	-	0	-	0
Depreciation	0	-1	-1	0	0	0
Closing net carrying amount	**1**	**4**	**6**	**13**	**5**	**18**
At 31 December						
Cost	2	5	7	15	11	26
Accumulated depreciation	-1	0	-1	-1	-6	-7
Accumulated impairment losses	0	-	0	-1	-	-1
Net carrying amount	**1**	**4**	**6**	**13**	**5**	**18**

EURm	2007	2006
Group, total	**40**	**51**

Equipment in different segments comprise IT equipment and furniture.

13 Investment Property

P&C INSURANCE EURm	2007	2006
At 1 January		
Cost	61	102
Accumulated depreciation	-3	-2
Accumulated impairment losses	-17	-17
Net carrying amount at 1 Jan	**41**	**83**
Opening net carrying amount	41	83
Additions	0	0
Disposals	-5	-41
Depreciations	-1	-1
Impairment losses	-1	0
Reversal of impairment losses	7	-
Exchange rate changes	0	0
Closing net carrying amount	**41**	**41**
At 31 December		
Cost	56	61
Accumulated depreciation	-4	-3
Accumulated impairment losses	-11	-17
Net carrying amount at 31 Dec	**41**	**41**
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	1	1
Total	**3**	**2**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-1	-1
- direct operating expenses arising from investment property not generating rental income during the period	0	0
Total	**-1**	**-1**
Fair value of investment property at 31 December	**44**	**42**

Note 13 continues >

LIFE INSURANCE

EURm	2007	2006
At 1 January		
Cost	163	179
Accumulated depreciation	-35	-31
Accumulated impairment losses	-19	-18
Net carrying amount at 1 Jan	**110**	**130**
Opening net carrying amount	110	130
Additions	1	5
Disposals	-4	-21
Depreciations	-3	-4
Impairment losses	1	-1
Closing net carrying amount	**105**	**110**
At 31 December		
Cost	157	163
Accumulated depreciation	-35	-35
Accumulated impairment losses	-17	-19
Net carrying amount at 31 Dec	**105**	**110**
Rental income from investment property	15	16
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	10	8
- later than one year and not later than five years	11	12
- later than five years	14	13
Total	**34**	**33**
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	-8	-6
- direct operating expenses arising from investment property not generating rental income during the period	0	0
Total	**-8**	**-7**
Fair value of investment property at 31 December	**122**	**125**

HOLDING

EURm	2007	2006
At 1 January		
Cost	38	41
Accumulated depreciation	-1	-1
Accumulated impairment losses	-18	-18
Net carrying amount at 1 Jan	**19**	**21**
Opening net carrying amount	19	21
Additions resulting from subsequent expenditure recognised as an asset	0	-
Disposals	-20	-3
Depreciations	0	-
Impairment losses	-	0
Reversal of impairment losses	1	1
Transfers between items		
-From investment to owner-occupied property	12	0
Closing net carrying amount	**12**	**19**
At 31 December		
Cost	29	38
Accumulated depreciation	0	-1
Accumulated impairment losses	-17	-18
Net carrying amount at 31 Dec	**12**	**19**
Rental income from investment property	2	4
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	2	1
- later than five years	0	1
Total	**3**	**3**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	1	1
- direct operating expenses arising from investment property not generating rental income during the period	1	0
Total	**1**	**1**
Fair value of investment property at 31 December	**13**	**21**
Group, total	**158**	**170**

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.

14 Intangible Assets

2007

P&C INSURANCE EURm	GOODWILL	CUSTOMER RELATIONS	OTHER INTANGIBLE ASSETS	TOTAL
At 1 January				
Cost	549	47	106	703
Accumulated amortisation	-	-18	-93	-111
Net carrying amount	**549**	**29**	**13**	**592**
Opening net carrying amount	549	29	13	592
Exchange differences	-19	-	0	-20
Additions	-	-	1	1
Disposals	-	-	-9	-9
Amortisation	-	-9	-3	-12
Closing net carrying amount	**530**	**21**	**3**	**554**
At 31 December				
Cost	530	47	99	676
Accumulated amortisation	-	-26	-96	-122
Net carrying amount	**530**	**21**	**3**	**554**

2006

P&C INSURANCE EURm	GOODWILL	CUSTOMER RELATIONS	OTHER INTANGIBLE ASSETS	TOTAL
At 1 January				
Cost	549	47	112	692
Accumulated amortisation	-	-9	-89	-98
Net carrying amount	**549**	**38**	**23**	**611**
Opening net carrying amount	549	38	23	611
Exchange differences	7	-	0	24
Additions	-	-	1	1
Disposals	-	-	-7	-7
Amortisation	-	-9	-4	-13
Closing net carrying amount	**557**	**29**	**13**	**599**
At 31 December				
Cost	557	47	106	710
Accumulated amortisation	-	-18	-93	-111
Net carrying amount	**557**	**29**	**13**	**599**

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

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

Note 14 continues >

LIFE INSURANCE EURm	2007 GOODWILL	2007 OTHER INTANGIBLE ASSETS	2007 TOTAL	2006 GOODWILL	2006 OTHER INTANGIBLE ASSETS	2006 TOTAL
At 1 January						
Cost	153	19	172	153	18	171
Accumulated amortisation	-	-13	-13	-	-14	-14
Net carrying amount	**153**	**6**	**159**	**153**	**4**	**157**
Opening net carrying amount	153	6	159	153	4	157
Additions	-	8	8	-	4	4
Disposals	-	-1	-1	-	0	0
Amortisation	-	-2	-2	-	-2	-2
Closing net carrying amount	**153**	**11**	**164**	**153**	**6**	**159**
At 31 December						
Cost	153	26	179	153	19	172
Accumulated amortisation	-	-15	-15	-	-13	-13
Net carrying amount	**153**	**11**	**164**	**153**	**6**	**159**

HOLDING EURm	2007 OTHER INTANGIBLE ASSETS	2006 OTHER INTANGIBLE ASSETS
At 1 January		
Cost	52	47
Accumulated amortisation	-19	-12
Accumulated impairment losses	-9	-9
Net carrying amount	**23**	**26**
Opening net carrying amount	23	26
Additions	-	5
Disposals	-22	-
Amortisation	-1	-7
Closing net carrying amount	**0**	**23**
At 31 December		
Cost	4	52
Accumulated amortisation	-4	-19
Accumulated impairment losses	-	-9
Net carrying amount	**0**	**23**

	2007	2006
Group, total	**718**	**782**

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 Sampo 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 Sampo Life has been fundamentally based on the embedded value model where the cash flow estimates for existing policies are based on budgets approved by the management and on historical evidence in terms of policy surrendering, death and accident frequencies etc. The derived cash flows for If were discounted at the pre-tax rates of 11.9 per cent. For Sampo Life, the weighted average cost of capital of 11.3 per cent has been used for the discounting.

Forecasts for If, approved by the management, cover years 2008–2010. The cash flows beyond that have been extrapolated using a 3% growth rate. A 2% growth rate for years beyond 2007 has been used for the markets where Sampo 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.

15 Investments in Associates

EURm	2007	2006
At beginning of year	16	24
Share of loss/profit	3	4
Additions	2	-
Disposals	-13	-23
At end of year	**9**	**5**

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

NAME EURm	CARRYING AMOUNT	FAIR VALUE *)	% INTER-EST HELD	ASSETS/ LIABILITIES	REVENUE	PROFIT /LOSS
Henkivakuutusosakeyhtiö Retro	1		24.21	39 / 35	3	1
Autovahinkokeskus Oy	1		35.54	6 / 2	5	0
Netwheels Oy	1		20.06	3 / 0	3	1
Vahinkopalvelu Oy	0		20.00	1 / 0	3	0
Primasoft Oy	3		20.00	55 / 42	62	5

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

NAME EURm	ASSETS/ LIABILITIES	REVENUE	PROFIT /LOSS
Consulting AB Lennemark & Andersson	8 / 5	11	1
Euro-Alarm A/S	4 / 3	10	0

ASSOCIATES THAT HAVE BEEN ACCOUNTED FOR BY THE EQUITY METHOD AT 31 DEC. 2006

NAME EURm	CARRYING AMOUNT	FAIR VALUE *)	% INTER-EST HELD	ASSETS/ LIABILITIES	REVENUE	PROFIT /LOSS
MB Equity Fund Ky	0		32.52	0 / 0	0	0
MB Equity Fund II Ky	2		22.56	14 / 0	32	32
Henkivakuutusosakeyhtiö Retro	1		24.21	21/17	2	0
Autovahinkokeskus Oy	1		35.54	5 / 2	5	2
Netwheels Oy	1		20.06	3 / 0	3	0
Vahinkopalvelu Oy	0		20.00	3 / 2	3	2
Automatia Pankkiautomaatit Oy	5		33.33	363 / 334	62	2

ASSOCIATES NOT ACCOUNTED FOR BY THE EQUITY METHOD AT 31 DEC. 2006 **)

NAME EURm	ASSETS/ LIABILITIES	REVENUE	PROFIT /LOSS
Consulting AB Lennemark & Andersson	8 / 6	10	1
Tapio Technologies Oy	2 / 1	2	0
Euro-Alarm A/S	3 / 2	9	0

*) *If there is a published price quatation*

**) *Consulting AB Lennermark & Andersson, Tapio Technologies Oy and Euro-Alarm A/S have been excluded from accounting for by the equity method because of their immaterial effect on consolidated figures.*

16 Financial Assets

Group investments comprise investments in derivatives, financial assets designated as at fair value through p/l, held-to-maturity investments, loans and receivables and financial assets available-for -sale. The Holding segment includes also investments in subsidiaries. In P&C insurance business, financial investments have been designated on initial recognition as financial assets at fair value through profit or loss. In Life insurance and Holding business, financial investments have been designated primarily as financial assets available-for-sale.

The Group uses derivative instruments for trading and for hedging purposes. The derivatives used are foreign exchange, interest rate, equity and commodity derivatives. Derivatives held for trading relate primarily to customer business and, to a lesser degree to proprietary trading. In insurance business derivatives are used for hedging interest rate risk and foreign exchange risk, but hedge accounting is not applied. During the financial year, the Holding has applied fair value hedging against the interest rate risk.

P&C INSURANCE

EURm	2007	2006
Derivative financial instruments	182	87
Financial assets designated as at fair value through p/l	9,283	9,732
Loans and receivables	2	2
P&C insurance, total	**9,467**	**9,821**

LIFE INSURANCE

EURm		
Derivative financial instruments	10	16
Financial assets designated as at fair value through p/l	47	75
Investments held-to-maturity	8	10
Loans and receivables	4	6
Financial assets available-for-sale	5,387	5,550
Life insurance, total	**5,456**	**5,657**

HOLDING

EURm		
Derivative financial instruments	1	291
Financial assets available-for-sale	4,781	595
Investments in subsidiaries	2,370	3,157
Holding, total	**7,151**	**4,043**
Elimination items between segments	-2,499	-3,598
Group, total	**19,575**	**15,921**

P&C INSURANCE
Derivative financial instruments

	2007			2006		
	CONTRACT/ NOTIONAL	FAIR VALUE		CONTRACT/ NOTIONAL	FAIR VALUE	
EURm	AMOUNT	ASSETS	LIABILITIES	AMOUNT	ASSETS	LIABILITIES
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest forwards	40	0	-	-	-	-
Exchange traded derivatives						
Interest rate futures	6,322	23	7	1,596	4	2
Interest rate options, bought and sold	5	0	0	73	0	0
Total interest rate derivatives	**6,327**	**23**	**7**	**1,668**	**4**	**2**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	5,398	157	81	4,452	73	55
Currency options, bought and sold	565	1	1	96	0	0
Total foreign exchange derivatives	**5,963**	**159**	**82**	**4,548**	**73**	**55**
Equity derivatives						
Exchange traded derivatives						
Equity and equity index options	1	-	0	15	10	0
Equity index futures	67	0	-	-	-	-
Total equity derivatives	**68**	**0**	**0**	**15**	**10**	**0**
Commodity derivatives						
Exchange traded derivatives						
Commodity forwards	-	-	-	5	0	0
Total derivatives held for trading	**12,399**	**182**	**90**	**6,237**	**87**	**57**

Other financial assets

EURm	2007	2006
Financial assets designated as at fair value through p/l		
Debt securities		
- Government bonds	3,564	3,532
- Other debt securities	4,708	5,158
Total debt securities	**8,272**	**8,690**

All debt securities listed.

	2007	2006
Equity securities		
- Listed	1,009	1,040
- Unlisted	2	1
Total	**1,011**	**1,041**
Total financial assets designated as at fair value through p/l	**9,283**	**9,732**
Loans and receivables		
Deposits with ceding undertakings	2	2
P&C Insurance, total financial assets	**9,467**	**9,821**

LIFE INSURANCE

Derivative financial instruments

	2007			2006		
	CONTRACT/ NOTIONAL	FAIR VALUE		CONTRACT/ NOTIONAL	FAIR VALUE	
EURm	AMOUNT	ASSETS	LIABILITIES	AMOUNT	ASSETS	LIABILITIES
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest options, bought and sold	50	1	0	247	8	9
Other	200	0	-	-	-	-
Total	**250**	**1**	**0**	**247**	**8**	**9**
Exchange traded derivatives						
Interest options, bought and sold	225	0	0	507	0	0
Total interest rate derivatives	**475**	**1**	**0**	**754**	**8**	**9**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	489	6	1	594	6	2
Currency options, bought and sold	52	0	0	82	1	0
Total foreign exchange derivatives	**541**	**7**	**1**	**676**	**7**	**3**
Equity derivatives						
Exchange traded derivatives						
Equity forwards	20	1	-	-	-	-
Equity and equity index options	39	2	0	-	-	-
Total equity derivatives	**59**	**2**	**0**	-	-	-
Commodity derivatives						
Exchange traded derivatives						
Commodity futures	-	-	-	76	1	1
Total derivatives held for trading	**1,075**	**10**	**1**	**1,506**	**16**	**12**

Note 16 continues >

Other financial assets

EURm	2007	2006
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	9	13
Government bonds	6	12
Other	4	1
Certificates of deposit issued by banks	3	5
Other debt securities	29	52
Total debt securities	**42**	**70**

Listed debt securities EURm 14 (18).

Equity securities		
- Listed	0	2
- Unlisted	5	3
Total	**5**	**5**
Total financial assets designated as at fair value through p/l	**47**	**75**
Investments held-to-maturity		
Debt securities		
Debt securities issued by other than public bodies	8	10

Listed debt securities EURm 0 (2).

Loans and receivables		
Deposits	2	4
Deposits with ceding undertakings	2	2
Loans	0	0
Total loans and receivables	**4**	**6**
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	1,238	1,152
Government bonds	1,238	1,152
Other	0	0
Issued by banks	1,906	1,758
Other debt securities	535	531
Total debt securities	**3,679**	**3,440**

Listed debt securities EURm 3,650 (3,400).

EURm	2007	2006
Equity securities		
- Listed	1,390	1,813
- Unlisted	317	297
Total	**1,707**	**2,110**
Total financial assets available-for-sale	**5,387**	**5,550**

Financial assets available-for-sale for life insurance include impairment losses EURm 47 (46).

Life insurance, total financial assets	**5,456**	**5,657**

Financial assets available for sale / debt securities: Debt securities available-for-sale include EURm 1,287 investments in bonds and EURm 2,392 investments in money market instruments.
Financial assets available-for-sale /shares and participations: Listed equity securities include EURm 701 quoted shares. Unlisted equity securities include EURm 276 investments in capital trusts.

HOLDING
Derivative financial instruments

EURm	2007 Contract/ notional amount	2007 Fair value Assets	2007 Fair value Liabilities	2006 Contract/ notional amount	2006 Fair value Assets	2006 Fair value Liabilities
Derivatives held for hedging						
Derivatives designated as fair value hedges						
Interest rate derivatives						
Interest rate swaps	-	-	-	628	-	12
Derivatives held for trading						
Equity derivatives						
Exchange traded derivatives						
Equity options	4	0	0	-	-	-
Total derivative contracts	**4**	**0**	**0**	**628**	**0**	**12**

Other financial assets

EURm	2007	2006
Loans and receivables		
Deposits	1	291
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	1,766	-
Other debt securities	257	140
Total debt securities	**2,023**	**140**

Listed debt securities EURm 1,923 (-).

Equity securities		
- listed	2,719	408
- unlisted	39	46
Total	**2,758**	**454**
Total financial assets available-for-sale	**4,781**	**595**

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

Investments in subsidiaries	2,370	3,157
Holding, total financial assets	**7,151**	**4,043**
Elimination items between segments	-2,499	-3,598
Group, total	**19,575**	**15,921**

17 Fair Values

	2007		2006	
EURm	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT
Financial assets				
Financial assets	19,575	19,575	15,922	15,921
Investments related to unit-linked contracts	2,072	2,072	1,753	1,753
Other assets	7	7	365	365
Cash and cash equivalents	958	958	41	41
Total financial assets	**22,613**	**22,613**	**18,082**	**18,081**
Financial liabilities				
Financial liabilities	1,104	1,102	1,400	1,395
Other liabilities	14	14	378	378
Total financial liabilities	**1,119**	**1,116**	**1,778**	**1,773**

In the table above are presented fair values and carrying amounts of financial assets and liabilities, including values of those financial assets and liabilities which are carried at fair value. The detailed measurement bases of financial assets and liabilities are disclosed in Group Accounting policies.

The fair value of investment securities is assessed using quoted prices in active markets. If published price quotations are not available, the fair value is assessed using discounting method. Values for the discount rates are taken from the market's yield curve.

The fair value of the derivative instruments is assessed using quoted market prices in active markets, discounting method or option pricing models.

The fair value of loans and other financial instruments which have no quoted price in active markets is based on discounted cash flows, using quoted market rates. The market's yield curve is adjusted by other components of the instrument, e.g. by credit risk.

The fair value for short-term non-interest-bearing receivables and payables is their carrying amount.

Disclosed fair values are "clean" fair values, i.e. full fair value less interest accruals.

18 Investments Related to Unit-Linked Insurance Contracts

LIFE INSURANCE

EURm	2007	2006
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	5	5
Government bonds	5	5
Other	0	0
Certificates of deposit issued by banks	65	52
Other debt securities	5	1
Total	**75**	**58**

Listed debt securities EURm 75 (58).

Equity securities		
- listed	1,918	1,650
- unlisted	79	45
Total	**1,997**	**1,695**
Total financial assets designated at fair value through p/l	**2,072**	**1,753**
Other	0	0
Investment related to unit-linked contracts, total	**2,072**	**1,753**
Added: Other assets	-1	-1
Insurance liabilities related to unit-linked contracts	**2,071**	**1,752**

Other assets are due to differences in cash flows.

The historical cost of the equity securities related to unit-linked contracts was EURm 1,665 (1,437) and that of the debt securities EURm 81 (57).

19 Deferred Tax Assets and Liabilities

CHANGES IN DEFERRED TAX DURING THE FINANCIAL PERIOD 2007

EURm	1.1.	RECOGNISED IN P/L	RECOGNISED IN EQUITY	EXCHANGE DIFFERENCES	31.12.
Deferred tax assets					
Tax losses carried forward	3	-17	-	0	-14
Changes in fair values	-1	0	0	-	-1
Employee benefits	13	-8	-	-1	4
Other deductible temporary differences	123	-20	-	-3	101
Total deferred tax assets	**137**	**-45**	**0**	**-3**	**89**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	326	23	-	-3	346
Changes in fair values	260	-35	-59	-2	164
Other taxable temporary differences	19	-3	-	4	20
Total	**605**	**-14**	**-59**	**-1**	**531**
Other tax liabilities					31
Total deferred tax liabilities					**562**

In P&C Insurance, no deferred tax asset has been recognised on unused tax losses and temporary differences of Run-off companies, totalling approximately EURm 3.

CHANGES IN DEFERRED TAX DURING THE FINANCIAL PERIOD 2006

EURm	1.1.	RECOGNISED IN P/L	RECOGNISED IN EQUITY	EXCHANGE DIFFERENCES	31.12.
Deferred tax assets					
Tax losses carried forward	2	1	0	-1	3
Changes in fair values	1	-	-2	-	-1
Employee benefits	23	-9	-	-	13
Other deductible temporary differences	129	-23	15	2	123
Total	**155**	**-31**	**12**	**1**	**137**
Other tax assets					12
Total deferred tax assets					**149**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	250	77	-	-1	326
Changes in fair values	219	10	31	-	260
Other taxable temporary differences	40	-38	18	-	19
Total	**508**	**49**	**49**	**-1**	**605**
Other tax liabilities					2
Total deferred tax liabilities					**607**

20 Taxes

EURm	2007	2006
Profit before tax from continuing operations	974	997
Tax calculated at parent company's tax rate	-253	-259
Different tax rates on overseas earnings	-7	-13
Income not subject to tax	202	9
Expenses not allowable for tax purposes	-13	-8
Consolidation procedures and eliminations	-188	-8
Tax from previous years	5	-1
Total tax for continuing operations	**-254**	**-281**
Tax for discontinued operations	-6	-80
Total	**-260**	**-361**

21 Other Assets

P&C INSURANCE

EURm	2007	2006
Interests	137	144
Assets arising from direct insurance operations	845	774
Assets arising from reinsurance operations	40	43
Settlement receivables	2	310
Deferred acquisition costs	103	96
Assets related to Patient Insurance Pool	58	51
Other	38	57
P&C insurance, total	**1,224**	**1,475**

Other assets include non-current assets EURm 48 (42).
Item Other comprises rental deposits, salary and travel advancements and assets held for resale.

[1)] CHANGE IN DEFERRED ACQUISITION COSTS IN THE PERIOD

EURm	2007	2006
At 1 January	**96**	**97**
Portfolio transfers	0	-
Net change in the period	6	0
Exchange differences	1	-1
At 31 December	**103**	**96**

LIFE INSURANCE

EURm	2007	2006
Interests	31	33
Receivables from policyholders	5	7
Assets arising from reinsurance operations	1	1
Settlement receivables	5	56
Other	24	25
Life insurance, total	**66**	**121**

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	2007	2006
Interests	11	23
Other	43	55
Holding, total	**54**	**78**

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

Elimination items between segments	-29	-36
Group, total	**1,316**	**1,638**

22 Cash and Cash Equivalents

P&C INSURANCE

EURm	2007	2006
Cash at bank and in hand	163	164
Short-term deposits (max 3 months)	474	66
P&C insurance, total	**637**	**230**

LIFE INSURANCE

EURm		
Cash at bank and in hand	10	8
Short-term deposits (max 3 months)	84	50
P&C insurance, total	**93**	**58**

HOLDING

EURm		
Cash	12	336
Short-term deposits (max 3 months)	217	-
Holding, total	**229**	**336**

Elimination items between segments	-	-582

Group, total	**958**	**41**

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

23 Assets Classified as Held for Sale

On 9 Nov. 2006 Sampo plc signed a contract to sell the entire share stock of Sampo Bank plc to Danske Bank A/S. As a result, in the financial year for 2006 the Banking and investment services segment was classified as discontinued operations. The assets and liabilities related to the segment for the year 2006 are presented in the balance sheet items Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale (Note 30). The trade became effective on 1 Feb. 2007.

BANKING AND INVESTMENT SERVICES (DISCONTINUED OPERATIONS)

EURm	2006
Assets classified as held for sale	
Property, plant and equipment	90
Intangible assets	64
Investments in associates	11
Financial assets	24,280
Tax assets	24
Other assets	454
Cash and cash equivalents	1,722
Total	**26,643**
Elimination	-59
Total assets classified as held for sale in the consolidated balance sheet	**26,585**

24 Liabilities from Insurance and Investment Contracts

P&C INSURANCE

CHANGE IN INSURANCE LIABILITIES

	2007			2006		
EURm	GROSS	CEDED	NET	GROSS	CEDED	NET
Provision for unearned premiums						
At 1 January	1,640	56	1,584	1,628	49	1,579
Netted reinsurers' share	-	-	-	-1	-1	-
Exchange differences	9	-1	10	-3	0	-2
Change in provision	42	0	42	16	9	8
At 31 December	**1,691**	**55**	**1,636**	**1,640**	**56**	**1,584**

	2007			2006		
EURm	GROSS	CEDED	NET	GROSS	CEDED	NET
Provision for unearned premiums						
At 1 January	6,606	465	6,141	6,257	504	5,753
Unwinding of discount	55	-	55	55	-	-
Transfer from debtors, reinsurance	-	-	-	-	0	0
Insurance holdings sold	-30	-17	-17	-	-	-
Exchange differences	-62	-4	-58	-4	-16	13
Change in provision	266	-15	281	297	-23	321
At 31 December	**6,835**	**429**	**6,406**	**6,606**	**465**	**6,141**

LIABILITIES FROM INSURANCE CONTRACTS

	2007	2006
Provision for unearned premiums	1,691	1,640
Provision for claims outstanding	6,835	6,606
Incurred and reported losses	1,944	1,952
Incurred but not reported losses (IBNR)	3,197	3,006
Provisions for claims-adjustment costs	227	223
Provisions for annuities and sickness benefits	1,467	1,425
P&C insurance total	**8,527**	**8,247**
Reinsurers' share		
Provision for unearned premiums	55	56
Provision for claims outstanding	429	465
Incurred and reported losses	229	255
Incurred but not reported losses (IBNR)	200	210
Total reinsurers' share	**484**	**521**

As the P&C Insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading. However, all exchange effects have been excluded from the income statement. The exchange effect on technical provisions for own account between 2006 and 2007 amounted to a net increase of EURm 222.

CLAIMS COST TREND OF P&C INSURANCE

The following tables show the cost trend for the claims between 2003–2007. The upper part of the tables shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet.

CLAIMS COSTS BEFORE REINSURANCE

Estimated claims cost

EURm	> 2002	2003	2004	2005	2006	2007	TOTAL
At the close of the claims year	4,916	2,515	2,457	2,617	2,628	2,695	
One year later	5,137	2,476	2,421	2,561	2,612		
Two years later	5,228	2,398	2,359	2,508			
Three years later	5,305	2,389	2,354				
Four years later	5,396	2,370					
Five years later	5,433						
Current estimate of total claims costs	5,433	2,370	2,354	2,508	2,612	2,695	
Total disbursed	2,638	1,970	1,817	1,875	1,820	1,274	
Provision reported in the balance sheet	**2,795**	**401**	**537**	**633**	**792**	**1,421**	**6,580**
of which established vested annuities	1,219	62	45	67	60	14	1,467
Other provision							29
Provision for claims-adjustment costs							227
Total provision reported in the BS							**6,835**

CLAIMS COSTS AFTER REINSURANCE

Estimated claims cost

EURm	> 2002	2003	2004	2005	2006	2007	TOTAL
At the close of the claims year	4,319	2,397	2,387	2,474	2,521	2,597	
One year later	4,529	2,348	2,350	2,412	2,495		
Two years later	4,627	2,276	2,290	2,359			
Three years later	4,684	2,267	2,284				
Four years later	4,760	2,247					
Five years later	4,790						
Current estimate of total claims costs	4,790	2,247	2,284	2,359	2,495	2,597	
Total disbursed	2,166	1,879	1,775	1,782	1,768	1,243	
Provision reported in the balance sheet	**2,624**	**368**	**509**	**577**	**727**	**1,354**	**6,160**
of which established vested annuities	1,219	62	45	67	60	14	1,467
Other provision							19
Provision for claims-adjustment costs							227
Total provision reported in the BS							**6,406**

LIFE INSURANCE

CHANGE IN LIABILITIES ARISING FROM OTHER THAN UNIT-LINKED INSURANCE AND INVESTMENT CONTRACTS

EURm	INSURANCE CONTRACTS	INVESTMENT CONTRACTS	TOTAL
At 1 Jan. 2007	**4,553**	**138**	**4,691**
Premiums	221	1	221
Claims paid	-402	-36	-437
Expense charge	-40	0	-40
Guaranteed interest	160	4	165
Bonuses	35	1	36
Other	-12	-3	-15
At 31 Dec. 2007	**4,515**	**105**	**4,621**
Reinsurers' share	-5	0	-5
Net liability at 31 Dec. 2007	**4,511**	**105**	**4,616**
At 1 Jan. 2006	**4,594**	**144**	**4,738**
Premiums	230	6	236
Claims paid	-363	-14	-377
Expense charge	-38	0	-38
Guaranteed interest	163	5	168
Bonuses	26	0	27
Other	-56	-2	-58
At 31 Dec. 2006	**4,557**	**138**	**4,695**
Reinsurers' share	-4	0	-4
Net liability at 31 Dec. 2006	**4,553**	**138**	**4,691**

CHANGE IN LIABILITIES ARISING FROM UNIT-LINKED INSURANCE AND INVESTMENT CONTRACTS

EURm	INSURANCE CONTRACTS	INVESTMENT CONTRACTS	TOTAL
At 1 Jan. 2007	**1,690**	**62**	**1,752**
Premiums	388	15	403
Claims paid	-108	-14	-121
Expense charge	-28	0	-28
Other	65	1	65
At 31 Dec. 2007	**2,008**	**63**	**2,071**
At 1 Jan. 2006	**1,245**	**16**	**1,261**
Premiums	384	45	429
Claims paid	-73	-2	-75
Expense charge	-23	0	-23
Other	157	3	160
At 31 Dec. 2006	**1,690**	**62**	**1,752**

The liabilities at 1 Jan. and at 31 Dec. include the future bonus reserves and the effect of the reserve for the decreased discount rate of individual insurances. The calculation is based on items before reinsurers' share. For more detailed specification of changes in liabilities arising from insurance and investment contracts, see Risk Management.

Note 24 continues >

EURm	2007	2006
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,843	2,979
Provision for claims outstanding	1,664	1,565
Liabilities for contracts without discretionary participation feature (DPF)		
Provision for unearned premiums	3	6
Provision for claims outstanding	1	0
Total	**4,510**	**4,550**
Assumed reinsurance		
Provision for unearned premiums	3	4
Provision for claims outstanding	2	3
Total	**5**	**7**
Insurance contracts total		
Provision for unearned premiums	2,849	2,989
Provision for claims outstanding	1,667	1,568
Total	**4,515**	**4,557**
Investment contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	105	138
Investment contracts total	**105**	**138**
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,954	3,127
Provision for claims outstanding	1,667	1,568
Life insurance total	**4,621**	**4,695**
Reinsurers' share		
Provision for unearned premiums	-1	0
Provision for claims outstanding	-4	-4
Total	**-5**	**-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	**13,148**	**12,942**

25 Liabilities from Unit-Linked Insurance and Investment Contracts

LIFE INSURANCE

EURm	2007	2006
Unit-linked insurance contracts	2,008	1,690
Unit-linked investment contracts	63	62
Total	**2,071**	**1,752**

26 Financial Liabilities

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

P&C INSURANCE

EURm	2007	2006
Derivative financial instruments (Note 16)	90	57
Debt securities in issue		
Subordinated debt securities		
Subordinated loans		
Euro-denominated loans		
Preferred capital note, 2001	219	220
Preferred capital note, 2002	72	72
Preferred capital note, 2005	149	149
Total subordinated debt securities	**440**	**441**
P&C insurance, total	**530**	**499**

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	2007	2006
Derivative financial Instruments (Note 16)	1	12
Debt securities in issue		
Subordinated debt securities		
Subordinated loans	100	100
Life Insurance, total	**101**	**112**

Sampo 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 was 100% subscribed by Sampo plc.

HOLDING

EURm	2007	2006
Derivative financial instruments (Note 16)	0	12
Debt securities in issue		
Certificates of deposit	-	50
Bonds and notes	-	191
Total debt securities in issue	**-**	**241**
Subordinated debt securities		
Debentures	589	586
Total debt securities	**589**	**826**
Other financial liabilities		
Pension loan	-	85
Other liabilities	6	6
Total other financial liabilities	**6**	**92**
Holding, total	**596**	**930**
Elimination items between segments	-125	-146
Group, total	**1,102**	**1,395**

27 Provisions

P&C INSURANCE

EURm	2007
At 1 Jan.	**42**
Exchange rate differences	0
Additions	14
Amounts used during the period	-16
Unused amounts reversed during the period	-5
At 31 Dec.	**35**
Current (less than 1 year)	12
Non-current (more than 1 year)	23
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 funds reserved for future expenses attributable to previously implemented or planned future organisational changes.

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

Note 28 continues >

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 31.12.2007	SWEDEN 31.12.2006	NORWAY 31.12.2007	NORWAY 31.12.2006
Discount interest rate	4.50%	4.00%	4.75%	4.50%
Anticipated return	5.25%	4.75%	6.00%	5.25%
Future pay increases	3.50%	3.25%	4.25%	4.00%
Price inflation	2.25%	2.00%	2.50%	2.25%

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

Debt instruments	41%	46%	58%	65%
Equity instruments	43%	40%	28%	23%
Property	10%	11%	14%	12%
Other	6%	3%	-	-

ANALYSIS OF THE EMPLOYEE BENEFIT OBLIGATION

	2007			2006		
EURm	FUNDED PLANS	UNFUNDED PLANS	TOTAL	FUNDED PLANS	UNFUNDED PLANS	TOTAL
Present value of estimated pension obligation	352	55	406	348	57	405
Fair value of plan assets	255	-	255	228	-	228
Net obligation/liability	97	55	152	120	57	177
Net cumulative unrecognised actuarial gains/losses	-53	-1	-54	-81	-9	-90
Net pension obligation recognised in the balance sheet	**44**	**54**	**98**	**39**	**48**	**87**

RECOGNISED IN INCOME STATEMENT

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

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

EURm	2007	2006	2005	2004
Pension obligations:				
At the beginning of the year	388	373	290	237
Earned during the financial year	16	18	19	13
Interest cost	17	16	18	16
Actuarial gains or losses	-25	18	22	35
Losses or gains on curtailments and settlements	2	4	1	7
Release of obligation by payment	-2	-	-	-
Cost/return related to past service	-	4	-3	-
Exchange differences on foreign plans	22	-20	17	3
Benefits paid	-11	-8	-6	-9
Defined benefit plans at 31 Dec.	**406**	**405**	**359**	**302**
Reconciliation of plan assets:				
At the beginning of the year	218	211	171	155
Expected return on assets	12	12	10	9
Actuarial gains or losses	5	-1	-6	-7
Contributions	17	25	22	28
Used for release of obligations	-2	-	-	-
Exchange differences on foreign plans	13	-11	10	2
Benefits paid	-9	-7	-4	-9
Plan assets at 31 Dec.	**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 2007 is EURm 31.

29 Other Liabilities

P&C INSURANCE

EURm	2007	2006
Liabilities arising out of direct insurance operations	109	119
Liabilities arising out of reinsurance operations	36	29
Settlement liabilities	0	378
Liabilities related to Patient Insurance Pool	55	52
Prepayments and accrued income	155	166
Other	203	216
P&C insurance, total	**558**	**961**

The non-current share of other liabilities is EURm 48 (44).

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	2007	2006
Interests	10	8
Liabilities arising out of reinsurance operations	5	6
Settlement liabilities	6	-
Other liabilities	25	25
Life insurance, total	**46**	**39**

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

HOLDING

EURm	2007	2006
Interests	19	22
Settlement liabilities	8	-
Other liabilities	52	76
Holding, total	**79**	**98**

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

Elimination items between segments	-29	-32
Group, total	**655**	**1,065**

30 Liabilities Directly Associated with Assets Classified as Held for Sale

On 9 Nov. 2006 Sampo plc signed a contract to sell the entire share stock of Sampo Bank plc to Danske Bank A/S. As a result, in the financial year for 2006 the Banking and investment services segment was classified as discontinued operations. The assets and liabilities related to the segment for the year 2006 are presented in the balance sheet items Assets classified as held for sale (Note 23) and Liabilities directly associated with assets classified as held for sale. The trade became effective 1 Feb. 2007.

EURm	2006
Liabilities	
Financial liabilities	24,412
Other liabilities	1,014
Tax liabilities	24
Total	**25,450**
Elimination	-930
Total liabilities directly associated with assets classified as held for sale in the consolidated balance sheet	**24,520**

31 Contingent Liabilities and Commitments

P&C INSURANCE

EURm	2007	2006
Off-balance sheet items		
Guarantees	41	48
Other irrevocable commitments	16	19
Total	**57**	**67**
Other		
Assets covered by policyholders' beneficiary rights	340	326

Assets pledged as collateral for liabilities or contingent liabilities

	2007		2006	
EURm	ASSETS PLEDGED	LIABILITIES/ COMMITMENTS	ASSETS PLEDGED	LIABILITIES/ COMMITMENTS
Cash at balances at central banks	12	8	18	9
Investments				
- Investment securities	276	102	250	114

EURm	2007	2006
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	35	33
later than one year and not later than five years	101	92
later than five years	99	75
Total	**236**	**201**
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-38	-33
- sublease payments	0	0
Total	**-38**	**-33**

The subsidiary If P&C Insurance Ltd provides 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 the financial year, 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 53 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.

LIFE INSURANCE

EURm	2007	2006
Off-balance sheet items		
Fund commitments	273	216

Assets pledged as collateral for liabilities or contingent liabilities

	2007		2006	
EURm	ASSETS PLEDGED	LIABILITIES/ COMMITMENTS	ASSETS PLEDGED	LIABILITIES/ COMMITMENTS
Assets pledged as collateral				
Investments				
- Investment securities	-	-	2	1

	2007	2006
Other commitments		
Acquisition of IT-software	1	1

EURm	2007	2006
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	6	6
later than five years	4	5
Total	**12**	**13**
Total of sublease payments expected to be received under non-cancellable operating sub-leases	0	0

EURm	2007	2006
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-2	-2
- sublease payments	0	0
Total	**-2**	**-1**

As a part of the Norwegian OTP-portfolio transfer from Sampo Life to Handelsbanken Liv on 1 Jan. 2007, Sampo Life committed to compensate Handelsbanken Liv for the possible costs caused by the difference between Sampo Life's waiver of contribution tariffs compared to those of Handelsbanken Liv during the period 1 July 2006–1 Feb. 2007.

HOLDING

EURm	2007	2006
Off-balance sheet items		
Subscription liabilities	6	8

Other

Sampo plc is involved in a case of VAT refund. If the decision of the Tax Office for Major Corporations, which is under complain, remains final, despite the appeals process, the impact on the net profit for the period is estimated to be EURm 26, at the maximum. See Note 24 for the financial statements of Sampo plc.

Assets pledged as collateral for liabilities or contingent liabilities

	2007		2006	
EURm	ASSETS PLEDGED	LIABILITIES/ COMMITMENTS	ASSETS PLEDGED	LIABILITIES/ COMMITMENTS
Assets pledged as collateral				
Investments				
- Investment securities	-	-	1	0
- Mortgaged collateral notes	15	6	15	6

EURm	2007	2006
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	5	4
later than five years	3	-
Total	**11**	**5**

The Group had at the end of 2007 premises a total of 200,087 m² (324,077) taken as a lessee. The contracts have been made mainly for 3 to 10 years.

32 Equity and Reserves

EQUITY

EURm	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUM ACCOUNT	TOTAL
At 1 Jan. 2006	**571,318,315**	**96**	**1,048**	**1,144**
Subscription for shares with options	3,299,830	1	108	108
Cancellation of own shares	-7,000,000	-1	1	0
At 31 Dec. 2006	**567,618,145**	**95**	**1,157**	**1,252**
Subscription for shares with options	15,740,245	3	4	6
Cancellation of own shares	-4,827,500	-	-	-
At 31 Dec. 2007	**578,530,890**	**98**	**1,160**	**1,259**
Treasury shares	4,322,000			

RESERVES AND RETAINED EARNINGS

EURm	2007	2006
Reserves at 31 Dec.		
Legal reserve	370	370
Fair value reserve	317	488
Total	**687**	**858**

MOVEMENTS IN RESERVES:

Legal reserve

The legal reserve comprises the amounts that shall be transferred from the distributable equity according to the articles of association or on the basis of the decision of the AGM. No change has been in the legal reserve during the financial years of 2006 or 2007.

FAIR VALUE RESERVE

EURm	2007	2006
At 1 Jan.	**486**	**396**
Cash flow hedge:		
Recognised in equity	-	0
Transferred to profit or loss	-	-1
Financial assets available-for-sale		
Recognised in equity	5	263
Transferred to profit or loss	-176	-172
Share related to discontinued operations	3	-
At 31 Dec.	**317**	**486**

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

Note 32 continues >

RETAINED EARNINGS

EURm	2007	2006
At 1 Jan.	**3,061**	**2,412**
Profit for the financial year	3,572	977
Dividend distribution	-693	-339
Share-based payments	0	-1
Exchange differences	-74	72
Recognition of undrawn dividends	6	13
Acquisition of treasury shares	-81	-73
Retained earnings related to discontinued operations	-3	-
At 31 Dec.	**5,788**	**3,061**

SHARES AND VOTES

The number of Sampo plc's shares at 31 December 2007 was 578,530,890, of which 577,330,890 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. Sampo's options from option programme 2000 were also quoted on the Helsinki Stock Exchange during the comparison year. Subscription period for the options ended 31 Jan, 2007 and the quotation on the Helsinki Stock Exchange on 24 Jan. 2007.

As Sampo's A shares, subscribed on the basis of the option programme 2000 after 31 Dec. 2006, entitled to dividends only after the dividend distribution for 2006, a new share category was adopted in the main list of Helsinki Stock Exchange on 2 Jan. 2007. The new category Sampo Uudet was combined with the Sampo A share after the dividend distribution for 2006 on 21 May 2007.

The Annual General Meeting of 12 April 2007 granted the Board of Directors authorisation, valid until the close of of the next AGM, to buy back Sampo shares. The maximum amount of A shares that can be bought back is 10 per cent of all the company's shares. Shares can be bought back either by an offer made to all holders of A shares in proportion to their holdings and on equal terms determined by the Board, or through public trading on the Helsinki Stock Exchange, in which case the shares will not be bought in proportion to the shareholders' holdings. Shares can be acquired for the purpose of share-based payments and/or for the cancellation of the shares.

On 31 December 2007, Sampo plc held 4,322,000 Sampo A shares, which corresponds to approximately 0.75 per cent of the total number of shares and 0.74 per cent of votes. The shares were bought through public trading on the Helsinki Stock Exchange and EUR 80.5 million was used for the acquisition.

Other Group companies did not hold shares in the parent company at the end of 2007.

CHANGES IN SHARE CAPITAL

On 13 Feb. 2007 Sampo's Board of Directors decided to cancel the 4,827,500 Sampo A shares acquired in 2006. The cancellation decreased the number of A-shares with an equal amount, but did not effect the share capital. The cancellation was traderegistered on 23 Feb. 2007.

In January 2007, Sampo's Board of Directors approved subscription for 15,740,245 A shares under the option programme 2000. As a result of the subscriptions, Sampo's share capital increased by EUR 2.6 million.

33 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	2007	2006
Short-term employee benefits	6	7
Post employment benefits	1	2
Other long-term benefits	4	8
Total	**11**	**18**

Short-term employee benefits comprise salaries and other short-term benefits, including profit-sharing bonuses accounted for the year, and social security costs.

Post employment benefits include pension benefits under the Employees' Pensions Act (TEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for the year (see Note 34).

FINANCIAL ASSETS/LOANS AND RECEIVABLES

EURm	2007	2006
Key management personnel with close family members and entities that are controlled or significantly influenced by these	-	25

The interest on loans to the key management personnel is at least as high as on the staff loans referred to in the Income and Capital Tax Act, section 67. Also other terms of the loans equal to the terms of the staff loans confirmed in the Group. The loans are secured. The terms of the loans to the entities controlled or significantly influenced by the above mentioned persons equal to those granted to other corporate customers.

ASSOCIATES

EURm	2007	2006
Financial assets	-	122
Financial liabilities	-	66

34 Incentive Programmes

YEAR 2000 OPTION PROGRAMME

On 29 Sep. 2000, the Extraordinary General Meeting of Sampo plc decided to offer options without consideration to the management, middle management and other key personnel of Sampo and its subsidiaries, and to a wholly-owned subsidiary specified by the Board of Directors. The decision to offer these options disapplied the shareholders' pre-emptive subscription rights.

A total of 5,200,000 options were issued, of which each option entitled its holder to subscribe for five Sampo A shares. The options were traded on the main list of Helsinki Stock Exchange. The share subscriptionperiod for all the options ended at 31 Jan, 2007.

Sampo used in its first-time adoption of IFRS at 1 Jan, 2004 the exemption under IFRS 1 not to apply IFRS 2 *Share-based payments* to the year 2000 option programme.

LONG-TERM INCENTIVE SCHEMES 2003 I–2006 II

The Board of Directors for Sampo plc has decided on the long-term incentive schemes 2003 I–2006 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. Under 100 persons were included in the schemes at the end of year 2007.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the return on the risk adjusted capital (RORAC), or on the insurance margin (IM) in the incentive plan 2006 II. 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 7.36–20.17 and post-dividend EUR 5.06–18.97. The maximum value of one bonus unit varies between EUR 19–30, reduced by the dividend-adjusted starting price. The RORAC criteria has three levels. If the benchmark varying between 7.22–8.96 per cent is reached, the bonus is paid as a whole. If the benchmark less 2.00–2.50 percent is reached, the payout is 50 percent. If the RORAC falls short of the above-mentioned, no bonus will be paid out.

Accordingly, in the 2006 II incentive scheme, 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. When the bonus is paid, the employee shall buy Sampo's A shares at the first possible opportunity, taking into account the provisions on insiders, with 20 per cent of the amount of the bonus after taxes and other comparable charges, and to keep the shares in his/her possession for two years.

As a result of the disposal of the banking business, the 2006 II incentive scheme became due on 1 Feb. 2007, and a premature payment of the bonuses occurred.

Note 34 continues >

	2003 I	2004 I	2004 II	2005 I	2005 II	2006 I	2006 II
Terms approved *)	8 May 2003	11 Feb. 2004	5 Oct. 2004	22 Mar. 2005	22 Jun. 2005	11 May 2006	21 Dec. 2006
Granted (1,000) 31 Dec. 2004	2,050	1,570	445	-	-	-	-
Granted (1,000) 31 Dec. 2005	2,050	1,490	448	2,290	455	-	-
Granted (1,000) 31 Dec. 2006	2,050	1,385	343	2,085	480	253	-
Granted (1,000) 31 Dec. 2007	-	220	310	1,775	360	-	180
End of performance period I 30%	12-2005	12-2006	12-2006	4-2007	Q2-2007	Q2-2008	Q3-2008
End of performance period II 35%	Q1-2006	Q4-2006	Q4-2006	Q3-2007	Q4-2007	Q4-2008	Q1-2009
End of performance period III 35%	Q1-2006	Q4-2006	Q4-2006	Q4-2007	Q2-2008	Q2-2009	Q3-2009
Payment I 30%	12-2005	12-2006	12-2006	6-2007	9-2007	9-2008	12-2008
Payment II 35%	6-2006	6-2007	6-2007	1-2008	4-2008	3-2009	6-2009
Payment III 35%	1-2007	1-2008	1-2008	7-2008	9-2008	9-2009	1-2010
Price of Sampo A at terms approval date *)	6.30	9.00	8.94	11.01	12.34	16.39	20.25
Starting price, EUR **)	7.36	9.37	8.88	11.17	12.67	15.37	20.17
Dividend-adjusted starting price at 31 Dec. 2007	-	5.87	6.88	9.17	10.87	-	18.97
Sampo A - closing price 31 Dec. 2007	18.08						
Intrinsic value of bonus unit by payment							
Payment I eur							0.00
Payment II eur				11.06	7.21		0.00
Payment III eur		13.13	12.12	8.91	7.21		0.00
Total intrinsic value, EURm		1	1	12	2		0
Total debt excluding social costs, EURm	17						
Total debt including social costs, EURm	20						
Total cost for the financial period, EURm (incl. social costs)	1						

*) *Grant dates vary*

**) *Sampo A's trade-weighted average for ten trading days from the approval of terms + 0–15%*

LONG-TERM INCENTIVE SCHEMES 2008 I

On the 16 Feb. 2008, the Board of Directors for Sampo plc decided on a new long-term incentive scheme 2008 I for the management and appointed experts of the Sampo Group. The Board has authorised 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. The number of calculated bonus units granted for the members of the Group's Executive Committee is decided by the Board of Directors.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the insurance margin (IM) of If. 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 maximum value of one bonus unit is EUR 28, reduced by the dividend-adjusted starting price. If the insurance margin is 4 percent or more, the bonus is paid as a whole. If the IM varies between 2.00–3.99 percent, the payout is 50 percent. If the IM falls short of the above-mentionned, no bonus will be paid out.

The plan has three performance periods and bonuses are settled in cash in three installments. 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. 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 scheme is estimated by using the Black-Scholes princing model.

	2008 I
Terms approved *)	16 Jan 2008
Granted (1,000)	3,898
End of performance period I 30%	Q1-2009
End of performance period II 35%	Q3-2009
End of performance period III 35%	Q2-2010
Payment I 30%	6-2009
Payment II 35%	1-2010
Payment III 35%	9-2010
Price of Sampo A at terms approval date, EUR	18.27
Starting price, EUR	17.26

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, with the first possible installment being paid in December 2008. 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.

A premature payment of the reward may occur in the event of changes in the group structure or in the case of employment termination on specifically determined bases. As a result of the sale of the share stock of Sampo Bank plc to Danske Bank A/S in 2007, a prepayment corresponding to 150,000 shares occurred in accordance with the terms of the programme.

PERFORMANCE PERIODS	PERIOD I	PERIOD II	PERIOD III
Share price	May 2005-Q3 -2008	Q4 2006-Q3 -2009	Q4 2007-Q3 -2010
Insurance margin and Return on equity	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, 21.4 per cent, was two and half years' weekly historical volatility. Other inputs used in the model were risk free interest rates 4.53–4.75 per cent and 5 per cent dividend per share.

Average fair value per granted share at grant date	
reward based on the share price, EUR	4.18
reward based on IM and ROE, EUR	14.76
The cost for the financial period, EURm	2
The cost for the premature payment, EURm	3
Total cost for the financial period, EURm	**5**

35 Auditors' Fees

EURm	2007	2006
Auditing fees	2	3
Other fees	0	1
Total	**2**	**3**

36 Legal Proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 December 2007, 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.

37 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	1,279
If P&C Insurance Company Ltd	100	536
UAB If Draudimas	100	10
AAS If Latvia	100	6
AS If Eesti Kindlustus	100	47
CJSC If Insurance	100	10
If Säkerhet AB	100	0
Capital Assurance Company Inc	100	2
Life insurance		
Sampo Life Insurance Company Ltd	100	484
SE Sampo Life Insurance Baltic	100	11
If Livförsäkring Ab	100	5
Other business		
Capital Assurance Services Inc	100	1
Oy Finnish Captive & Risk Services Ltd	100	0
If IT Services A/S	100	0
Riskienhallinta Oy	100	0
Barn i Bil	100	0
Satura Oy	100	1

The table excludes property and housing companies accounted for in the consolidated accounts.

38 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
Aker Floating prod	Norway	1,010,000	4.6	10
Atlas Copco A	Sweden	700,000	0.1	7
Ballingslöv	Sweden	1,326,050	12.4	28
Be Group	Sweden	2,492,400	5.0	15
Cardo	Sweden	2,999,000	10.0	64
Clas Ohlson B	Sweden	2,321,529	3.5	34
CTT Systems	Sweden	511,200	4.7	2
Equinox Offshore	Singapore	2,510,000	4.8	4
G&L Beijer B	Sweden	135,000	1.1	3
Gunnebo	Sweden	4,821,700	10.6	33
Gunnebo Industrier	Sweden	1,088,720	12.4	16
Hoganas B	Sweden	3,034,500	8.7	44
Husqvarna	Sweden	3,756,900	1.2	30
Lindab	Sweden	1,958,042	2.5	31
Nederman	Sweden	1,125,300	9.6	10
Nobia	Sweden	14,693,350	8.4	89
Nolato B	Sweden	1,142,800	4.3	6
Sectra B	Sweden	4,394,300	11.9	28
Skanska B	Sweden	500,000	0.1	6
SKF B	Sweden	400,000	0.0	5
Svedbergs B	Sweden	2,314,600	10.9	13
Systemair	Sweden	436,000	0.8	3
Telelogic	Sweden	12,210,000	4.9	24
TTS Marine	Norway	1,468,200	5.7	18
VBG	Sweden	278,800	2.2	4
Veidekke	Norway	11,649,680	8.3	74
Total listed companies				**599**
Other				3

Unit trusts

EURm	COUNTRY	NO. OF SHARES	HOLDING %	CARRYING AMOUNT/ FAIR VALUE
APS Japan Growth Fund JPY	Cayman Islands			9
APS Small Cap Alpha	Cayman Islands			15
Danske Trans Balkan A	Denmark			3
EQT III UK No 1 L.P.	Finland			13
EQT IV (No. 1) Limited Partnership	Finland			11
Mandatum Arvo Itä-Eurooppa Kasvu	Finland			1
Mandatum Arvo Venäjä Kasvu	Finland			1
Mandatum Emerging Asia Kasvu	Finland			38
Mandatum Europe Enhanced Index	Finland			110
Mandatum European Opportunities Kasvu	Finland			18
Mandatum Itä-Eurooppa Kasvu	Finland			2
Mandatum North America Enhanced Index USD	Finland			53
Mandatum Russia Kasvu	Finland			2
Mandatum Russia Small Cap Kasvu	Finland			2
Mandatum US Small Cap Value Kasvu USD	Finland			71
Mandatum Itä-Eurooppa Growth	Finland			1
Mandatum Pääomarahasto I Ky	Finland			6
Mandatum Pääomarahasto II Ky EUR	Finland			1
Mandatum Pääomarahasto II Ky USD	Finland			2
PMI Venture Fund L.P.	Finland			0
Primus	Sweden			6
Private Energy Market Fund L.P.	Finland			4
Sampo Japan osake Kasvu JPY	Finland			36
Sampo Uusi Eurooppa rahasto	Finland			1
WD Power Investment	Finland			0
WD Power Investment USD	Finland			1
Total unit trusts				**408**
Total shares and participations				**1,011**

Note 38 continues >

LIFE INSURANCE

Listed companies

EURm	COUNTRY	NO. OF SHARES	HOLDING %	AMOUNT/ FAIR VALUE
Ahlstrom Oyj	Finland	455,300	1.0	7
Alma Media Oyj	Finland	6,655,512	8.9	78
Amanda Capital Oyj	Finland	2,053,296	9.0	7
Amer Sports Oyj	Finland	310,080	0.4	6
Cargotec Oyj	Finland	248,665	0.4	8
Comptel Oyj	Finland	19,569,925	18.3	27
Finnlines Oyj	Finland	663,000	1.6	10
Kemira Oyj	Finland	1,903,089	1.5	27
Lassila & Tikanoja Oyj	Finland	2,171,238	5.6	48
Nokia Oyj	Finland	314,000	0.0	8
Norvestia Oyj	Finland	1,789,538	11.7	15
Outokumpu Oyj	Finland	621,651	0.3	13
Salcomp Oyj	Finland	3,724,000	9.6	15
SanomaWSOY Oyj	Finland	3,057,161	1.8	60
Tamfelt Oyj Abp	Finland	788,427	2.9	9
Teleste Oyj	Finland	1,624,200	9.2	11
Turvatiimi Oyj	Finland	5,699,436	8.6	1
Uponor Oyj	Finland	3,449,117	4.7	59
Vaisala Oyj	Finland	766,650	4.2	26
YIT Oyj	Finland	5,704,804	4.5	86
Total				**523**
Other listed companies				23
Listed companies in total				**545**
Other companies				
Metsä Tissue Oyj	Finland	553,407	6.1	11

Unit trusts

EURm	COUNTRY	NO. OF SHARES	HOLDING %	AMOUNT/ FAIR VALUE
BBL Baltic States Cap Fund	Finland	2,656		5
Danske Capital Trans-Balkan kasvu	Finland	463,724		14
Fourton Odysseus Kasvu	Finland	128,259		23
Mandatum Emerging Markets Debt	Finland	52,084,602		84
Mandatum European Opportunities Kasvu	Finland	35,777,856		50
Mandatum High Yield Kasvu	Finland	170,230,497		186
Mandatum Raaka-aine K	Finland	16,989,392		21
Mandatum US Bond Kasvu	Finland	5,644,426		6
Sampo Japani Osake Kasvu	Finland	314,513,376		36

Capital trusts

EURm	COUNTRY	NO. OF SHARES	HOLDING %	AMOUNT/ FAIR VALUE
First European Fund Investments UK L.P.	Finland			8
Mandatum Pääomarahasto I Ky	Finland			10
Total				**454**
Other shares and participations				45
Domestic shares and participations in total				**1,044**

Listed foreign shares and participations

EURm	COUNTRY	NO. OF SHARES	HOLDING %	AMOUNT/ FAIR VALUE
Nordea Bank AB	Sweden	11,270,000	0.4	129
Topdanmark Forsikring A/S	Denmark	281,246	1.5	28
Total				**156**

Foreign unit trusts

EURm	COUNTRY	NO. OF SHARES	HOLDING %	AMOUNT/ FAIR VALUE
APS Japan Growth Fund	Cayman Island	183,278		12
Comgest Panda	Luxembourg	18,983		38
Danske Capital Germany	Luxembourg	1,982,704		17
Goldman Sachs Asset Management Liquidity Partners 2007	U.S.	250,000		16
Lloyd George Asia Small Companies Fund	Hong Kong	299,985		32
New Providence Fund Ltd	Bahama	49,039		12
Prosperity Cub Fund	Cayman Islands	237,181		53
Prosperity Russia Domestic Fund	Cayman Islands	25,000,000		18
RMF Commodity Strategies (Class SOE1)	Bahama	14,787		18
RMF Distressed Strategies	Cayman Islands	15,878		20
Richelieu France	France	52,910		22
Trigon Central and Eastern European Fund	Estonia	296,344		5
Trigon New Europe Small Cap Fund	Estonia	747,481		7

Foreign capital trusts

EURm	COUNTRY	NO. OF SHARES	HOLDING %	AMOUNT/ FAIR VALUE
Access Capital II A L.P.	Great Britain			7
Access Capital II B L.P.	Great Britain			6
Access Capital II C L.P.	Great Britain			8
Access Capital L.P.	Great Britain			27
BOF III CV Investors LP (Gilde Buyout Fund III)	Netherlands			6
CapMan Equity VII B L.P.	Netherlands			9
Duke Street Capital Structured Solutions	Great Britain			8
EQT III UK No 1 L.P. (EQT Northern Europe UK No. I L.P.)	Great Britain			9
EQT IV (No. 1) Limited Partnership	Netherlands			11
EQT IV ISS Co-investment Limited Partnership	Netherlands			9
Industri Kapital 2000 Fund	Great Britain			5
Nexit Infocom 2000 Fund L.P.	Great Britain			6
Pai Europe IV L.P.	Netherlands			7
Permira Europe III	Great Britain			7
Russia Partners II L.P.	Cayman Islands			6
Schroder Ventures Asia Pacific Fund CLP 2	Cayman Islands			9
Thomas H. Lee Equity Fund V L.P.	U.S.			8
VenCap 9 LLC (Preferential Equity Investors II LLC	Cayman Islands			7
Total				**425**
Other shares and participations				88
Foreign shares and participations in total				**669**
Shares and participations in total				**1,713**

HOLDING

Domestic other than listed companies

EURm	COUNTRY	NO. OF SHARES	HOLDING %	AMOUNT/ FAIR VALUE
Varma Mutual Pension Insurance Company	Finland	57	80.3	10
Other	Finland			11
Total domestic shares and participations				**20**

Foreign listed companies

EURm	COUNTRY	NO. OF SHARES	HOLDING %	AMOUNT/ FAIR VALUE
Nordea Bank AB	Sweden	238,283,129	9.2	2,718

Foreign unit trusts

EURm	COUNTRY	NO. OF SHARES	HOLDING %	AMOUNT/ FAIR VALUE
Thomas H. Lee Equity Fund V L.P.	U.S.			5
Other				14
Total foreign shares and participations				**2,737**
Total shares and participations				**2,758**

Holdings exceeding EURm 5 and holdings in listed companies exceeding five per cent specified.

39 Events after the Balance Sheet Date

The Board of Directors proposes to the Annual General Meeting on 14 April 2008 that a dividend of EUR 1.20 per share be distributed for 2007. The dividends to be paid will be accounted for in the equity in 2008 as an appropriation of retained earnings.

Parent Company Income Statement

EURm	Note	2007	2006
Other operating income	1	12	49
Staff expenses			
Salaries and remunerations		-12	-15
Social security costs			
Pension costs		-6	-2
Other		-1	-1
Depreciation and impairment	2		
Depreciation according to plan		-2	-8
Other operating expenses	3	-31	-22
Operating profit		**-39**	**1**
Financial income and expense	5		
Income from shares in Group companies		719	1,406
Income from shares in participating undertakings		1	2
Income from other shares		43	4
Other interest and financial income			
Group companies		9	8
Other		114	-
Other investment income and expense		3,241	7
Other interest income		12	10
Interest and other financial expense			
Other than Group companies		-37	-52
Hedge accounting and exchange result		-4	1
Other		0	0
Proft before taxes		**4,058**	**1,386**
Income taxes			
Tax for the financial year		-8	0
Tax from previous years		0	-1
Deferred taxes		-17	6
Profit for the financial year		**4,033**	**1,391**

Parent Company Balance Sheet

EURm	Note	2007	2006
ASSETS			
Non-current assets			
Intangible assets	6		
Intangible rights		0	8
Other long-term expenses		1	15
Property, plant and equipment	7		
Buildings		3	14
Equipment		1	2
Other		2	2
Investments			
Shares in Group companies	8	2,370	3,157
Receivables from Group companies	9	128	130
Shares in participating undertakings	10	1	1
Other shares and participations	11	2,763	469
Other receivables	12	1,896	-
Short-term receivables			
Receivables from Group companies		6	0
Deferred tax assets	20	5	22
Other receivables	13	35	48
Prepayments and accrued income	14	12	23
Cash at bank and in hand		228	623
TOTAL ASSETS		**7,450**	**4,516**

EURm	Note	2007	2006
LIABILITIES			
Equity	15		
Share capital		98	95
Premium reserve		1,160	1,157
Fair value reserve		26	20
Other reserves			
Legal reserve		366	366
Other		273	273
Retained earnings		811	188
Profit for the financial year		4,033	1,391
		6,768	**3,490**
Liabilities			
Long-term liabilities			
Debentures		589	586
Pension loans		-	85
Short-term liabilities			
Bonds and notes		-	191
Certificates of deposit		-	50
Deferred tax liabilities	20	13	11
Other liabilities	18	38	53
Accruals and deferred income	19	42	50
TOTAL LIABILITIES		**7,450**	**4,516**

Parent Company Statement of Cash Flows

EURm	2007	2006
Cash flows from operating activities		
Profit before taxes	4,058	1,386
Adjustments:		
Depreciation and amortisation	3	1
Unrealised gains and losses arising from valuation	0	0
Realised gains and losses on investments	-3,239	-10
Other adjustments	2,685	65
Adjustments total	**-551**	**55**
Change (+/-) in assets of operating activities		
Investments *)	-3,875	-620
Other assets	19	9
Total	**-3,855**	**-611**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-12	10
Other liabilities	-21	0
Paid interests	-41	-51
Paid taxes	-5	-1
Total	**-79**	**-42**
Net cash used in operating activities	**-427**	**788**
Cash flows from investing activities		
Investments in group and associated undertakings	0	17
Proceeds from the sale of group and associated undertakings	4,028	-
Other investments	-2,646	-
Net investment in equipment and intangible assets	20	3
Net cash from investing activities	**1,402**	**20**
Cash flows from financing activities		
Subscription of share options	6	108
Acquisition of own shares	-81	-73
Dividends paid	-685	-359
Issue of debt securities	9	220
Repayments of debt securities in issue	-332	-417
Net cash used in financing activities	**-1,082**	**-520**
Total cash flows	**-107**	**288**
Cash and cash equivalents at 1 January	335	47
Cash and cash equivalents at 31 December	228	335
Net change in cash and cash equivalents	**-107**	**288**

*) *Investments include both investment property and financial assets.*

ADDITIONAL INFORMATION TO THE STATEMENT OF CASH FLOWS:

EURm	2007	2006
Interest income received	147	2
Interest expense paid	41	51
Dividend income received	763	1,412

Notes to the Parent Company Accounts

SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The presentation of separate financial statements for Sampo plc for the financial year 2007 have been changed. The financial statements together with the notes have been prepared in accordance with the Finnish Accounting Act and Ordinance. In 2006, while the Group was a credit institution oriented finance conglomerate, the financial statements for the parent company were prepared in accordande with the provisions of Article 4 of the Act on Credit Institutions (1607/1993), the Decree of the Ministry of Finance (1259/2000) and Standard 3.1 Financial statements and Annual report issued by the Finnish Financial Supervision Authority. The comparison figures for the year 2006 have been adjusted accordingly.

The accounting principles applied to the separate financial statements of Sampo plc do not materially differ from those of Sampo Group, prepared in accordance with the International Financial Reporting Standards (IFRS). The financial assets are measured at fair value derived from the markets. The accounting principles for the Group are described starting from p. 52.

Notes on the Income statement

1 Other operating income

EURm	2007	2006
Income from property occupied for own activities	2	4
Other	10	45
Total	**12**	**49**

2 Depreciation and impairment

EURm	2007	2006
Depreciation according to plan		
Property, plant and equipment	-1	-5
Intangible assets	-1	-4
Total	**-2**	**-8**

3 Other operating expenses

EURm	2007	2006
Rental expenses	-3	-3
Expense on property occupied for own activities	-2	-2
Losses on disposal of property occupied for own actitivies	-4	0
Other	-22	-17
Total	**-31**	**-22**

Item Other includes e.g. administration and IT expenses and fees for external services.

4 Auditors' fees

EURm	2007	2006
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.3	-0.2
Other fees	-0.1	-0.2
Total	**-0.4**	**-0.5**

5 Financial income and expense

EURm	2007	2006
Received dividends in total	763	1,412
Interest income in total	135	17
Interest expense in total	-37	-52
Gains on disposal in total	3,242	10
Losses on disposal in total	-2	-3
Hedging and exchange result	-4	1
Other	0	0
Total	**4,096**	**1,385**

6 Intangible Assets

EURm	2007 IT	2007 OTHER	2006 IT	2006 OTHER
Cost at beginning of year	**20**	**23**	**20**	**18**
Additions	0	1	0	5
Disposals	-17	-21	-	-
Accumulated amortisation at beginning of year	12	-7	-9	-4
of which related to disposals	9	7	-	-
Amortisation according to plan during the financial year	0	-1	-3	-4
Carrying amount at end of year	**0**	**1**	**8**	**15**

7 Property, Plant and Equipment

EURm	2007 LAND AND BUILDINGS	2007 OTHER	2006 LAND AND BUILDINGS	2006 OTHER
Cost at beginning of year	**15**	**11**	**15**	**11**
Additions	0	1	0	0
Disposals	-13	-8	0	0
Transfers	1	-	0	-
Accumulated depreciation at beginning of year	-1	-7	-1	-6
of which related to disposals	0	7	-	-
Accumulated impairment losses at beginning of year	-1	-	-1	-
of which related to disposals	1	-	-	-
Depreciation according to plan during the financial year	0	-1	0	-1
Carrying amount at end of year	**3**	**3**	**14**	**4**

8 Shares in Group Companies

EURm	2007	2006
Cost at beginning of year	**3,157**	**3,157**
Disposals	-787	-
Carrying amount at end of year	**2,370**	**3,157**

9 Receivables from Group Companies

EURm	2007	2006
Cost at beginning of year	**130**	**132**
Disposals	-3	-1
Carrying amount at end of year	**128**	**130**

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated Note 26 Financial liabilities.

10 Shares in Participating Undertakings

EURm	2007	2006
Cost at beginning of year	**1**	**18**
Disposals	0	-17
Carrying amount at end of year	**1**	**1**

11 Other Shares and Participations

	2007	Fair value changes		2006	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	2,758	1	9	454	-4	44

Changes in property shares

EURm	2007	2006
Cost at beginning of year	**14**	**17**
Disposals	-9	-2
Carrying amount at end of year	**5**	**14**
Difference between current cost and carrying amount	0	-2

12 Other Investment Receivables

	2007	Fair value changes		2006	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	1,896	0	1	-	-	-
Derivatives	0	0	-	-	-	-
Total	**1,896**	**0**	**1**	-	-	-

13 Other Receivables

EURm	2007	2006
VAT receivable (see Note 24)	34	34
Other	7	15
Total	**40**	**48**

14 Prepayments and Accrued Income

EURm	2007	2006
Accrued interest	11	23
Other	0	0
Total	**12**	**23**

15 Movements in the Parent Company's Equity

EURm	Restricted equity: Share capital	Restricted equity: Share premium account	Restricted equity: Legal reserve	Fair value reserve	Unrestricted equity: Other reserves	Unrestricted equity: Retained earnings	Total
Carrying amoun at 1 Jan. 2006	**96**	**1,048**	**366**	**-9**	**273**	**587**	**2,361**
Subscription for shares with options	1	108					108
Dividends						-339	-339
Recognition of undrawn dividends						13	13
Financial assets available-for-sale							
- recognised in equity				32			32
- recognised in p/l				-3			-3
Cancellation of treasury shares	-1	1					0
Acquisition of treasury shares						-73	-73
Profit for the year						1,391	1,391
Carrying amount at 31 Dec. 2006	**95**	**1,157**	**366**	**20**	**273**	**1,579**	**3,490**

EURm	Restricted equity: Share capital	Restricted equity: Share premium account	Restricted equity: Legal reserve	Fair value reserve	Unrestricted equity: Other reserves	Unrestricted equity: Retained earnings	Total
Carrying amoun at 1 Jan. 2007	**95**	**1,157**	**366**	**20**	**273**	**1,579**	**3,490**
Subscription for shares with options	3	4					6
Dividends						-693	-693
Recognition of undrawn dividends						6	6
Financial assets available-for-sale							
- recognised in equity				6			6
- recognised in p/l				1			1
Acquisition of treasury shares						-81	-81
Profit for the year						4,033	4,033
Carrying amount at 31 Dec. 2007	**98**	**1,160**	**366**	**26**	**273**	**4,844**	**6,768**

DISTRIBUTABLE ASSETS

EURm	2007	2006
Parent company		
Profit for the year	4,033	1,391
Retained earnings	811	188
Other reserves	273	273
Undistributable items	-10	-9
Total	**5,107**	**1,842**

16 Share Capital

Information on share capital is disclosed in Note 32 in the consolidated financial statements.

17 Debentures

EURm	2007	2006
Debenture loan, nominal value EURm 600, call 21.4.09 due 2014		
- annual fixed interest 4.625% until April 2009, thereafter floating	589	586

18 Other Liabilities

EURm	2007	2006
Unredeemed dividends	29	26
Derivatives	0	12
Other	9	14
Total	**38**	**53**

19 Accruals and Deferred Income

EURm	2007	2006
Deferred interest	19	23
Other	22	28
Total	**42**	**50**

Notes on the income taxes

20 Deferred Tax Assets and Liabilities

EURm	2007	2006
Deferred tax assets		
Timing differences	5	22
Total	**5**	**22**
Deferred tax liabilities		
Timing differences	4	5
Fair value reserve	9	7
Total	**13**	**11**

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 Sampo Life Insurance Company Limited.

22 Future Rental Commitments

EURm	2007	2006
Not more than one year	2	2
Over one year but not more than five years	5	4
Over five years	3	-
Total	11	5

23 Off-balance Sheet Items

EURm	2007	2006
Underwriting commitments	6	8
Off-balance sheet items total	6	8
To or on behalf of Group companies	-	-
To or on behalf of associates	-	-

24 Other Financial Commitments

Sampo plc's group of entities liable to tax, as per Article 13 a of the Value Added Tax Act, was credited value added tax refunds in 2004 based on the final VAT refund decisions of the Tax Office for Major Corporations.

Contrary to its previous final decisions, the Tax Office for Major Corporations reassessed the matter in December 2004, on the basis of which it debited EUR 33.7 million of previously refunded VAT. Had the reassessment been confirmed as final and enforced as such, the estimated effect on the Sampo Group's net profit could have been as much as EUR 26 million.

As the Group member liable to tax, Sampo plc paid in January 2005 the VAT debited in December 2004. Accordingly, the VAT in question has been treated as a receivable from the Group member in the accounts since 2004

Sampo plc made an appeal to the Helsinki Administrative Court with respect to the reassessment of the Tax Office for Major Corporations.

By a decision made on 12 December 2007, the Helsinki Administrative Court approved Sampo's appeal, overruled the reassessment decisions made and returned the issue to the Tax Office for Major Corporations for further handling.

Notes on the staff and management

25 Staff Numbers

	2007	2006
	AVERAGE DURING THE YEAR	AVERAGE DURING THE YEAR
Full-time staff	54	85
Part-time staff	2	1
Temporary staff	-	1
Total	**56**	**87**

26 Management's Remuneration and Post-Employment Benefits

(EUR thousand)		2007	2006
Managing and Debuty Managing Directors			
Managing Director	Björn Wahlroos	2,999	2,901
Deputy Managing Director	Kari Stadigh	1,790	1,751
Members of the Board of Directors			
Georg Ehrnrooth		120	135
Tom Berglund		70	84
Anne Brunila		70	84
Jukka Pekkarinen		70	70
Jussi Pesonen		70	70
Christoffer Taxell		70	84
Matti Vuoria		85	99

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.

27 Shares Held as of 31 Dec, 2007

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		
Sampo Life Insurance Company Ltd, Helsinki Finland	100.00	484
Property company		
Kiinteistö Oy Hervannan Tieteenkatu 1, Tampere Finland	100.00	1
Other		
Satura Oy, Helsinki Finland	100.00	1
Associated undertakings		
Primasoft Oy, Espoo Finland	20.00 (30.00)	1

*) *Percentage of the voting rights held is presented in brackets, if it differs from that of the shares held.*

Information on associates is disclosed in Note 15 to the consolidated financial statements.

Approval of the Financial Statements and the Board of Directors' Report

Approval of the financial statements and the board of directors' report

Helsinki, 12 February 2008

SAMPO PLC
Board of Directors

Anne Brunila **Tom Berglund** **Jussi Pesonen**

Jukka Pekkarinen **Matti Vuoria** **Christoffer Taxell**

Georg Ehrnrooth
Chairman

Björn Wahlroos
Group CEO

Auditors' Report

TO THE SHAREHOLDERS OF SAMPO PLC

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Sampo plc for the financial year 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

CONSOLIDATED FINANCIAL STATEMENTS

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position. The consolidated financial statements can be adopted.

PARENT COMPANY'S FINANCIAL STATEMENTS, REPORT OF THE BOARD OF DIRECTORS AND ADMINISTRATION

In our opinion the parent company's financial statements and the report of the Board of Directors have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The financial statements and the report of the Board of Directors give a true and fair view of the parent company's result of operations and of the financial position. The report of the Board of Directors is consistent with the financial statements.

The financial statements can be adopted and the members of the Board of Directors and the Managing Directors of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki 29 February 2008

ERNST & YOUNG OY
Authorised Public Accountant Firm

Tomi Englund
Authorised Public Accountant

IR Information

Financial Information in 2008

The official financial statements for 2007 can be inspected in full at Sampo Legal Affairs, Fabianinkatu 27, Helsinki, Finland.

The Annual Report is published on Sampo's Internet pages at the address *www.sampo.com/annualreport*. Printed Annual Reports can be ordered at the above Internet address, by mail from Sampo plc Investor Relations, Fabianinkatu 27, 00100 Helsinki, Finland or by calling +358 010 516 0033.

SAMPO WILL PUBLISH THREE INTERIM REPORTS IN 2008:

7 May
Interim Report for 1 January – 31 March 2008

13 August
Interim Report for 1 January – 30 June 2008

5 November
Interim Report for 1 January – 30 September 2008

The Interim Reports are published on the Internet at *www.sampo.com/interimreports.*

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Press and stock exchange releases, the monthly updated list of shareholders and other investor information published by Sampo is available on the Internet at *www.sampo.com*.

Annual General Meeting

Sampo plc's Annual General Meeting will be held on Tuesday, 15 April 2008 at 2.00 p.m., at the Finlandia Hall Congress wing, address Mannerheimintie 13e, Helsinki. The listing of persons registered for the meeting will commence at 12.30 p.m.

To be entitled to participate in the AGM, shareholders must be entered into the shareholder register maintained by the Finnish Central Securities Depository Ltd (Suomen Arvopaperikeskus Oy) by 4 April 2008. Asset managers must enter nominee-registered shareholders in the Sampo shareholder register created for the AGM by Finnish Central Securities Depository Ltd.

To be entitled to participate in the AGM, shareholders and nominee registered shareholders must register by 4 p.m. on 7 April 2008 at Sampo Shareholder Services.

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Registered domicile Helsinki

The contact information for Group subsidiaries is available on the Internet at the address *www.sampo.com/contacts*

www.sampo.com/ir/feedback

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