ANNUAL REPORT 2012

SAMPO GROUP

CONTENT

GROUP

GROUP CEO'S REVIEW

Excellent Results Without Any Outside Assistance

For Sampo, 2012 was like swimming upstream. During the year, with the euro zone falling into recession and the pace of growth slowing down elsewhere in Europe, Sampo received no support from the outside world. At the same time, officials placed new regulatory burdens on the financial sector, as has been the case in previous years.

The uncertainty brought on by the excessive debt levels of the public sector continued to frustrate the capital markets throughout 2012. Interest rates fell as central banks eased their monetary policy. Short-term interest rates on US and German government bonds turned negative, the popularity of credit-risk investments increased, and the corporate bond interest rates fell even below companies' dividend yields.

Even though the irresponsible amassing of debt by the public sector is the main reason behind Europe’s problems, the financial sector was burdened with increased regulation and the imposition of a banking tax in many countries, as well as other new tax levies enforced on it. Tax activists at the EU level continued with preparations for a financial transaction tax, despite the fact that it is commonly accepted that the tax will restrict economic growth and hinder job creation.

Best Ever Combined Ratio

2012 proved to be a historically good year for Sampo Group’s P&C operations. The technical result of If P&C Insurance improved further and the combined ratio of 89.3 per cent was the best in the company’s history. Our uncompromising focus on risk selection and underwriting laid the ground for this excellent result. The premium income of If P&C Insurance also developed positively, reaching EUR 4,441 million.

Among the most noteworthy events that took place in our P&C insurance operations during the year was the acquisition of the Finnish business of the Danish insurance company Tryg. This transaction is expected to be closed in the spring of 2013. Another important event was the cooperation agreement signed with Nordea that will begin offering If insurances in Finland, Sweden and the Baltics from the summer of 2013. If P&C's holding in Topdanmark increased to 25.4 per cent of all shares, excluding the shares that are held by Topdanmark itself.

In 2012, Sampo's associated company Nordea had more customers, more capital, and recorded a better result than ever before. Nordea has set an ROE target of 15 per cent under normal interest rate levels and with a Core Tier 1 capital ratio of above 13 per cent.

Nordea's starting point is strong as the Group's historical earnings development has proven to be one of the most stable in the European banking sector. This is due to both economies of scale and diversification as its operations cover all Nordic countries. The efficiency program to improve Nordea's cost efficiency and capital position is well on track. Nordea is already among the top performers in each market where it operates.

Sampo's share of Nordea's net profit for 2012 was EUR 653 million. According to Nordea's dividend proposal, in spring 2013, Sampo will receive EUR 293 million from Nordea in dividends.

Life Insurance Premiums Grew By 15 Per Cent

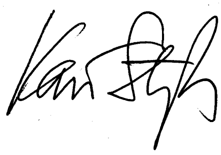
In 2012, the premium income of Mandatum Life grew by 15 per cent to EUR 977 million, which meant that it almost reached the company's record figures of 2010. This was an extremely good achievement considering the prevailing market situation. To a large extent, the growth in premium income can be attributed to the smooth sales cooperation with Danske Bank.

Despite the uncertainty in the investment environment, Sampo Group's investment results were excellent in 2012, with both equities and the bond portfolio yielding good returns.

Dividend Proposal of EUR 1.35 per Share

Sampo is known as a dividend stock. To this end, in accordance with our dividend policy, we will distribute more than half of our net profit to our shareholders in spring 2013. Sampo's Board of Directors proposes that a dividend of EUR 1.35 per share be paid for 2012.

Sampo's share price increased by 27 per cent in 2012, and it reached its highest value in Sampo's 25-year history as a listed company in March 2013. We are the only financial group with P&C insurance and banking operations that cover all of the Nordic countries and which has a leading market position in all of the business areas. This creates a strong foundation for successful operations also in 2013.



Kari Stadigh
Group CEO and President

2012 IN FIGURES

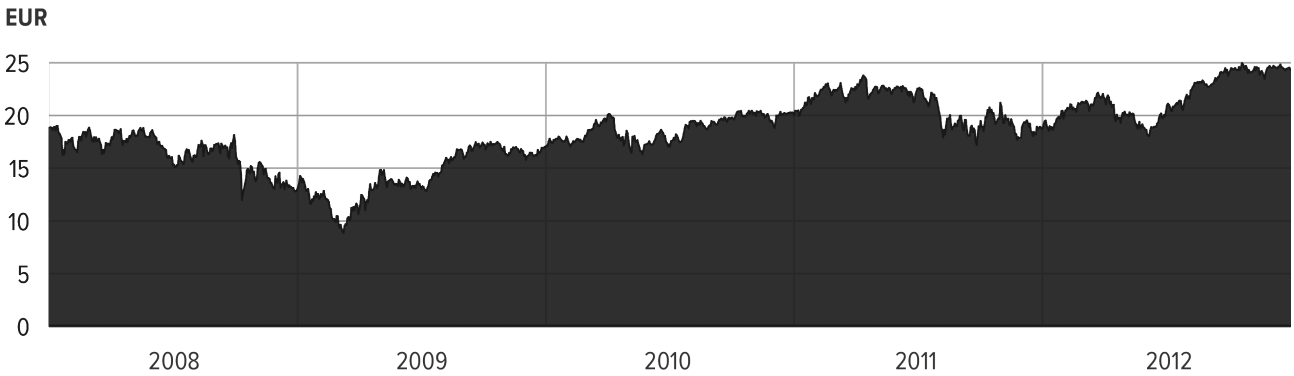
Key Figures

Sampo Group, 2012

EURm	2012	2011	Change, %
Profit before taxes	1,616	1,228	32
P&C insurance	858	636	35
Associate (Nordea)	653	534	22
Life insurance	136	137	-1
Holding (excl. Nordea)	-30	-77	-61
Profit for the period	**1,404**	**1,038**	**35**
			Change
Earnings per share, EUR	2.51	1.85	0.66
EPS (incl. change in FVR), EUR	3.31	1.22	2.09
NAV per share, EUR	17.55	14.05	3.50
Average number of staff (FTE)	6,823	6,874	-51
Group solvency ratio, %	170.4	138.6	31.8
Return on Equity, %	19.5	7.7	11.8

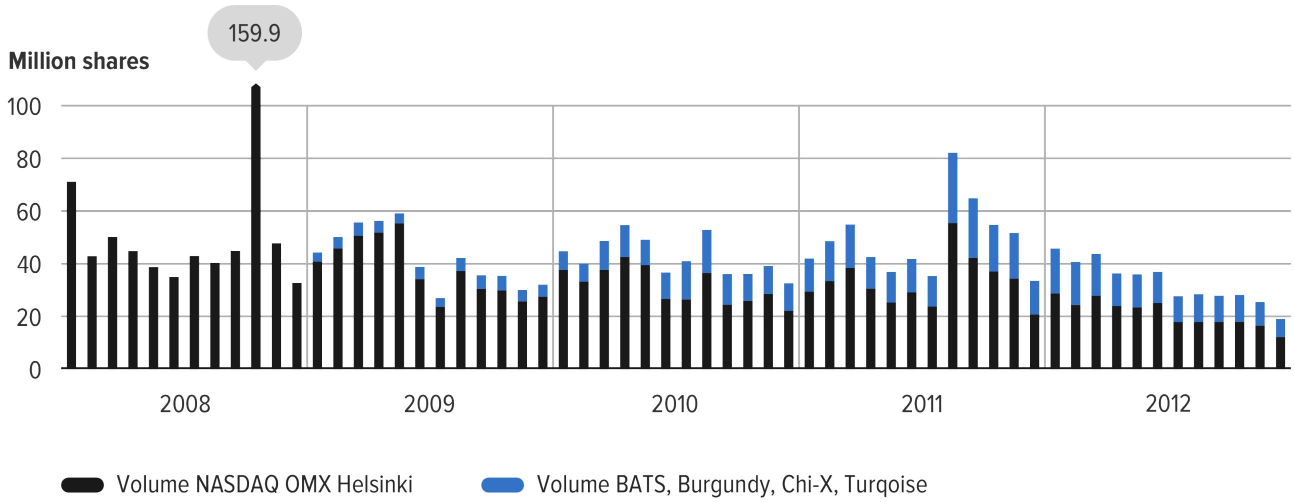
Share Price Performance

Sampo plc, 2008–2012



Monthly Trading Volume

Sampo plc, 2008–2012



Share Main Facts

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

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

STRATEGY

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

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

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

Financial Targets 2012

	Target	Performance 2012
IF P&C Focus on underwriting	**RoE** 17.5% **Combined Ratio** < 95%	**RoE** 36.2% **Combined Ratio** 89.3%
Sampo plc Shareholder value creation	**Payout Ratio*** ≥ 50%	**Payout Ratio*** 54%**
Mandatum Life Focus on unit-linked	**RoE** 17.5%	**RoE** 28.5%

*Dividend % of net profit

**Based on Board's proposal on 13 Feb 2013

If P&C Insurance – Security and Stability

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

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

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

- **Customer value** – If will exceed customer expectations through superior insurance solutions, fast and accurate claims management and sympathetic behavior.
- **Focused Insurance Expertise** – If will purposefully strengthen the organisation's skills in developing, pricing and distributing insurance products, as well as in the areas of liability loss prevention and claims management.
- **Nordic Business Platform** – If will create competitive advantage through economies of scale and know-how transfer through an integrated Nordic and Baltic platform
- **Investment Strategy with Balanced Risk** – If has adopted a low risk strategy in investments by maintaining a balance between insurance commitments and investment assets in terms of currency and duration. Surplus capital is invested to enhance total returns.

Mandatum Life – an Expert in Money and Life

Mandatum Life is the leading provider of cover against life and health risks and a well respected manager of customer assets in Finland and the Baltic countries. In new business, Mandatum Life's core product areas consist of unit-linked savings contracts and group pensions as well as risk insurance. As a result of the existing balance sheet, unit-linked individual pension policies and the with-profit portfolio in general play a significant role in the company, even though they are not being sold actively. In 2011, operations were expanded beyond the life insurance sector to cover the management of personnel fund services and corporate pension funds. Since, as a result of the changes made to the lowest possible retirement age, the company no longer grants new individual corporate pension policies, it will also look into other opportunities outside the life insurance sector to guarantee comprehensive services for its customers.

In Finland, Mandatum Life relies on three sales channels: in-house corporate sales teams, wealth management focusing on high-net-worth individuals, and Danske Bank's network.

The company estimates that there is still a growing need for Finns to make preparations to secure their income during retirement. That is why the company believes that voluntary corporate pension schemes will play an increasingly important role in complementing the statutory earnings-related pension scheme in the future. As far as the corporate sales channel is concerned, even greater emphasis will be placed on meeting the investment-related needs of customers. In addition, companies are believed to gain significant value by covering their employees' life and health risks through voluntary insurance policies.

Mandatum Life started its own wealth management and investment solutions activities in 2008, with a focus on high-net-worth individuals and institutions.

In the private segment, Mandatum Life's main service channel is Danske Bank's network. Co-operation with Danske Bank has been successful, and there is no apparent need to alter the strategy in this respect.

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

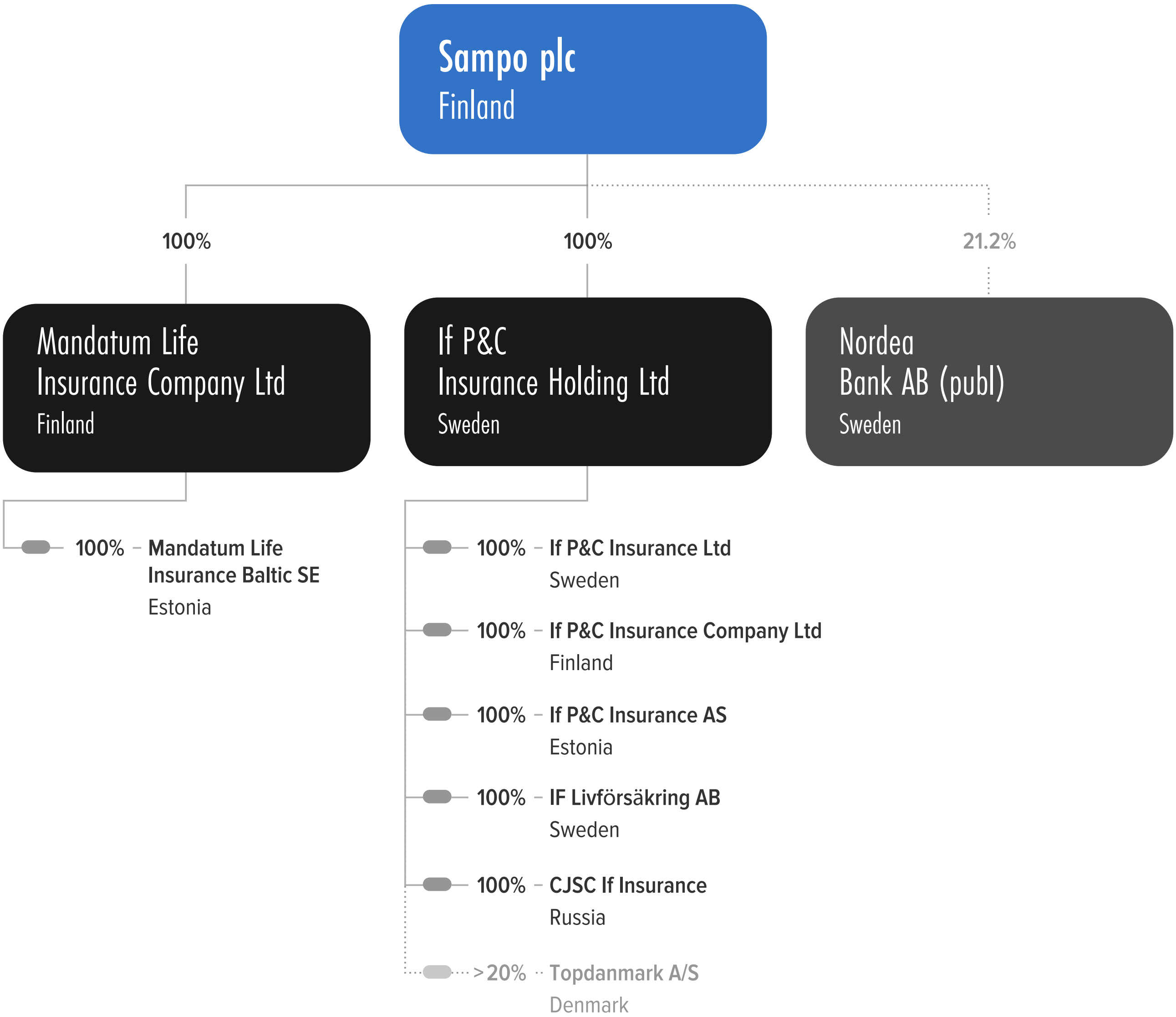
Dividend Policy

Sampo plc, the listed parent company of Sampo Group, is a good dividend payer. Sampo aims to pay at least 50 per cent of Group's net profit as dividend. Share buy-backs can be used to complement the dividend. The Board proposes to the AGM a dividend of EUR 1.35 per share for the year 2012. The proposed dividend corresponds to a pay-out ratio of 54 per cent.

GROUP STRUCTURE

Legal Structure

31 December 2012



ORGANIZATION

31 December 2012

Group CEO and President | Kari Stadigh

- **Group Finance and Risk Management**
  Peter Johansson
- **Investments**
  Patrick Lapveteläinen
- **Life Insurance**
  Petri Niemisvirta
  - **Finance**
    Jukka Kurki
  - **Private Customers**
    Sanna Rajaniemi
  - **Danske Bank and Alliances**
    Risto Honkanen
  - **Major Corporate Clients and Business Development**
    Tarja Tyni
  - **Corporate Sales**
    Janne Kajala
  - **Wealth and Investment Management**
    Jukka Pirskanen, Juhani Lehtonen
  - **Baltics and Support Service**
    Timo Laitinen
  - **Legal Affairs**
    Timo Vuokila
  - **Marketing and Communications**
    Niina Riihelä
- **P&C Insurance**
  Torbjörn Magnusson
  - **Deputy MD**
    Ricard Wennerklint
    - **Marketing and Communications**
      Katarina Mohlin
    - **IT**
      Kjell Rune Tveita
  - **Private**
    Morten Thorsrud
    (as of 1 Jan 2013)
  - **Commercial**
    Ivar Martinsen
  - **Industrial**
    Niclas Ward
    (as of 1 Jan 2013)
  - **Baltic and Russia**
    Timo Vuorinen
  - **Finance**
    Knut Arne Alsaker
  - **Legal Affairs**
    Dag Rehme
- **Internal Audit**
  Gunilla Werner Carlsson
- **IR & Group Communications**
  Jarmo Salonen
- **Personnel**
  Johan Börjesson

BUSINESSES

Sampo Group is engaged in P&C insurance and life insurance through its fully owned subsidiaries If P&C Insurance Holding Ltd (publ) and Mandatum Life Insurance Company, respectively. The parent company Sampo plc is also the biggest shareholder in Nordea Bank AB, the largest bank in the Nordic region, with its 21.2 per cent holding on 31 December 2012. Nordea is accounted for as an associated company.

Sampo plc

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

If P&C Insurance

If P&C Insurance is the leading property and casualty insurer in the Nordic region, with operations in Finland, Sweden, Norway, Denmark, the Baltic countries and Russia. Danish insurance company Topdanmark A/S, in which If P&C Insurance is the largest owner with more than 20 per cent of the shares, is accounted for as an associated company in the P&C insurance segment.

Nordea

Nordea, the largest bank in the Nordic region, has around 11 million customers and is one of the largest universal banks in Europe in terms of total market capitalization. The Nordea share is listed in the NASDAQ OMX Nordic Exchanges in Stockholm, Helsinki and Copenhagen. In Sampo Group’s reporting Nordea is included in the segment Holding.

Mandatum Life

Mandatum Life, with operations in Finland and the Baltic countries, is responsible for Sampo Group's life insurance operations and in addition offers asset management services under an insurance wrapper.

If P&C Insurance

The year 2012 was yet another stable year for If and the group delivered both solid insurance result and healthy growth.

The past year was marked by the still challenging financial environment, impacted by the sovereign debt and banking crisis in the eurozone. The insurance industry is now in a period where it is adapting to this new environment with low interest rates and hence low return on investments, where the results must be achieved in underwriting. This is an approach that is in line with the way If has been working for several years through its prudent investment policy and profit-oriented underwriting approach.

If’s business developed very well in 2012 with a combined ratio of 89.3 per cent. The combined ratio was better than the long-term target. The technical result was EUR 560 million (457) and profit before taxes amounted to EUR 858 million (636). The result was improved, among other things, by fewer weather-related claims compared to the last couple of years. If’s profit also includes a share of associated company Topdanmark’s profit, corresponding to If’s ownership in Topdanmark, which amounted to EUR 50 million.

The year 2012 was characterized by a number of important business co-operations. During the year, If entered a partnership with Nordea in Finland, Sweden and the Baltic countries. The partnership, which will strengthen If’s distribution network, is expected to be launched in the first half of 2013. If also acquired the Finnish P&C insurance business of Tryg with premium volume of approximately 80 MEUR and a market share of some 2 per cent. The transaction is still subject to approval by regulatory authorities. In car insurance, which is an important part of If’s business, the partnership agreement with Volkswagen Group Sweden (VGS) was extended by another three years. During the year, the partnership agreement with Coop Norway was also successfully implemented. If’s strategic investment in health insurance continued during the year with new initiatives and partnership agreements. Furthermore, If’s Russian subsidiary Region was divested.

If’s focus areas remained unchanged in 2012, with continued improvement in underwriting and cost efficiency and further development of partnerships and customer relations. Improvements in customer and claims service are continuously made in all business areas and markets. In line with this, If works systematically to involve all employees to contribute to its customer promises “Claims handling the way it should be” and “Relax, we’ll help you”.

If’s focus on online solutions continued during the year, with both sales and claims handling on the internet growing steadily. In 2012 a number of e-business solutions were further developed creating both efficiency and customer value.

Solvency II requirements have high priority within If and the group is well positioned to meet the new regulatory demands.

If has systematically worked for the environment and reduced its carbon dioxide emissions significantly. The year 2012 was the second carbon neutral year in a row for If.

Nordea

Despite continued pressure on interest rates, the financial turmoil and slowdown in European economic activity having negative effects on many banks in Europe, Nordea’s development during 2012 remained solid and business momentum was maintained.

Total income increased and operating profit continued to grow. The number of household and corporate customers continued to increase and more business was conducted with each customer, resulting in increased business volumes and more ancillary business.

Nordea continues to focus on the relationship strategy. By striving to create great customer experiences Nordea deepens the relationship with each customer and expands the customer base, thereby growing the overall business volume. Despite the financial unrest, Nordea proactively adjusted the direction to ensure ability to reach higher customer satisfaction, continuous growth in income and stable profitability.

The new regulatory requirements on capital, liquidity and funding, following the global financial and sovereign debt crises, imply a cost for all banks that will be reflected in business models and other changes in the global banking market for years to come.

During 2012, Nordea further adapted to the new conditions by following the New Normal plan implemented the previous year. Nordea increased capitalisation, prolonged funding further and increased liquidity to sustainable levels. During the year, capital efficiency increased and cost development remained flat. The processes to reduce the number of employees were also finalised according to plan.

Nordea has into 2012 further strengthened the platform for its future business, combining increased efficiency with a maintained high service level towards the customers. Advice capacity in branches was improved, the services available through contact centres, internet bank and mobile bank were expanded and the presence in social media enhanced. The relationship and advice concepts for both household and corporate customers were further developed, as were products and services.

Following the New Normal Plan, Nordea’s plan is directed towards sustainable profitability and efficiency, long-term customer relations and a solid capital position. This includes focus on income, cost efficiency, capital efficiency and risk management, reflecting the ambition to stay in the top league of European banks. Towards the end of 2012, Nordea’s efforts gained recognition when Nordea received the award “Bank of the Year in Western Europe” by the financial magazine The Banker.

Nordea was in 2012 named the safest bank in the Nordic region by the magazine Global Finance in an evaluation of long-term credit ratings. Few banks in Europe have as high a rating as Nordea, at AA rating level, and it reflects that Nordea’s repayment ability is perceived to be very good. Nordea is viewed upon as less vulnerable to market turbulence than other banks due to its well-diversified business model.

Nordea will safeguard a continued high rating, enabling strong liquidity and funding position since it is vital to ensure the right products and services at the right price to each customer.

Nordea’s vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. Nordea has around 11 million customers, approx. 1,000 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the NASDAQ OMX Nordic Exchange in Stockholm, Helsinki and Copenhagen.

Mandatum Life

Despite the turmoil caused by the debt crisis in the eurozone, 2012 proved, in many ways, a good year for Mandatum Life. After a difficult year in 2011, the company recorded an excellent investment result for 2012. Premiums written also developed favourably compared to the previous year.

In 2012, Mandatum Life’s return on both equity and fixed-income investments was good, resulting in an exceptionally high overall return on investment assets. The high return on fixed-income investments largely results from a strong decline in interest rates and the narrower risk margins of corporate bonds. This creates significant challenges for investment activities during the next few years; due to the exceptionally low interest rate level, maturing fixed-income investments present a considerable re-investment risk. For this reason, the company continued to supplement the reserves for lowering the discount rate, enabling it to reduce the return requirement on technical provisions for 2013 and 2014.

For core businesses, premiums written rose close to the record-high level of 2010, clearly exceeding that of 2011. The increase in premiums written was primarily due to the strongly increased sales volumes of the Danske Bank distribution channel, which reached an all-time high in the history of the distribution co-operation. Other sales channels also managed to increase the premiums written related to unit-linked contracts, and what was particularly positive about these channels was that redemptions related to unit-linked contracts remained at a substantially lower level than the year before. As a result of these, the unit-linked technical provisions rose to the highest level ever in the company’s history. The assets and customer numbers of the company’s own wealth management also experienced solid growth despite the challenging market and economic situation.

The pension insurance market was marked by heavy debate on the tax treatment of individual pension insurance policies and PS contracts. The outcome was to raise the minimum retirement age for new individual pension insurance policies and PS contracts concluded after 1 January 2013 to be in line with the maximum retirement age under the statutory pension system, which is currently 68 years. In Mandatum Life’s view, these changes will substantially weaken demand, which is why the company decided to discontinue all sales of individual pension insurance policies, after having previously ceased selling those products to private customers. The tax changes will, however, not eliminate the need for customers to make preparations for their retirement; to meet this need, the company will adjust both its product and service offering and its sales organisation to better reflect the new market situation in the beginning of 2013. In terms of wealth management and other savings solutions, this will entail a broader range of services and investment targets. Solutions related to life and health risks, along with commitment and rewarding services, will also play a greater role in the overall offering.

In the Baltics, premiums written for the full year fell short of the previous year’s level, even though demand and the market picked up towards year-end. However, thanks to lower surrender rates and higher investment returns, the company’s unit-linked technical provisions developed more favourably compared to 2011. During the year, the sales and customer service organizations were adjusted to better meet customer demand and needs.

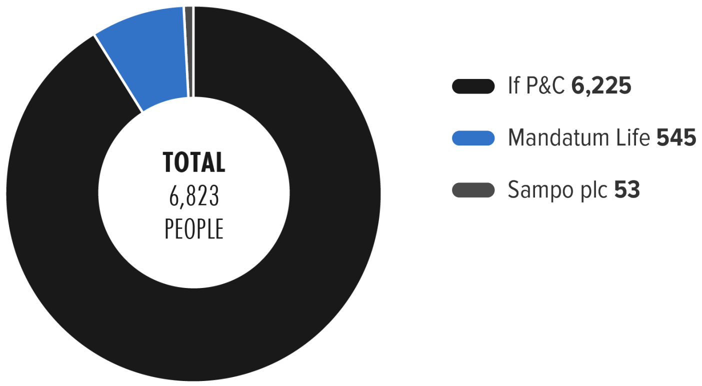
A particular focus area of HR management in 2012 was the development of the competence of the sales and customer interface in investment products. Efforts to enhance the personnel's other competencies and managerial work as well as personnel well-being were also continued. Based on these efforts, Mandatum Life was ranked 21st among Finland's best workplaces (Great Place to Work Research 2012).

PERSONNEL

More than 90 per cent of Sampo Group's personnel works in P&C insurance. Life insurance employs 8 per cent and the parent company Sampo plc less than one per cent of the personnel.

Personnel by Company

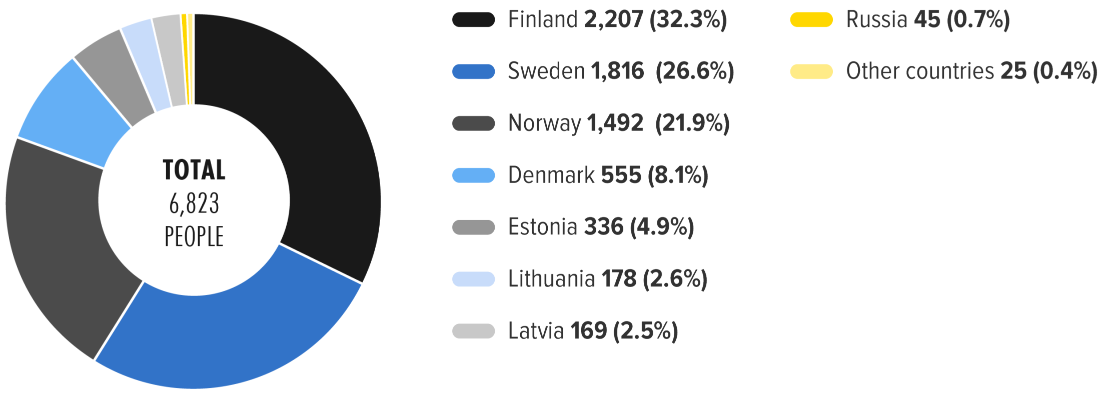
Sampo Group, 2012



The average number of Sampo Group's employees in 2012 amounted to 6,823 (6,874). In geographical terms Finland had 32 per cent of the personnel, Sweden 27 per cent and Norway 22 per cent. The share of Baltic countries, Denmark, Russia and other countries was 19 per cent.

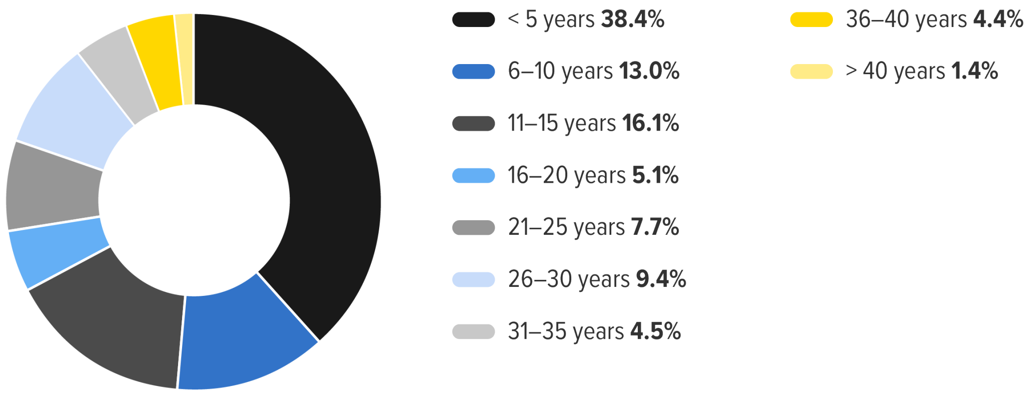
Personnel by Country

Sampo Group, 2012



Years of Employment

Sampo Group Personnel, 2012



HR in If P&C Insurance

During 2012, HR in If P&C focused on supporting If's corporate strategy theme, Skills and Initiatives, and its aim to strengthen the competence and innovation culture in the company. The theme, and the significant investments it has led to, made 2012 a year when people topics were in the forefront of realizing company strategy.

HR Activities Supporting the Company Strategy

During the fall of 2011 and the beginning of 2012, Performance Management was thoroughly discussed to secure that If has all the necessary building blocks in place to maintain its performance leadership. As a result of the discussions, HR launched the If People Framework – a road map to Performance Management in a broad sense.

The If People Framework puts emphasis on people issues, with targeted actions during 2012 within four key areas:

- Developing If's leadership model – Leadership the If Way: Increasing emphasis on maximizing employee engagement and commitment, customer and innovation focus while maintaining our world class business and management skills, hence evaluating and developing all If leaders accordingly.
- Emphasizing 'employeeship' – If Performance Management: Targeting employees' own will, contribution and responsibility, being the key drivers of better performance and increased competence, in turn leading to high motivation and great job satisfaction.
- Securing 'the right person in the right place': Strengthening the If employer brand through social media, investing in focused activities for targeted groups, utilizing new recruitment technology, building internal 'ambassadorship' and emphasizing attitude more in recruitments.
- Continued investments in competence development and innovation: Driving innovation processes across the company and developing If leaders, employees and specialists. During 2012 If employees utilized the large If Academy offering to build on their competence by taking 39,254 e-courses and participating 9,385 times in physical and virtual seminars. The strategic competence focus areas of underwriting and internet were subject for additional investments, as outlined below.

Competence Development Targeting Internet and Underwriting

If is improving its internet offerings to meet the shift in customer behavior resulting from the increased use of the internet. This requires increased cross functional cooperation between product development, product management, marketing, sales and distribution, IT etc. To facilitate this increased cooperation, If Academy has, together with If Top Management and IFL (Stockholm School of Economics), created the Product Development Program in which 100 specialists and leaders from all of the Nordic countries attends a 9day high-quality training.

Another emerging focus area is specialist training and underwriting competence in particular. New tools and support to facilitate cooperation and sharing of information and skills are being developed in joint cooperation between If Academy and the business units.

Employee Satisfaction at a Very High Level

The result of the bi-annual employee satisfaction survey 'Temper' continues to be very good. 9 out of 10 employees respond that they enjoy working in If, and the score of 6.11 (out of 7) for the question 'My leader and I have a good cooperation' is evidence of the excellent leadership quality in If. There is a clear link between employee satisfaction, customer satisfaction and financial results, thus promising good things for the future.

Positive Development of Health Figure

The number of FTE:s has decreased marginally and personnel turnover has gone up slightly during 2012 as a result of targeted efficiency actions within some areas of the organization.

Sick leave percentages for the different countries lie between 0.75 per cent and 3.26 per cent with the exception of Norway. This means a decrease for most countries compared to 2011. Norway has a higher sick leave figure, but is also developing positively and is now at 4.84 per cent compared to 5,24 per cent in 2010.

Remuneration Highlights and Regulatory Impact

During 2012, If further refined its compensation governance in light of later years increased regulation and governance requirements and the increased focus on compliance of remuneration policies and compensation mechanisms. Work also centered on improving communication on individual compensation and the total reward framework in order to support recruitment and create a positive effect on retention.

HR in Mandatum Life

In 2012, Mandatum Life continued to invest in competence development and the development of a customer centric culture. In early 2012 a new information system, ML People, was implemented for competence development aiming to systemize the processes and management of competence development. As a part of the new system, an e-learning platform was also introduced to Mandatum Life employees. Almost all sales and customer service personnel have successfully completed the APV1 investment adviser diploma and managers in wealth management and corporate sales the APV2 investment adviser diploma. Also a new training curriculum has been introduced for building the competencies in both Money and Life business areas.

In remuneration development Mandatum Life HR has followed the strategic decision to pilot and participate in the development of new HR related services for customers. During spring 2012, a motivation and engagement survey was conducted for Mandatum Life employees. The survey has later been productized and piloted with corporate customers. A new personnel fund has been founded for the employees of Innova Personnel Fund and Pension Services Ltd. All employees of Mandatum Life also belong to a group pension plan taken by the company.

The development focus of effective and high quality HR services has been in both development of HR information systems and in the support of employee wellbeing. The Sick leave percentage has decreased and is annually 3.3 per cent. The systematic development work has decreased the costs related to low employee wellbeing and Mandatum Life returns to the lowest category in employee pension insurance premiums for 2013.

Mandatum Life was listed 21st among the Greatest Places to Work in Finland in 2012. Employee satisfaction has remained on a high level in an unstable market conditions: in a survey conducted in late 2012 the total Trust Index of Mandatum Life employees was 77 per cent and 83 per cent stated that 'Taking everything into account, I would say this is a great place to work'.

CORPORATE RESPONSIBILITY

Corporate responsibility is an inherent component of insurance activities and it is high on the agenda both in If P&C, the largest P&C insurer in the Nordic and Baltic countries, and Mandatum Life, the leading life insurer in Finland and the Baltic countries. It is also demonstrated by the fact that Sampo Group companies are significant taxpayers in their main markets. Sampo Group companies pay an estimated total of over EUR 250 million in corporate income taxes for 2012.

Corporate Responsibility in If P&C

If has an underlying commitment to promote a society in which everyone is able to live safely and securely. Along with the police, rescue services, judiciary and other public authorities, the insurance companies play a key role in creating a safe and secure society. In 2012 alone, If processed close to one and half million insurance claims ranging from private clients injured in road accidents to companies whose own production, or their suppliers', had been halted, as was the case when Hurricane Sandy hit the USA. In total, If has paid out more than EUR 3 billion in claims over the past year.

As the leading insurance company in the Nordic region, If's corporate responsibility goes beyond its business operations. If applies its unique knowledge of risk management to help build a safe environment. Its principal objective is to constantly act in a manner that satisfies or exceeds the ethical, legal and commercial requirements placed upon the business.

As an example, If has been deeply committed to environmental concerns for many years and all company activities are governed by a strict environmental policy. The essence of this policy is that the company will always endeavour to find the most environmentally viable solution for If, its clients, suppliers and partners.

A long list of sustainable actions was implemented in 2012:

- If introduced a car insurance in Denmark for which the premium is based on the CO2 emission for the car.
- Since If handles claims for more than 300,000 damaged cars and outsources repairs to homes and commercial properties for millions of Euro each year, its suppliers are required to maintain high environmental standards with regard to transport, materials, working methods and other aspects. For example, If is responsible for almost half the repairs of plastic parts on damaged cars in Sweden. As a result of If's efforts to promote the reuse of vehicle parts, more than 800 tonnes of material were recycled.
- The company initiated an ambitious, internal environmental programme some years ago. In 2012, If conducted a major project aimed at reducing energy consumption in its larger office buildings.

- If’s office in Turku, Finland, became a WWF Finland Green Office.
- If's offices in Gothenburg, Sweden, won the Green Tenant Award, a new environmental award whose purpose is to recognise the environmental efforts of Sweden's office tenants.

If has an extensive programme for supporting safety initiatives in a broad sense. If's Säkerhetsnål and Eldsjälspriset scholarships are awarded once a year to a young person working to support other young people in vulnerable positions, or an organisation or private individual who is devoted to a cause and whose activities contribute to a better society. In Norway, If works in nationwide partnerships with the Norwegian Directorate for Civil Protection and Emergency Planning and the Norwegian Fire Protection Association. In Finland, If makes six-year-old school children more visible to traffic on the way to school by providing them with high visibility yellow caps. If's road safety researchers regularly analyse the company's comprehensive vehicle damage statistics to ensure that the information can be used to improve safety on the roads.

Furthermore, If places great focus on helping clients prevent accidents themselves. If does this, for example, by offering private clients affordable safety products and supporting business clients with systematic risk assessments.

Obviously, If also takes action to influence politicians and other policy-makers to make prudent, long-term decisions. One example of this is Sweden where If works to get community planning officers to take into consideration the risks of raised water levels when making decisions about requests for water-side homes. Along with the other three major Nordic insurance companies, If supports a research project on climate change in the Nordic region, headed by the Nordforsk research funding organisation, an organ of the Nordic Council of Ministers.

Corporate Responsibility in Mandatum Life

Mandatum Life’s corporate responsibility is based on the cornerstones of its operations: increasing and securing the financial welfare of its customers and safeguarding against risks.

Providing security to entrepreneurs fosters entrepreneurship. Mandatum Life provides security to its self-employed customers and their families and safeguards the future of the company in the event of the sudden illness, disability or death of the entrepreneur. The statutory cover provides basic security, which is often not enough, however. The small amount of statutory pension might reduce the entrepreneur’s income level during retirement to even below the income threshold. Therefore it is important for entrepreneurs to have the possibility to voluntarily supplement their pension. This also gives entrepreneurs better opportunities to focus on running their companies and to cope in the face of life and health risks.

Mandatum Life develops, in close co-operation with its major corporate customers, strategies and processes to promote well-being at work and thus plays an active part in fostering responsible personnel practices. Through commitment and reward solutions, it promotes the well-being of the companies’ personnel and indirectly also looks after their families, for example by offering additional cover against disability or death and by encouraging the personnel in a long-sighted and fair manner.

The most important factors influencing our happiness are family, our own health and the health of our loved ones and financial stability. A serious illness, disability, accident or death may pose significant financial risks. The indemnities paid by Mandatum Life help people and their families to cope better in difficult situations.

In 2012, Mandatum Life paid out pensions to 61,000 pensioners, a total of approximately EUR 320 million, and other indemnities totalling nearly EUR 400 million to 37,000 insured.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE STATEMENT

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

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

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

Governance Structure

BOARD OF DIRECTORS

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

The following persons served on Sampo plc's Board of Directors in 2012:

Björn Wahlroos

Chairman of the Board
Born 1952

Positions of Trust

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

- Wahlroos was appointed to the Board of Directors of Sampo plc on 5 April 2001.
- Wahlroos holds 11,861,383 Sampo plc shares directly or through a controlled company.

Matti Vuoria

Vice Chairman;
CEO, President of Varma Mutual Pension Insurance Company
Born 1951

Positions of Trust

Wärtsilä Corporation, *Vice Chairman of the Board*;
Stora Enso Oyj, *Board Member*;
The Finnish Pension Alliance TELA, *Vice Chairman of the Board*;
Securities Market Association, *Chairman of the Association's Board*;
Federation of Finnish Financial Services, *Board Member*

- Member of the Board of Directors of Sampo plc since 7 April 2004
- Vuoria holds 35,017 Sampo plc shares directly or through a controlled company.

Anne Brunila

Executive Vice President of Fortum Corporation
Born 1957

Positions of Trust

Kone Corporation, *Board Member;*
The Research Institute of the Finnish Economy ETLA, *Board Member*;
Finnish Business and Policy Forum EVA, *Board Member*;
International Chamber of Commerce Finland, *Board Member (Chairman as of 2013)*;
Aalto University Foundation, *Board Member*

- Member of the Board of Directors of Sampo plc since 9 April 2003.
- Brunila holds 8,380 Sampo plc shares directly or through a controlled company.

Adine Grate Axén

Born 1961

Positions of Trust

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

- Member of the Board of Directors of Sampo plc since 14 April 2011.
- Grate Axén holds 2,251 Sampo plc shares directly or through a controlled company.

Veli-Matti Mattila

President and CEO of Elisa Corporation
Born 1961

Positions of Trust

The Finnish Fair Association, *Member of the Supervisory Board*;
Confederation of Finnish Industries EK, *Member of Representative Assembly*

- Member of the Board of Directors of Sampo plc since 7 April 2009.
- Mattila holds 4,089 Sampo plc shares directly or through a controlled company.

Eira Palin-Lehtinen

Born 1950

Positions of Trust

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

- Member of the Board of Directors of Sampo plc since 15 April 2008.
- Palin-Lehtinen holds 4,343 Sampo plc shares directly or through a controlled company.

Jukka Pekkarinen

Director General, Ministry of Finance
Born 1947

Positions of Trust

Incomes Policy Information Committee, *Chairman*;
Advisory Board to the Government Institute for Economic Research, *Chairman*

- Member of the Board of Directors of Sampo plc since 5 April 2006.
- Pekkarinen holds 8,315 Sampo plc shares directly or through a controlled company.

Per Arthur Sørlie

President & CEO, Borregaard
Born 1957

Positions of Trust

Umkomaas Lignin (Pty) Ltd, Norway, *Chairman of the Board;*
Federation of Norwegian Industries (Norsk Industri), Norway, *Chairman of the Board*;
Confederation of Norwegian Business and Industry (NHO), Norway, *Member of the Assembly;*
Inspiria Science Center, Norway, *Board Member*

- Member of the Board of Directors of Sampo plc since 12 April 2012.
- Sørlie holds 1,039 Sampo plc shares directly or through a controlled company.

Christoffer Taxell

Born 1948

Positions of Trust

Stockmann plc, *Chairman of the Board;*
Stiftelsen för Åbo Akademi, *Chairman of the Board;*
Föreningen Konstsamfundet, *Chairman of the Board;*
Society of Swedish Literature in Finland, *Member of Investment Committee*;
Luvata Oy, *Board Member;*
Rettig Group Ltd., *Board Member*

- Taxell was transferred to the Board of Directors of Sampo plc from the Supervisory Board on 1 January 1998.
- Taxell holds 8,924 Sampo plc shares directly or through a controlled company.

When elected, all Board members were independent of company’s major shareholders and following members were also independent of the company: **Adine Grate Axén, Anne Brunila, Veli-Matti Mattila, Eira Palin-Lehtinen, Jukka Pekkarinen, Per Arthur Sørlie** and **Christoffer Taxell**. In addition, **Björn Wahlroos** became independent of the company as of 1 July 2012.

Information as of 31 December 2012, unless stated otherwise. The CVs of members of the Board of Directors can be viewed at www.sampo.com/board.

Board Of Directors' Duties

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

The Board of Directors decides on Sampo Group's business strategy, approves the budget and the principles governing the Group's risk management and internal control, takes responsibility for the proper organisation of the Group's operations, and decides, within the framework of the company's business area, on other exceptional and far-reaching matters with respect to the scope and nature of Sampo Group.

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

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

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

Election and Terms of Office of Board Members

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

The AGM of 2012 decided that the Board would consist of nine members until the close of the AGM to be held in 2013. The term of office of the Board members ends at the close of the AGM that first follows their election. The members of the Board elect a Chairman and Vice Chairman from among their members at their first meeting following the AGM.

The Board convened 9 times in 2012. The average attendance of Board members at meetings was 97.6 per cent.

BOARD-APPOINTED COMMITTEES

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

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

Audit Committee

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

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

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

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

According to its Charter, the Committee comprises at least three members elected from among those Board members who do not hold executive positions in Sampo and are independent of the company and of which at least one is independent of Sampo’s major shareholders. Also participating in the meetings of the Committee are the Responsible Auditor, Group CEO, Group CFO, CFO of the most significant subsidiary, Group Chief Audit Executive, the member of the Group Executive Committee responsible for risk control and Group Chief Risk Officer.

In 2012, the Chairman of the Audit Committee were **Christoffer Taxell** (until 12 April 2012) and **Anne Brunila** (as of 12 April 2012), and the other members were **Adine Grate Axén, Jukka Pekkarinen** and **Per Arthur Sørlie** (as of 12 April 2012). Also participating in the meetings were the Auditor's representative, Group CEO, Group CFO, CFO of If P&C, Group Chief Risk Officer and Group Chief Audit Executive.

The Audit Committee convened five times in 2012 and the average attendance of members at the meetings was 100 per cent.

Nomination and Compensation Committee

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

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

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

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

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

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

In 2012, the Nomination and Compensation Committee comprised the Chairman of the Board (who acted as the Committee's Chairman), the Vice Chairman of the Board and three members elected from among the members of the Board.

The Chairman of the Nomination and Compensation Committee is **Björn Wahlroos**, and the other members are **Veli-Matti Mattila**, **Eira Palin-Lehtinen**, **Christoffer Taxell** and **Matti Vuoria**.

The Committee convened seven times in 2012. The average attendance of members at meetings was 94.3 per cent.

GROUP EXECUTIVE COMMITTEE

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

The following persons served on the Group Executive Committee in 2012:

Kari Stadigh

Group CEO and President, MD of Sampo plc
Born 1955

Positions of Trust

Nordea Bank AB (publ), *Board Member,* Board Risk Committee, *Chairman of the Board;*
Nokia Corporation, *Board Member;*
Confederation of Finnish Industries EK, *Vice Chairman of the Board;*
The Federation of Finnish Financial Services, *Chairman of the Board;*
Varma Mutual Pension Insurance Company, *Board Member;*
If P&C Insurance Holding Ltd (publ), Sweden, *Chairman of the Board;*
Mandatum Life Insurance Company Limited, *Chairman of the Board;*
Kaleva Mutual Insurance Company, *Chairman of the Board;*

- Member of Sampo Group Executive Committee since 2001.
- Stadigh holds 258,108 Sampo plc shares directly or through controlled companies.

Peter Johansson

Group CFO
Born 1957

Positions of Trust

If P&C Insurance Holding AB (publ), Sweden, *Board Member;*
Mandatum Life Insurance Company Limited, *Vice Chairman of the Board*

- Member of Sampo Group Executive Committee since 2001.
- Johansson holds 55,224 Sampo plc shares directly or through controlled companies.

Patrick Lapveteläinen

Group CIO
Born 1966

Positions of Trust

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

- Member of Sampo Group Executive Committee since 2001.
- Lapveteläinen holds 234,759 Sampo plc shares directly or through controlled companies or persons closely associated with the Insider.

Torbjörn Magnusson

MD of If P&C Insurance Holding Ltd
Born 1963

Positions of trust

Swedish Insurance Federation, Sweden, *Board Member;*
Swedish Insurance Employer Association (FAO), *Board Member;*
AcadeMedia Aktiebolag, Sweden, *Board Member;*
If P&C Insurance Ltd, Sweden, *Chairman of the Board;*
If P&C Insurance Company Ltd, Finland, *Chairman of the Board*

- Member of Sampo Group Executive Committee since 2004.
- Magnusson holds 22,232 Sampo plc shares directly or through controlled companies.

Ivar Martinsen

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

Positions of Trust

The Norwegian Financial Services Association (FNO), *Board Member*

- Member of Sampo Group Executive Committee since 2005.
- Martinsen holds 22,496 Sampo plc shares directly or through controlled companies.

Petri Niemisvirta

MD of Mandatum Life Insurance Company Limited
Born 1970

Positions of Trust

Alma Media Corporation, *Board Member;*
BenCo Insurance Holding B.V., the Netherlands, *Board Member;*
Federation of Finnish Financial Services, Life Insurance Executive Committee, *Board Member;*
Kaleva Mutual Insurance Company, *Board Member (from 2 Jan 2013)*

- Member of Sampo Group Executive Committee since 2001.
- Niemisvirta holds 48,403 Sampo plc shares directly or through controlled companies.

Morten Thorsrud

Head of Business Area Industrial
(until 31 Dec 2012), Head of Business Area Private
(from 1 Jan 2013), If P&C Insurance
Born 1971

Positions of Trust

Forsikring & Pension, Denmark, Board Member
Urzus Group AS, Norway, Chairman of the Board

- Member of Sampo Group Executive Committee since 2006.
- Thorsrud holds 20,001 Sampo plc shares directly or through controlled companies.

Timo Vuorinen

Head of Business Area Baltic, If P&C Insurance;
MD of If P&C Insurance Company Ltd;
CEO, Kaleva Mutual Insurance Company
(from 1 Jan 2013)
Born 1964

Positions of Trust

If P&C Insurance AS, Baltic, *Chairman of the Board;*
CJSC If Insurance, Russia, *Board Member;*
Mandatum Life Insurance Baltic SE, *Board Member*

- Member of Sampo Group Executive Committee since 2009.
- Vuorinen holds 12,161 Sampo plc shares directly or through controlled companies or persons closely associated with the Insider.

Ricard Wennerklint

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

Positions of Trust

If P&C Insurance Company Ltd, Finland, *Board Member;*
If P&C Insurance AS, Estonia, *Board Member;*
CJSC If Insurance, Russia, *Board Member;*

- Member of Sampo Group Executive Committee since 2005.
- Wennerklint holds 23,127 Sampo plc shares directly or through controlled companies.

Line Hestvik

Head of Business Area Private, If P&C Insurance
(until 27 November 2012)
Born 1969

Member of Sampo Group Executive Committee from 2005 to November 2012.

Information as of 31 December 2012, unless stated otherwise. The CVs of the members of Sampo Group Executive Committee can be viewed at www.sampo.com/management.

Group Executive Committee's Duties

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

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

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

In 2012, the Group Executive Committee convened four times at the request of Group CEO. The Group MD Committee, which assists the Group Executive Committee, met nine times.

GROUP CEO AND PRESIDENT

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

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

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

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

REMUNERATION

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

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

Remuneration Principles (www.sampo.com/compensation)

Remuneration Report

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

Sampo's Remuneration Report (www.sampo.com/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 the decision of the Annual General Meeting in 2012, the following annual fees will be paid to the members of the Board of Directors for their Board and committee work up to the close of the Annual General Meeting in 2013: EUR 160,000 to the Chairman, EUR 100,000 to the Vice Chairman, and EUR 80,000 to the other members of the Board, with approximately 50 per cent of each Board member's fee being paid, after taxes and corresponding charges, in Sampo A shares and the rest in cash. In addition, potential statutory social and pension costs incurring to non-Finnish members according to applicable national legislation will be borne by Sampo plc.

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

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

Compensation of the Managing Director and Other Executives

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

Principles of the Remuneration System

In addition to receiving monthly salaries, executives who are members of the Group Executive Committee are participants in the Group's short-term incentive programs, which are decided upon separately each year. Short-term incentives are determined on the basis of the Group result, business area result and individual performance. The maximum amount that can be paid for 2012 to members of the Executive Committee is an amount corresponding to nine months' fixed salary.

Members of the Group Executive Committee are also participating in the long-term incentive programs 2009 I and 2011 I for Sampo's management. The terms of the incentive programs are available on Sampo's website.

[Terms of the incentive programs (www.sampo.com/compensation)](www.sampo.com/compensation)

Based on his employment contract, the Group CEO will be paid a fixed monthly salary and a yearly short-term incentive, which may be no more than an amount corresponding to nine months' fixed salary. The Group CEO is also participating in the long-term incentive programs 2009 I and 2011 I for Sampo's management.

Mr. Kari Stadigh is the CEO of Sampo Group. For year 2012 the Group CEO was paid EUR 856,887 in fixed salary and EUR 204,340 in short-term incentive and EUR 1,393,000 in long-term incentive, together totaling EUR 2,454,227.

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

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

More detailed information on compensation in Sampo Group during 2012 is available at the Remuneration Report published by Sampo.

INTERNAL AUDIT

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

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

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

INSIDER ADMINISTRATION

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

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

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

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

EXTERNAL AUDITOR

Ernst & Young Oy

Authorised Public Accountant

Responsible auditor

Heikki Ilkka, APA

The total fees paid to the auditor for services rendered and invoiced were EUR 2,311,431. In addition, Ernst & Young Oy were paid fees for non-audit services rendered and invoiced totaling EUR 544,737.

BOARD OF DIRECTORS' REPORT

SAMPO GROUP IN 2012

Sampo Group reported good results for 2012 in all of its businesses despite the challenging economic environment. P&C insurance achieved a better combined ratio than ever before, Nordea achieved an all-time high operating profit and the volume development in life insurance was exceptionally strong. Sampo Group's profit before taxes for 2012 rose to EUR 1,616 million (1,228). Total comprehensive income for the period, taking changes in the market value of assets into account, increased to EUR 1,855 million (686).

Earnings per share amounted to EUR 2.51 (1.85). Mark-to-market earnings per share were EUR 3.31 (1.22) and return on equity for the Group increased to 19.5 per cent for 2012 (7.7).

The Board proposes to the Annual General Meeting to be held on 18 April 2013 a dividend of EUR 1.35 per share (1.20) and an authorization to repurchase a maximum of 50 million Sampo A shares.

Net asset value per share on 31 December 2012 was EUR 17.55 (14.05). Fair value reserve on the Group level amounted to EUR 749 million (355).

Profit before taxes in the P&C insurance segment increased 35 per cent to EUR 858 million (636). Combined ratio was exceptionally strong both for the full year 2012 and the fourth quarter, 89.3 per cent (92.0) and 88.8 per cent (90.2), respectively. Return on equity was 36.2 per cent (12.4) and fair value reserve increased to EUR 364 million (139).

Sampo's share of Nordea's net profit in 2012 rose to EUR 653 million (534). Nordea's RoE was 11.6 per cent (10.6) and core Tier 1 ratio (excluding transition rules) rose to 13.1 per cent (11.2). In segment reporting the share of Nordea's profit is included in the segment 'Holding'.

In life insurance profit before taxes amounted to EUR 136 million (137). The discount rate of 2.5 per cent will be used to discount the guaranteed rate portfolios in 2013 and 3.25 per cent in 2014. Premiums grew 15 per cent to EUR 977 million (849). Fair value reserve increased to EUR 391 million (214) as at 31 December 2012. Return on equity increased to 28.5 per cent (-11.7).

Sampo Group's total investment assets at the end of 2012 amounted to EUR 18.2 billion (17.6), of which 79 per cent was invested in fixed income instruments (80), 16 per cent in equities (15) and 5 per cent in other assets (5).

The Group's equity as at 31 December 2012 amounted to EUR 10,113 million (8,920). Equity was strengthened mainly by the comprehensive result for the year of EUR 1.855 million and reduced by the EUR 672 million of dividends paid.

Sampo Group's own funds exceeded the minimum solvency requirements at the end of 2012 by EUR 3,358 million (1,892) and the conglomerate solvency ratio stood at 170.4 per cent (138.6).

Key Figures

Sampo Group, 2012

EURm	2012	2011	Change, %
Profit before taxes	1,616	1,228	32
P&C insurance	858	636	35
Associate (Nordea)	653	534	22
Life insurance	136	137	-1
Holding (excl. Nordea)	-30	-77	-61
Profit for the period	**1,404**	**1,038**	**35**
	2012	**2011**	**Change**
Earnings per share, EUR	2.51	1.85	0.66
EPS (incl. change in FVR), EUR	3.31	1.22	2.09
NAV per share, EUR	17.55	14.05	3.50
Average number of staff (FTE)	6,823	6,874	-51
Group solvency ratio, %	170.4	138.6	31.8
RoE, %	19.5	7.7	11.8

Income statement items are compared on a year-on-year basis and comparison figures for balance sheet items are from 31 December 2011 unless otherwise stated.

The average EUR-SEK exchange rate used for income statement items is 8.7040 and the year-end exchange rate used for balance sheet items is 8.5820.

BUSINESS AREAS IN 2012

P&C Insurance in 2012

If P&C is the leading property and casualty insurance group 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 and branches 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. Danish insurance company Topdanmark is If's associated company.

Results

P&C Insurance, 2012

EURm	2012	2011	Change, %
Premiums, net	4,441	4,201	6
Net income from investments	359	298	20
Other operating income	33	31	7
Claims incurred	-2,876	-2,801	3
Change in insurance liabilities	-78	-107	-27
Staff costs	-527	-494	7
Other expenses expenses	-521	-497	5
Finance costs	-19	-2	1,147
Share of associates' profit/loss	46	7	597
Profit before taxes	**858**	**636**	**35**
	2012	**2011**	**Change**
Combined ratio, %	89.3	92.0	-2.7
Risk ratio, %	65.9	68.4	-2.5
Cost ratio, %	23.3	23.5	-0.2
Expense ratio, %	17.1	17.3	-0.2
Return on equity, %	36.2	12.4	23.8
Average number of staff (FTE)	6,225	6,299	-74

Profit before taxes for P&C insurance increased by 35 per cent to EUR 858 million (636) in 2012 as a result of an excellent operating profitability during the year. Net income from investments also improved significantly compared to previous year, as the comparison period was burdened with impairment losses of EUR 152 million related to equity assets. In 2012 the impairment losses amounted to EUR 24 million.

Combined ratio for the year 2012 was 89.3 per cent (92.0), which is the best ever full year combined ratio in If P&C's history. Also risk ratio improved significantly in 2012 to 65.9 per cent (68.4). The excellent outcome was supported by better than average weather conditions particularly during the first half of the year. EUR 133 million (135) was released from technical reserves relating to prior year claims.

Technical result increased to EUR 560 million (457) in 2012. Technical result for Private business area increased to EUR 349 million (256) and for Commercial to EUR 168 million (124). For business area Industrial technical result decreased to EUR 28 million (53), as large claims in the business area ended up worse than normalized mainly due to some significant single large claims in Sweden and Denmark in the second quarter of 2012. For Baltic operations technical result decreased to EUR 17 million (22). Insurance margin (technical result in relation to net premiums earned) improved to 12.8 per cent (11.1).

Return on equity (RoE) increased to 36.2 per cent (12.4). Fair value reserve for If P&C increased from the previous year to EUR 364 million (139) at the end of December 2012.

	Combined ratio,%			Risk ratio,%		
	2012	**2011**	**Change**	**2012**	**2011**	**Change**
Private	88.1	91.9	-3.8	64.9	68.5	-3.6
Commercial	89.0	92.8	-3.8	65.5	69.1	-3.6
Industrial	95.8	91.8	4.0	73.9	71.5	2.4
Baltic	87.1	84.5	2.6	54.7	48.0	6.7
Sweden	95.8	95.6	0.2	72.4	73.1	-0.7
Norway	81.3	88.0	-6.7	59.1	65.9	-6.8
Finland	89.5	94.0	-4.5	66.7	70.7	-4.0
Denmark	99.4	93.4	6.0	71.7	63.9	7.8

Both combined ratio and risk ratio improved significantly during 2012 in business areas Private and Commercial, to a large extent helped by the Norwegian operations, which reached an exceptionally good profitability in 2012 due to improved claims frequency, prior year claims result and benign weather conditions. Both combined and risk ratios decreased significantly also in Finland, despite the effect of lowering the discount rate for annuities in the third quarter.

Swedish operations remained on a previous year's level in 2012 on both combined and risk ratios, despite the significant single large claims in business area Industrial in the second quarter of 2012. Denmark was burdened by worse than average large claims outcome.

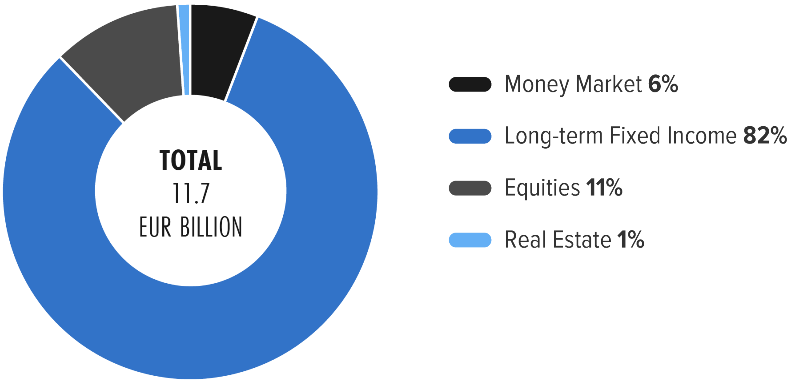
Large claims in total ended up EUR 50 million higher than average for the full year 2012. Large claims development was favourable in business area Commercial but EUR 59 million worse than normalized in the business area Industrial. Discount rate for annuities (real rate) in Sweden increased to 0.18 percent at the end of 2012 from 0.07 per cent at the end of September 2012, which had a minor positive impact on the result.

All business areas had strong growth in 2012. Gross written premiums increased 6.4 per cent to EUR 4,698 million (4,414). Adjusted for currency, premiums increased 3.5 per cent. In Private gross written premiums adjusted for currency increased 3.3 per cent, in Commercial 2.6 per cent, in Industrial 3.7 per cent and in Baltic operations by one per cent.

Cost ratio improved from the previous year to 23.3 per cent (23.5) and expense ratio to 17.1 (17.3). Adjusted for currency the nominal costs increased 4.2 per cent.

Investment Allocation

If P&C, 31 December 2012



At the end of December 2012 the total investment assets of If P&C amounted to EUR 11.7 billion (11.2). Net income from investments increased to EUR 359 million (298). Investment return mark-to-market for the year 2012 was 6.1 per cent (1.8). Duration for interest bearing assets was 1.1 year (1.2) and average maturity 2.3 years (2.5). Fixed income running yield as at 31 December 2012 was 3.6 per cent (4.1).

If P&C's solvency ratio as at 31 December 2012 (solvency capital in relation to net written premiums) was 77 per cent (72). Despite the dividend paid to Sampo plc in the fourth quarter, solvency capital increased from the previous year to EUR 3,485 million (3,080). Reserve ratios were 161 per cent (167) of net written premiums and 219 per cent (237) of claims paid.

Significant Events During 2012

On 30 June 2012 If P&C Insurance Holding Ltd entered into an agreement to sell its Russian subsidiary Region. The transaction was closed on 29 November 2012. If P&C continues to operate in Russia through a subsidiary that focuses on Nordic clients operating in the country.

On 5 November 2012 If P&C Insurance Company Ltd (Finland) signed an agreement to acquire the P&C insurance business of the Finnish branch of Tryg A/S for a consideration of EUR 15 million. Tryg's Finnish branch had a premium income of EUR 84 million in 2011, approximately 155,000 customers and a market share of approximately two per cent. The acquisition is expected to have a minor positive impact on If P&C's result in medium term. The transaction is subject to approval by the authorities and is expected to be completed during the spring of 2013.

In November 2012 If P&C and Nordea signed a partnership agreement whereby Nordea will market If P&C's products in Finland, Sweden, Estonia, Latvia and Lithuania. The partnership will begin during the spring of 2013.

Associated Company Topdanmark

If P&C holds 22.9 per cent of the total number of shares and 25.4 per cent of all shares excluding the shares held by the company itself of Topdanmark which is listed in the Copenhagen Stock Exchange. Topdanmark is a P&C insurance company with a small exposure to life insurance in Denmark. In 2011 Topdanmark's gross written premiums amounted to approx. EUR 1.6 billion. The company has a market share of 18 per cent in P&C insurance and 3 per cent in life insurance in Denmark.

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

In Sampo Group's segment reporting Topdanmark holding is included in the P&C insurance segment. Due to the late publication of financial reports by Topdanmark, consensus estimate for the company's net result is used for this purpose and any deviations in relation to subsequently published amounts will be included in the next quarterly report.

In Sampo Group's 2012 accounts the contribution of Topdanmark's net profit after the amortization of EUR 8 million amounted to EUR 50 million. If's solvency capital on 31 December

2012 includes the proportion of Topdanmark's solvency capital corresponding to If P&C's holding.

On 31 December 2012 If P&C held 3,147,692 Topdanmark shares. The average acquisition price is DKK 780 and the book value in Sampo Group's balance sheet on 31 December 2012 was EUR 111.75 (DKK 831). The closing price at the end of trading year 2012 in the Copenhagen Stock Exchange was DKK 1,213 (EUR 163) per share.

Associated Company Nordea Bank Ab in 2012

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

On 31 December 2012 Sampo plc held 860,440,497 Nordea shares corresponding to a holding of 21.2 per cent. The average price paid per share amounted to EUR 6.46 and the book value in the Group accounts was EUR 7.77 per share. The closing price as at 31 December 2012 was EUR 7.24.

Nordea's Board of Directors proposes to the AGM 2013 a dividend of EUR 0.34 per share (0.26), corresponding to a payout ratio of 44 per cent of net profit in line with the dividend policy. If the AGM approves the Board's dividend proposal, Sampo plc will receive a dividend of EUR 293 million from Nordea in March 2013.

The following text is based on Nordea's full year 2012 result release published on 30 January 2013.

Results

Nordea Bank AB, 2012

EURm	2012	2011	Change, %
Net interest income	5,752	5,456	5
Total operating income	10,236	9,501	8
Profit before loan losses	5,050	4,282	18
Net loan losses	-933	-735	27
Loan loss ratio (ann.), bps	28	23	-
Operating profit	4,117	3,547	16
Risk-adjusted profit	3,245	2,714	20
Diluted EPS, EUR	0.78	0.65	-
Return on equity, %	11.6	10.6	-

In 2012, Nordea delivered on its financial plan from 2011. Costs remained flat, risk-weighted assets decreased and income increased to a record level. The outcome of that plan was a rapid increase in capital and an all-time high operating profit in the full year of 2012, and one of the best quarterly results ever. Nordea improved its return on equity (ROE), which was 11.6 per cent in 2012, on a significantly larger capital base. The core tier 1 capital ratio was above 13 per cent at the end of the year.

Total income increased in 2012 by 8 per cent compared to 2011. Operating profit increased 16 per cent, due to higher total income, and stable costs. Risk-adjusted profit increased by 20 per cent compared to the preceding year. The effect from currency fluctuations contributed to an increase in income and expenses of approx. 1.5 percentage points for 2012 compared to 2011.

Net interest income increased 5 per cent compared to 2011. Lending volumes increased 3 per cent and corporate lending margins were higher, while deposit margins have decreased from 2011. Net fee and commission income increased 5 per cent and net result from items at fair value increased by 18 per cent compared to last year. Income under the equity method was EUR 93 million and other income was EUR 103 million.

Total expenses increased 3 per cent compared to last year and staff costs increased 3 per cent, when excluding the restructuring costs last year. Total expenses decreased 0.5 per cent compared to 2011 in local currencies when excluding the restructuring costs last year and excluding performance related salaries and profit-sharing, i.e. with the cost definition for the cost target in the New Normal plan.

Net loan loss provisions increased to EUR 933 million, corresponding to a loan loss ratio of 28 basis points (23 basis points last year excluding provisions related to the Danish deposit guarantee fund).

Net profit increased 19 per cent to EUR 3,126 million, due to higher income and stable costs. Risk-adjusted profit increased 20 per cent compared to last year to EUR 3,245 million.

Total lending, excluding reversed repurchase agreements, amounted to EUR 320 billion, down 1 per cent in local currencies compared to the previous quarter and up somewhat compared to one year ago. Overall, the credit quality in the loan portfolio remained solid in the fourth quarter, with a positive effect from migration in the institutions and retail portfolios. The impaired loans ratio increased to 188 basis points of total loans. Total impaired loans gross increased by 1 per cent from the previous quarter. The provisioning ratio was unchanged compared to the end of the third quarter at 41 per cent.

The Group's core tier 1 capital ratio, excluding transition rules, was 13.1 per cent at the end of the fourth quarter, a strengthening by 0.9 percentage points from the end of the previous quarter. The total capital ratio excluding transition rules increased 0.9 percentage points to 16.2 per cent. Improved capital ratios have been achieved by strong profit generation and a decrease in risk-weighted assets (RWA). Nordea has during the quarter received Foundation IRB approval for the corporate and institutions portfolio in the Baltic countries, which had an RWA reduction effect of EUR 1.6 billion. Additionally, Nordea was in December 2012 approved by the FSAs in Sweden and Finland to use the internal models method (IMM) for calculating counterparty credit risk. The IMM will be implemented in the RWA calculations in the first quarter in 2013.

RWA were EUR 167.9 billion excluding transition rules, down EUR 11.1 billion, or 7 per cent, compared to the previous quarter. The core tier 1 ratio including transition rules under Basel II was 10.2 per cent. The capital base was EUR 27.3 billion, the tier 1 capital was EUR 24.0 billion and the core tier 1 capital was EUR 22.0 billion.

The long-term funding portion of total funding was at the end of the fourth quarter approx. 70 per cent (72 per cent at the end of the previous quarter). The Liquidity Coverage Ratio (LCR) for the Nordea Group was 127 per cent at the end of the fourth quarter.

Nordea has decided to establish a financial plan for increased return on equity (ROE) and a new capital policy for the new regulatory environment. The plan is set in order to shape the future of Nordea for sustainable profitability and efficiency, closer customer relationships and a solid capital position and follows on the new normal plan, which has further strengthened Nordea's platform in 2012.

The financial plan has an ambitious financial target of 15 per cent ROE under normal market interest rate conditions and with a core tier 1 capital ratio of above 13 per cent. The capital policy states that, no later than 1 January 2015, the target for the core tier 1 capital ratio is to be above 13 per cent and for the total capital ratio to be above 17 per cent. The core tier 1 capital ratio is expected to stay above 13 per cent during 2013 and onwards, including the effects from regulatory changes and model rollouts. The dividend policy remains unchanged. Excess capital is expected to be distributed to shareholders.

For more information on Nordea Bank Ab and its result release for 2012, see www.nordea.com.

Life Insurance in 2012

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

Results

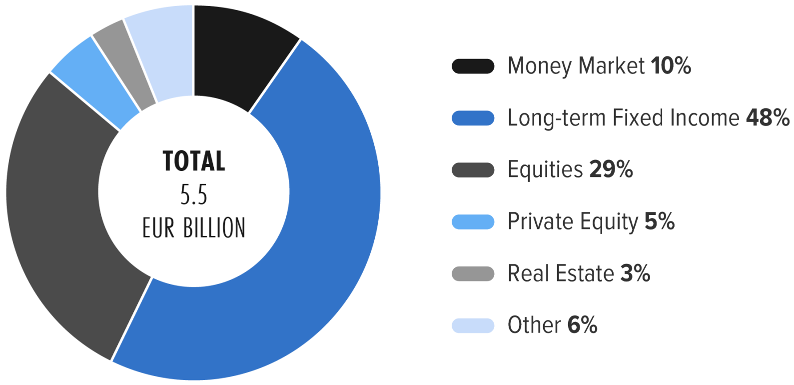
Life Insurance, 2012

EURm	2012	2011	Change, %
Premiums written	977	849	15
Net income from investments	574	-41	-
Other operating income	3	2	103
Claims incurred	-669	-922	-27
Change in liabilities for inv. and ins. contracts	-642	348	-
Staff costs	-42	-38	13
Other operating expenses	-58	-53	10
Finance costs	-7	-8	-11
Profit before taxes	**136**	**137**	**-1**
Key Figures	**2012**	**2011**	**Change**
Expense ratio, %	113.9	109.1	4.8
Return on equity, %	28.5	-11.7	40.2
Average number of staff (FTE)	545	521	24

Profit before taxes in life insurance operations remained on previous year’s level and amounted to EUR 136 million (137). The total comprehensive income for the period reflecting the changes in market values of assets was EUR 286 million (-115) boosted by good investment performance. Return on equity (RoE) rose to 28.5 per cent (-11.7).

Investment Allocation

Mandatum Life, 31 December 2012



Mandatum Life Group's investment assets, excluding the assets of EUR 3.8 billion (3.1) covering unit-linked liabilities, amounted to EUR 5.5 billion (5.4) at market values as at 31 December 2012.

Mark-to-market return on investments in 2012 was 9.4 per cent (-1.4). At the end of December 2012 duration of fixed income assets was 1.8 years (1.8) and average maturity 2.1 years (2.3). Fixed income running yield was 4.8 per cent (5.4). The impairment losses in 2012 amounted to EUR 38 million.

Net investment income, excluding income on unit-linked contracts, increased to EUR 280 million (255) due to good equity and fixed income returns. Net income from unit-linked contracts was EUR 294 million (-296). In 2012, fair value reserve increased by EUR 177 million to EUR 391 million.

Mandatum Life Group's solvency margin clearly exceeded Solvency I requirements and amounted to EUR 1,391 million (1,049) as at 31 December 2012. The solvency ratio increased to 27.7 per cent (20.9). Total technical reserves of Mandatum Life Group were EUR 7.9 billion (7.3). Unit-linked reserves increased EUR 0.7 billion and amounted to EUR 3.8 billion (3.1) at the end of 2012, which corresponds to 48 per cent (42) of total technical reserves. The with-profit reserves decreased by almost EUR 200 million during 2012 and amounted to EUR 4.1 billion.

In the Finnish operations, the total return for policyholders on with-profit technical provisions in 2012 was 2.25–4.5 per cent, depending on the class of insurance, in total corresponding to roughly EUR 150 million. Customer bonuses varying from 0 to 1.25 per cent were included in the total return. The value of the unit-linked customers' savings rose on average 8 per cent.

Majority of Mandatum Life's traditional policies carry a guaranteed interest of 3.5 per cent. Individual policies sold in Finland before 1999 carry a guaranteed interest of 4.5 per cent. The discount rate for these policies has been lowered to 3.5 per cent and subsequently technical reserves have been supplemented with EUR 71 million (79). In addition, EUR 47 million has been reserved to lower the interest rate of all with-profit liabilities to 2.5 per cent in 2013 and to 3.25 per cent in 2014. All in all, Mandatum Life has increased its technical reserves with EUR 118 million (108) due to low level of interest rates.

Risk result amounted to EUR 19 million (25) in 2012. Expense result for Mandatum Life Group decreased in 2012 to EUR 6 million (10). Especially the rise of sales commissions, due to good sales performance, and bonuses burdened the result. Mandatum Life does not defer acquisition costs, which burdens the result for the sales year.

Mandatum Life Group's premium income on own account surged to EUR 977 million (849). Increase in the sales through the Danske Bank distribution channel largely explained the positive development. Premiums in the main focus area of unit-linked insurance increased to EUR 810 million (649). Premium income from the Baltic countries was EUR 33 million (41). Mandatum Life's unit linked market share in Finland was 26.2 per cent (26.8) and the overall market share was 24.5 per cent (24.9). Market share in the Baltic countries decreased to 11 per cent (15).

The rise of the minimum retirement age for new individual pension insurance policies and PS contracts after 1 January 2013 will, in Mandatum Life's view, substantially weaken the demand for new pension policies. The company decided to discontinue the sale of individual pension insurance policies to corporate customers, after having already previously ceased selling these products to private customers. Mandatum Life has adjusted both its product and service offering and its sales organization to better reflect the new market situation in the beginning of 2013.

Holding in 2012

Sampo plc owns and controls its subsidiaries engaged in P&C and life insurance. In addition Sampo plc held on 31 December 2012 approximately 21.2 per cent of the share capital of Nordea, the largest bank in the Nordic countries. Nordea is an associated company to Sampo plc.

Results

Holding, 2012

EURm	2012	2011	Change, %
Net investment income	51	18	178
Other operating income	15	15	-1
Staff costs	-18	-11	61
Other operating expenses	-13	-13	-2
Finance costs	-65	-86	-25
Share of associate's profit	653	534	22
Profit (loss) before taxes	**623**	**457**	**36**
			Change
Average number of staff (FTE)	53	54	-1

The segment's profit before taxes amounted to EUR 623 million (457), of which EUR 653 million (534) relates to Sampo's share of Nordea's 2012 profit. Segment's profit without Nordea was EUR -30 million (-77). The improvement is explained by lower finance costs and positive movement in derivative valuations.

Sampo plc's holding in Nordea Bank was booked in the consolidated balance sheet at EUR 6.7 billion. The market value of the holding was EUR 6.2 billion at 31 December 2012. In addition the assets on Sampo plc's balance sheet included holdings in subsidiaries for EUR 2.4 billion (2.4).

CHANGES IN GROUP STRUCTURE

Sampo Group's structure remained unchanged during 2012. The minor segment level changes are reported in chapter "Business areas in 2012".

ADMINISTRATION

Annual General Meeting

The Annual General Meeting of 12 April 2012 decided to distribute a dividend of EUR 1.20 per share for 2011. The record date for dividend payment was 17 April 2012. The dividend was paid on 24 April 2012. The Annual General Meeting adopted the financial accounts for 2011 and discharged the Board of Directors and the Group CEO and President from liability for the financial year.

The number of members of the Board was increased with one to nine members. The following members were re-elected to the Board of Directors: Anne Brunila, Adine Grate Axén, Veli-Matti Mattila, Eira Palin-Lehtinen, Jukka Pekkarinen, Christoffer Taxell, Matti Vuoria and Björn Wahlroos. Per Arthur Sørlie was elected as a new Board member.

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

Adine Grate Axén, Anne Brunila, Veli-Matti Mattila, Eira Palin-Lehtinen, Jukka Pekkarinen, Per Arthur Sørlie and Christoffer Taxell are independent of the company and its major shareholders. In addition, Björn Wahlroos became independent of the company as of 1 July 2012.

The Annual General Meeting decided to pay the following fees to the members of the Board of Directors until the close of the 2013 Annual General Meeting: the Chairman of the Board will be paid EUR 160,000 per year, the Vice Chairman EUR 100,000 per year and the other members EUR 80,000 per year. In addition potential statutory social and pension costs incurring to non-Finnish members according to applicable national legislations will be borne by Sampo plc. After deduction of taxes and similar payments, approximately 50 per cent of the Board members' annual compensation will be paid in Sampo A shares and the rest in cash.

Ernst & Young Oy was elected as Auditor. Heikki Ilkka, APA, was re-elected as the principally responsible auditor.

Management changes

Line Hestvik, member of Sampo's Group Executive Committee and Head of Business Area Private in If P&C, resigned on 27 November 2012. Morten Thorsrud was nominated as the new Head of Business Area Private as of 1 January 2013. He has been Head of Business Area Industrial in If P&C since 2005. He continues as a member of the Group Executive Committee in Sampo Group.

Governance in 2012

Sampo Group complies in full with the Finnish Corporate Governance Code published by the Securities Market Association on 15 June 2010.

The annual Corporate Governance Statement will be published in connection to the Annual Report 2012 in March 2013 and will be available at www.sampo.com/cg. The Annual Report 2012 also contains a more detailed description of the Group's governance system.

Sampo Group will also publish a Remuneration Report in March 2013. The report is drawn up in accordance with section 7 (Remuneration) of the Corporate Governance Code. The report will be available at www.sampo.com/remuneration.

Corporate Responsibility in 2012

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

As the leading insurance company in the Nordic region, If's social responsibility goes beyond its business operations. If applies its unique knowledge of risk management to help build a safe environment. Its principal objective is to constantly act in a manner that satisfies or exceeds the ethical, legal and commercial requirements placed upon the business.

If is committed to environmental concerns and all company activities are governed by a strict environmental policy. The essence of this policy is that the company will always endeavour to find the most environmentally viable solution for If, its clients, suppliers and partners. Examples of sustainable actions in 2012:

- If introduced a car insurance in Denmark for which the premium is based on the CO2 emission for the car
- If handles claims for more than 300,000 damaged cars and outsources repairs to homes and commercial properties for millions of Euro each year and its suppliers are required to maintain high environmental standards with regard to transport, materials, working methods and other aspects. For example, If is responsible for almost half the repairs of plastic parts on damaged cars in Sweden. As a result of If's efforts to promote the reuse of vehicle parts, more than 800 tons of material were recycled.
- The company initiated an ambitious, internal environmental program some years ago. In 2012, If conducted a major project aimed at reducing energy consumption in its larger office buildings.
- If's office in Turku, Finland, became a WWF Finland Green Office.
- If's offices in Gothenburg, Sweden, won the Green Tenant Award, a new environmental award whose purpose is to recognize the environmental efforts of Sweden's office tenants.

Further details on If's environmental activities can be read from The If Environmental Report 2011 published in March 2012 available at www.sampo.com/materials/annual-reports/2011.

Mandatum Life's corporate responsibility is based on the cornerstones of its operations: increasing and securing the financial welfare of its customers and safeguarding against risks. In 2012, Mandatum Life paid out pensions to 61,000 customers, a total of approximately EUR 320 million, and other indemnities totaling nearly EUR 400 million to 37,000 insured.

Personnel in 2012

The number of full-time equivalent staff increased to 6,820 employees (6,810) as at 31 December 2012. In P&C insurance, the number of staff increased in Finland and Sweden and decreased in Norway, Denmark, the Baltic countries and Russia. In life insurance, the number of staff increased both in Finland and the Baltic countries.

During 2012, approximately 91 per cent of the staff worked in P&C insurance, 8 per cent in life insurance and 1 per cent in the Group's parent company Sampo plc. Geographically, 32 per cent worked in Finland, 27 per cent in Sweden, 22 per cent in Norway, 8 per cent in Denmark and 11 per cent in Baltic and other countries. The average number of employees during 2012 was 6,823, which compares to an average of 6,874 during 2011.

During 2012, Human Resources in If P&C focused on supporting If's corporate strategy theme, 'Skills and Initiatives' and its aim to strengthen the competence and innovation culture in the company. The theme, and the significant investments it has led to, made 2012 a year when personnel topics were in the forefront of realizing the company strategy. Mandatum Life continued to invest in competence development and the development of a customer centric culture.

More detailed information on personnel in Sampo Group is available in the section 'Personnel' in the Annual Report 2012.

Remuneration

Remuneration in Sampo Group is based on the Remuneration Principles which Sampo plc's Board approved on 9 November 2012.

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

With regard to the various forms of remuneration, the guiding principles are that:

- Fixed compensation (fixed salary) shall support financial stability, represent a sufficiently high share of the total remuneration and be competitive but not leading in the market.
- Variable compensation shall be used to ensure the competitiveness of total remuneration packages while still keeping the fixed cost base reasonable.
- Pensions shall as a general rule be of defined contribution nature.
- Other benefits shall reflect the conditions in the relevant labor markets

The payment of a certain portion of the variable compensation payable to senior executive management and to certain key persons shall be deferred for a defined period of time as required in the regulatory framework applicable to each Group company. After the deferral period, a retrospective risk adjustment review shall be carried out and the Board shall decide whether the deferred compensation can be paid out or not. For the year 2012, part of short-term incentives has been deferred. Payout from agreements or programs decided prior to the publishing of FSA deferral recommendations has not been deferred.

Variable compensation is based either on the contribution to the company's profitability (e.g. short-term incentive programs) or linked to committing employees to the Group for a longer period of time (long-term incentive programs). During 2012 Sampo plc's Board did not adopt new long-term incentive schemes.

In 2012 EUR 17 million (7), including social costs, was paid on the basis of the long-term incentive scheme 2009:1. EUR 28 million (25), including social costs, was paid as short-term incentives during the same period. The outcome of the long-term incentive schemes is determined by Sampo's share price development over a period of approximately three years starting from the issue of the respective program. The programs are subject to thresholds on share price development and company profitability, as well as ceilings for maximum payout. Furthermore, the programs are subject to rules requiring part of the paid incentive reward to be used to acquire Sampo shares, which must in turn be held for a specified period of time.

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

Risk Management in 2012

Sampo Group companies operate in business areas where profit generation based on risk taking and active management of risks is a key component of earnings logic. Core competencies to manage the balance between risks, capitalization, liquidity and profitability in these business areas can be summarized as follows:

1) Appropriate selection and pricing of insurance risks

- Insurance risks are selected carefully and priced reflecting the inherent risk levels
- Insurance products are developed proactively

2) Effective management of insurance exposures

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

3) Careful selection and execution of investment transactions

- Risk/reward ratios of separate investments are analyzed carefully
- Transactions are executed effectively at right time

4) Effective management of investment portfolios and balance sheet

- Balance between expected returns and risks in investment portfolios and the balance sheet are optimized, taking into account the features of insurance liabilities, solvency, regulatory asset coverage rules and rating requirements

5) Effective Management of Consequential Risks

- Credit and liquidity risks are managed by selecting counterparties carefully, using risk mitigation techniques and increasing diversification
- High quality and cost efficient business processes are maintained and continuity of operations is planned and recovery is ensured

As a diverse financial institution, Sampo Group is exposed to a variety of different risks, both financial and non-financial. The most significant risk arising from the operations of the insurance subsidiaries in 2012 was market risk.

The main market risks of Sampo Group during 2012 were equity, interest rate, credit spread and currency risks.

During 2012, Sampo Group's insurance risk profile remained relatively stable. In Mandatum Life longevity risk is still the most critical biometric risk and most of it arises from the with-profit group pension portfolio. In If P&C the most material insurance risk is reserve risk, which to a large extent is driven by long-tailed business such as workers' compensation and motor third party liability.

On the Group level, the most significant risks were market risk and credit risk, due to Sampo plc's holding in Nordea, the business activities of which in banking result in credit risk being a key risk.

One of the most important objectives of risk management in Sampo Group is to ensure the adequacy of the available capital in relation to the risks arising from the business activities and operating environment, as well as to ensure that expected returns are in balance with risk taking. Various activities within this area were conducted and related procedures fine-tuned continuously during 2012 in different parts of the organization.

A more detailed description of Sampo Group's risk management organization and activities is available in the Risk Management section of the 2012 Annual Report.

SHARES, SHARE CAPITAL AND SHAREHOLDERS

Shares and Share Capital

As at 31 December 2012, Sampo plc had 560,000,000 shares, which were divided into 558,800,000 A shares and 1,200,000 B shares. Total number of votes attached to the shares is 564,800,000. Each A share entitles the holder to one vote and each B share entitles the holder to five votes at the General Meeting of Shareholders. According to the company's Articles of Association, A Shares must number at least 179,000,000 and no more than 711,200,000. Meanwhile, B shares must number at least zero and no more than 4,800,000. As at 31 December 2012 Sampo plc's share capital amounted to EUR 98 million (98).

Development of the number of shares

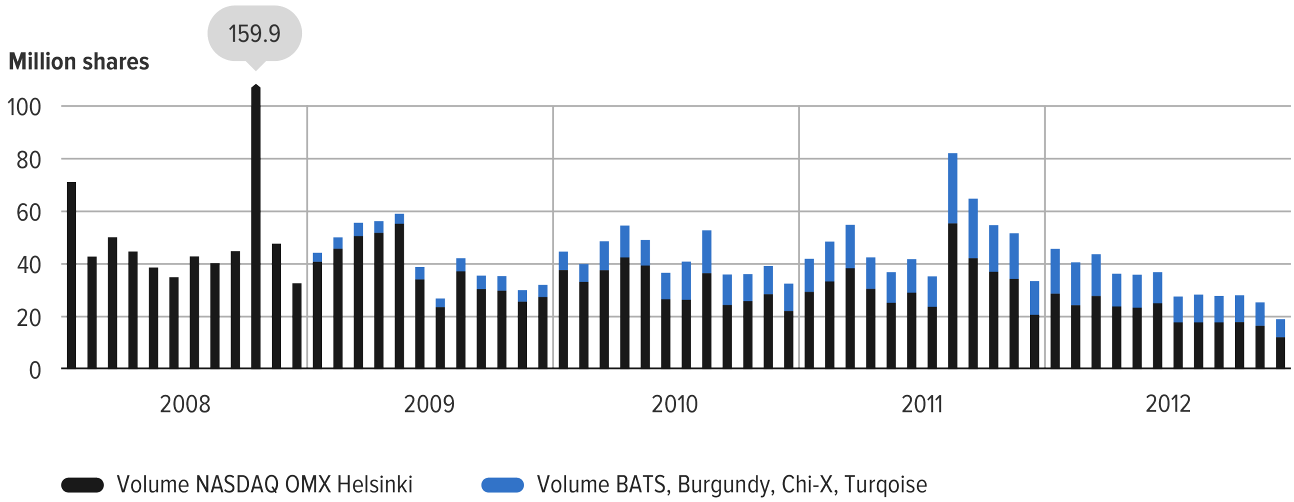
Sampo plc 2008–2012

Year	A shares	B shares	Total	Change during year	Reason for change
1 Jan 2008	577,330,890	1,200,000	578,530,890	-17,158,500	Cancellation of shares bought back (A share)
1 Jan 2009	560,172,390	1,200,000	561,372,390	no change	
1 Jan 2010	560,172,390	1,200,000	561,327,390	-90,000	Cancellation of shares bought back (A share)
1 Jan 2011	560,082,390	1,200,000	561,282,390	-1,282,390	Cancellation of shares bought back (A share)
1 Jan 2012	558,800,000	1,200,000	560,000,000	no change	
1 Jan 2013	558,800,000	1,200,000	560,000,000		

Sampo A shares have been quoted on the main list of the NASDAQ OMX Helsinki since 1988 and all of the B shares are held by Kaleva Mutual Insurance Company. B shares can be converted into A shares at the request of the holder. At the end of the financial year, Sampo plc didn't hold any of its own A shares. Neither did the other Group companies hold any shares in the parent company.

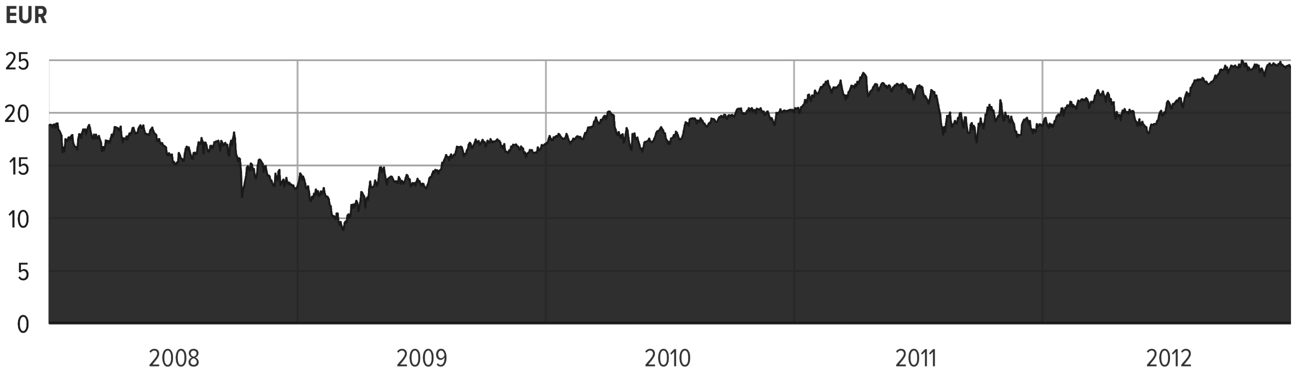
Monthly Trading Volume

Sampo plc, 2008–2012



Share Price Performance

Sampo plc, 2008–2012



Authorizations Granted to the Board

The Annual General Meeting of 2012 authorized the Board to acquire in one or several lots a maximum of 50,000,000 Sampo A shares. Shares can be repurchased in other proportion than the shareholders' proportional shareholdings (private repurchase). The share price will be no higher than the highest price paid for Sampo shares in public trading at the time of purchase. The authorization is valid until the close of the next Annual General Meeting, nevertheless not more than 18 months after AGM's decision.

Sampo plc made no repurchases during 2012 and has not purchased its own shares after the end of the reporting period.

Shareholders

The number of Sampo plc's shareholders amounted to 82,216 as at 31 December 2012, a decrease of 3 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 grew to 54.65 per cent (52.4) of the shares and 54.19 per cent of the votes (52.0).

Shareholders by number of shares owned

Sampo plc 31 December 2012

Number of shares	Shareholders, number	Shareholders, %	Shares, number	Shares, %	Votes, number	Votes, %
1-100	25,151	30.59	1,530,229	0.27	1,530,229	0.27
101-500	36,301	44.15	9,550,919	1.71	9,550,919	1.69
501-1,000	9,925	12.07	7,682,976	1.37	7,682,976	1.36
1,001-5,000	8,890	10.81	19,062,277	3.40	19,062,277	3.38
5,001-10,000	1,043	1.27	7,513,082	1.34	7,513,082	1.33
10,001-50,000	719	0.88	14,853,965	2.65	14,853,965	2.63
50,001-100,000	78	0.10	5,619,482	1.00	5,619,482	1.00
100,001-500,000	79	0.10	15,571,449	2.78	15,571,449	2.76
500,001-9,999,999,999	30	0.04	471,450,421	84.19	476,250,421	84.32
Total	**82,216**	**100.00**	**552,834,800**	**98.72**	**557,634,800**	**98.73**

Nominee registered	20		299,154,781	53.42	299,154,781	52.97
On waiting list, total	0		0	0,00	0	0,00
On joint account			7,165,200	1.28	7,165,200	1.27
Total			0	0,00	0	0,00
Total shares issued			560,000,000	100.00	564,800,000	100.00

The table below presents the Board's and Group Executive Committee's holdings of Sampo A shares. At the end of 2012, the members of Sampo plc's Board of Directors and their close family members owned either directly or indirectly 11,933,741 (11,924,225) Sampo A shares. Their combined holdings constituted 2.1 per cent of the share capital and related votes.

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

31 December 2011 and 31 December 2012

Board of Directors	31 Dec 2011	31 Dec 2012
Wahlroos	11,858,555	11,861,383
Vuoria	33,794	35,017
Brunila	7,287	8,380
Grate Axén	957	2,251
Mattila	3,123	4,089
Palin-Lehtinen	5,308	4,343
Pekkarinen	7,322	8,315
Sørlie	-	1,039
Taxell	7,879	8,924
Total	**11,924,225**	**11,933,741**
Board of Directors' ownership of shares, %	2.1	2.1
Board of Directors' ownership of votes, %	2.1	2.1

Group Executive Committee	31 Dec 2011	31 Dec 2012
Stadigh	249,346	258,108
Hestvik	21,406	-
Johansson	52,112	55,224
Lapveteläinen	227,226	234,759
Magnusson	26,329	22,232
Martinsen	19,965	22,496
Niemisvirta	45,215	48,403
Thorsrud	17,182	20,001
Vuorinen	8,953	12,161
Wennerklint	20,061	23,127
Total	**687,795**	**696,511**
Group Executive Committees' ownership of shares, %	0.1	0.1
Group Executive Committees' ownership of votes, %	0.1	0.1

The members of the Group Executive Committee and their close family members owned either directly or indirectly 696,511 (687,795) Sampo A shares representing 0.1 per cent of the share capital and related votes.

Shareholders Sampo plc
31 December 2012

A and B shares	Number of shares	% of share capital	% of votes
Solidium Ltd.	79,280,080	14.16	14.04
Varma Mutual Pension Insurance Company	47,709,421	8.52	8.45
Wahlroos Björn	11,761,383	2.10	2.08
Kaleva Mutual Insurance Company *)	5,668,476	1.01	1.85
Ilmarinen Mutual Pension Insurance Company	5,595,367	1.00	0.99
State Pension Fund	4,260,000	0.76	0.75
The Local Government Pension Institution	2,552,530	0.46	0.45
Schweizerische Nationalbank	2,457,137	0.44	0.44
Folketrygdfondet	1,848,262	0.33	0.33
Svenska Litteratursällskapet i Finland	1,613,600	0.29	0.29
Mutual Insurance Company Pension Fennia	1,480,000	0.26	0.26
Odin Norden C/O Odin Forvaltning AS	1,488,881	0.21	0.20
Mutual Fund Nordea Suomi	1,100,000	0.20	0.19
OP-Focus Mutual Fund	1,030,000	0.18	0.18
Juselius Sigrid Foundation	846,400	0.15	0.15
OP-Delta Mutual Fund	820,000	0.15	0.15
Mutual Fund Danske Invest Finland	660,867	0.12	0.12
Mutual Fund SEB Finlandia	612,350	0.11	0.11
Teollisuuden Voima Oyj	610,260	0.11	0.11
Mutual Fund Nordea Pro Suomi	550,000	0.10	0.10
Nominee registered total	299,154,781	53.42	52.97
Others total	89,240,205	15.94	15.80
Total	**560,000,000**	**100.00**	**100.00**

** 4,468,476 A shares and 1,200,000 B shares*

Shareholders by sector

Sampo plc, 31 December 2012 (A and B shares)

Sector	Number of shares	%
Foreign ownership and nominee registered	306,042,294	54.65
Corporations	91,008,729	16.25
Public institutions	63,839,921	11.40
Households	62,328,934	11.13
Financial institutions and insurance corporations	16,064,840	2.87
Non-profit institutions	13,550,082	2.42
On joint account	7,165,200	1.28
Total	**560,000,000**	**100.0**

On 3 September 2012 Sampo received a notification of change in holdings pursuant to Chapter 2, Section 9 of the Securities Markets Act according to which the total number of Sampo A shares and related voting rights owned by Capital Group Companies, Inc. had exceeded one twentieth (1/20) of Sampo plc's entire stock and voting rights.

Previously Capital Research and Management Company (CRMC) and Capital Group International, Inc. (CGII), members of the Capital Group Companies, Inc., reported holdings separately based on an exemption granted by the Finnish Financial Supervision Authority on 12 September 2007 (J No 13/2230/2007). As a result of the corporate re-organization effective on 1 September 2012, the exemption no longer applies to CRMC and CGII. Consequently, The Capital Group Companies, Inc. now reports its holdings in their entirety and its holding amounted, according to the disclosure, to 6.48 per cent of the total number of shares and to 6.42 per cent of the related votes.

FINANCIAL STANDING

Internal dividends

Sampo Group’s parent company Sampo plc received a total of EUR 768 million in dividends from its subsidiaries and associated company Nordea Bank AB during 2012.

If P&C paid in December 2012 a dividend of EUR 544 million (SEK 4,700 million) and Nordea on 3 April 2012 a dividend of EUR 224 million to Sampo plc. Mandatum Life paid no dividend to the parent company in 2012.

Ratings

All the ratings for Sampo Group companies remained unchanged in 2012.

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

Group Solvency

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

Group solvency has in 2012 been calculated according to Chapter 3 of the Act on the Supervision of Financial and Insurance Conglomerates (2004/699). The Act is based on Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment.

Sampo Group Solvency

EURm	31 Dec 2012	31 Dec 2011
Group capital	10,113	8,920
Sectoral items	1,285	1,091
Intangibles and other deductibles	-2,518	-2,545
Dividends for the current period	-756	-672
Group's own funds, total	8,125	6,794
Minimum requirements for own funds, total	4,767	4,902
Group solvency	3,358	1,892
Group solvency ratio (Own funds % of minimum requirements)	170.4	138.6

Group solvency ratio (own funds in relation to minimum requirements for own funds) increased significantly during 2012 and amounted to 170.4 per cent (138.6) as at 31 December 2012. The increase was mainly caused by higher equity in Sampo Group and strong capital generation in Nordea. Changes in other items were relatively small.

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

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

The economic capital tied up in Group's operations on 31 December 2012 was EUR 4,560 million (4,374) and adjusted solvency capital was EUR 8,197 million (7,262).

Debt Financing

Sampo plc's debt financing at the end of 2012 amounted to EUR 2,162 million and interest bearing assets including bank accounts to EUR 1,048 million. During the year the net debt decreased to EUR 1,113 million (1,208). At the end of 2012 gross debt to Sampo plc's equity was 32 per cent (35).

The financial liabilities in Sampo plc's balance sheet on 31 December 2012 consisted of issued senior bonds and notes of EUR 1,710 million (1,677) and EUR 451 million (652) of issued short-term CPs. The average interest on Sampo plc's debt on 31 December 2012 was 2.33 per cent (3.73).

In February 2012 Sampo plc issued a 5-year senior bond of EUR 500 million under the Euro Medium Term Note Programme and also bought back senior bond 6.339% 2012 issued in April 2009 with EUR 250 million. In April Sampo plc repaid the remaining 355 million of the afore-mentioned bond. In May 2012 Sampo plc increased the notional amount of the senior bond 3.25% 2014 from EUR 200 million to EUR 300 million. During the fourth quarter the amount of outstanding CPs was gradually decreased due to exceptionally strong liquidity. The outstanding issues, CPs and private placements are presented in the table below.

Outstanding Debt Instruments

Sampo plc, 31 December 2012

Issued Debt Instruments	Coupon	Swap	Effective Rate	Maturity Date
Senior Bond SEKm 4,000	Stibor 3M+1.50%		2.8680%	16 Sep 2013
Senior Bond EURm 300	4.2500%	Euribor 3M + 1.4727%	1.6627%	22 Feb 2016
Senior Bond EURm 300	3.2500%		3.0377%	3 Oct 2014
Senior Bond EURm 500	4.2500%	Euribor 3M + 2.7910%	2.9810%	27 Feb 2017
CP's issued EURm 451	EURIBOR + Margin		0.9112%	3M
Private Placements EURm 149			2.6412%	
Total EURm 2,162			**2.3271%**	

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

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

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

OUTLOOK

Outlook for 2013

Sampo Group's business areas are expected to report good operating results for 2013. However, the mark-to-market results are, particularly in life insurance, highly dependent on capital market developments. The low interest rate level also creates a challenging environment for reinvestment in fixed income instruments.

In light of the excellent combined ratio development in 2012, the P&C insurance operations are expected to reach their long-term combined ratio target of below 95 per cent in 2013 by a margin. Nordea's contribution to the Group's profit is expected to be significant.

The Major Risks and Uncertainties to the Group in the Near Term

In its day-to-day business activities Sampo Group is exposed to various risks. As a financial group the major sources of profitability and its variation for Sampo Group are market, credit and insurance risks. Their contributions to the Group's Economic Capital - used as an internal basis for capital needs – currently represent normal levels of 40 per cent, 35 per cent and 13 per cent, respectively.

Abrupt changes in the business environment or major unforeseen events may always impact the profitability of Sampo Group. Adverse structural and macro economic developments, such as current crisis in Europe, and slow growth are major sources of uncertainty which may escalate in ways that can affect the Group's activities unfavorably. This is, however, mitigated by the fact that Sampo Group companies do not have direct exposures in sovereigns under pressure and have small exposure to banking sector outside the Nordic region.

DIVIDEND PROPOSAL

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

The parent company's distributable capital and reserves totaled EUR 6,694,652,272.86, of which profit for the financial year was EUR 737,122,584.60.

The Board proposes to the Annual General Meeting a dividend of EUR 1.35 per share to company's 560,000,000 shares. The dividends to be paid are EUR 756,000,000.00 in total. Rest of funds are left in the equity capital.

The dividend will be paid to shareholders registered in the Register of Shareholders held by Euroclear Finland Ltd as at the record date of 23 April 2013. The Board proposes that the dividend be paid on 30 April 2013.

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

SAMPO PLC
Board of Directors

KEY FIGURES

Group key figures		2012	2011	2010	2009	2008
Profit before taxes	EURm	1,616	1,228	1,320	825	870
Return on equity (at fair values)	%	19.5	7.7	21.8	55.7	-32.4
Return on assets (at fair values)	%	9.1	3.7	10.0	18.6	-7.4
Equity/assets ratio	%	31.6	29.7	29.8	28.6	21.9
Group solvency 1)	EURm	3,358	1,892	3,038	2,315	2,656
Group solvency ratio 1)	%	170.4	138.6	167.1	158.3	433.6
Average number of staff		6,823	6,874	6,914	7,311	7,145

P&C insurance		2012	2011	2010	2009	2008
Premiums written before reinsurers' share	EURm	4,698	4,414	4,189	3,888	4,057
Premiums earned	EURm	4,363	4,094	3,894	3,643	3,807
Profit before taxes	EURm	858	636	707	644	549
Return on equity (at fair values)	%	36.2	12.4	39.8	53.2	-0.8
Risk ratio 2)	%	65.9	68.4	69.1	68.0	68.1
Cost ratio 2)	%	23.3	23.5	23.7	24.1	23.7
Loss ratio excl. unwinding of discount 2)	%	72.1	74.7	75.6	74.6	74.4
Expense ratio 2)	%	17.1	17.3	17.2	17.6	17.4
Combined ratio excl. unwinding of discount	%	89.3	92.0	92.8	92.1	91.8
Solvency capital *)	EURm	3,485	3,080	3,373	2,943	2,221
% of technical provisions *)	%	35.4	34.2	38.2	36.3	29.8
Solvency ratio *)	%	77.4	72.4	79.5	77.3	65.7
Average number of staff		6,225	6,299	6,392	6,807	6,655

*) Based on the financial statements of If Group.

Life insurance		2012	2011	2010	2009	2008
Premiums written before reinsurers' share	EURm	983	854	1,117	809	536
Profit before taxes	EURm	136	137	142	121	140
Return on equity (at fair values)	%	28.5	-11.7	36.2	97.6	-68.8
Expense ratio	%	113.9	109.1	112.1	111.0	113.1
Solvency capital (IFRS)	EURm	1,389	1,046	1,335	927	382
% of technical provisions (IFRS)	%	27.6	20.9	25.7	18.5	7.8
Average number of staff		545	521	470	450	437

Holding		2012	2011	2010	2009	2008
Profit before taxes	EURm	623	456	474	36	180
Average number of staff		53	54	52	54	53

Per share key figures		2012	2011	2010	2009	2008
Earnings per share	EUR	2.51	1.85	1.97	1.14	1.18
Earnings per share, incl. Items in other comprehensive income	EUR	3.31	1.22	3.22	5.88	-3.52
Capital and reserves per share	EUR	18.06	15.93	15.83	13.56	8.25
Net asset value per share	EUR	17.55	14.05	17.79	14.63	8.28
Dividend per share [3)]	EUR	1.35	1.2	1.15	1	0.8
Dividend per earnings	%	53.8	64.9	58.4	87.7	67.8
Effective dividend yield	%	5.5	6.3	5.7	5.9	6.0
Price/earnings ratio		9.7	10.4	10.2	14.9	11.2
Adjusted number of shares at 31 Dec.	1,000	560,000	560,000	561,282	561,282	561,372
Average adjusted number of shares	1,000	560,000	560,863	561,321	561,370	569,442
Weighted average number of shares, incl. dilutive potential shares	1,000	560,000	560,863	561,321	561,370	569,442
Market capitalisation	EURm	13,630	10,735	11,254	9,553	7,433

A shares						
Adjusted number of shares at 31 Dec.	1,000	558,800	558,800	560,082	560,082	560,172
Average adjusted number of shares	1,000	558,800	559,663	560,121	560,170	568,242
Weighted average number of shares, incl. dilutive potential shares	1,000	558,800	559,663	560,121	560,170	568,242
Weighted average share price	EUR	21.43	20.63	18.46	13.84	15.96
Adjusted share price, high	EUR	25.04	23.9	20.71	17.72	19.3
Adjusted share price, low	EUR	17.91	16.85	16.13	8.63	11.42
Adjusted closing price	EUR	24.34	19.17	20.05	17.02	13.24
Share trading volume during the financial year	1,000	252,821	399,759	381,863	452,367	650,816
Relative share trading volume	%	45.2	71.4	68.2	80.8	114.5

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

[1)] On 31 Dec. 2009 Nordea was consolidated as an associate to Sampo and Sampo became a financial and insurance conglomerate, in accordance with the Act on Supervision on Financial and Insurance Conglomerates (2004/699). In 2009 - 2012, the group solvency was calculated according to Chapter 3. In 2008, the group solvency was based on adjusted solvency calculations for insurance groups according to the Decree of the Ministry of Social Affairs and Health (1106/2000). The adjusted solvency was determined on the basis of the Group financial statements as permitted by the Financial Supervisory Authority.

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

[3)] The Board of Director's proposal to the Annual General Meeting for the accounting period 2012.

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

CALCULATION OF THE KEY FIGURES

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

Group Key Figures

Profit before taxes

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

Property & casualty and life insurance

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

Holding

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

Return on equity (at fair values), %

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

Return on assets (at fair values), %

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

Equity/assets ratio (at fair values), %

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

+ balance sheet total
+ valuation differences on investments

Group solvency

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

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

group solvency

Group solvency ratio, %

own funds x 100 %
minimum requirements for own funds

Average number of staff

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

Property & Casualty Insurance Key Figures

Profit before taxes

Formula shown above in connection with the Group key figures.

Return on equity (at fair values), %

Formula shown above in connection with the Group key figures.

Risk ratio, %

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

Cost ratio, %

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

Loss ratio, %

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

Loss ratio excl. unwinding of discount, %

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

Expense ratio, %

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

Combined ratio, %

Loss ratio + expense ratio

Combined ratio excl. unwinding of discount, %

Loss ratio before unwinding of discount + expense ratio

Solvency capital (IFRS)

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

Solvency capital, % of technical provision (IFRS)

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

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
+ subordinated loans
- deferred tax liability probably realised in near future
  (incl. deferred tax from fair value reserve and profit)
+ other required items (Ministry of Finance decree)

Solvency ratio, % of technical provision, IFRS

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

Per Share Key Figures

Earnings per share

profit for the financial period attributable to the parent
company's equity holders
adjusted average number of shares

Earnings per share, incl. change in fair value reserve

total comprehensive income for the financial period attributable to the parent
company's equity holders
adjusted average number of shares

Equity per share

equity attributable to the parent company 's equity holders
adjusted number of shares at balance sheet date

Net asset value per share

+ equity attributable to the parent company's equity holders
+ valuation differences on listed associate in the Group
+ valuation differences on investments less deferred tax
adjusted number of shares at balance sheet date

Dividend per share, %

dividend for the accounting period x 100 %
adjusted number of shares at balance sheet date

Dividend per earnings, %

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

Effective dividend yield, %

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

Price/earnings ratio

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

Market capitalisation

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

Relative share trading volume, %

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

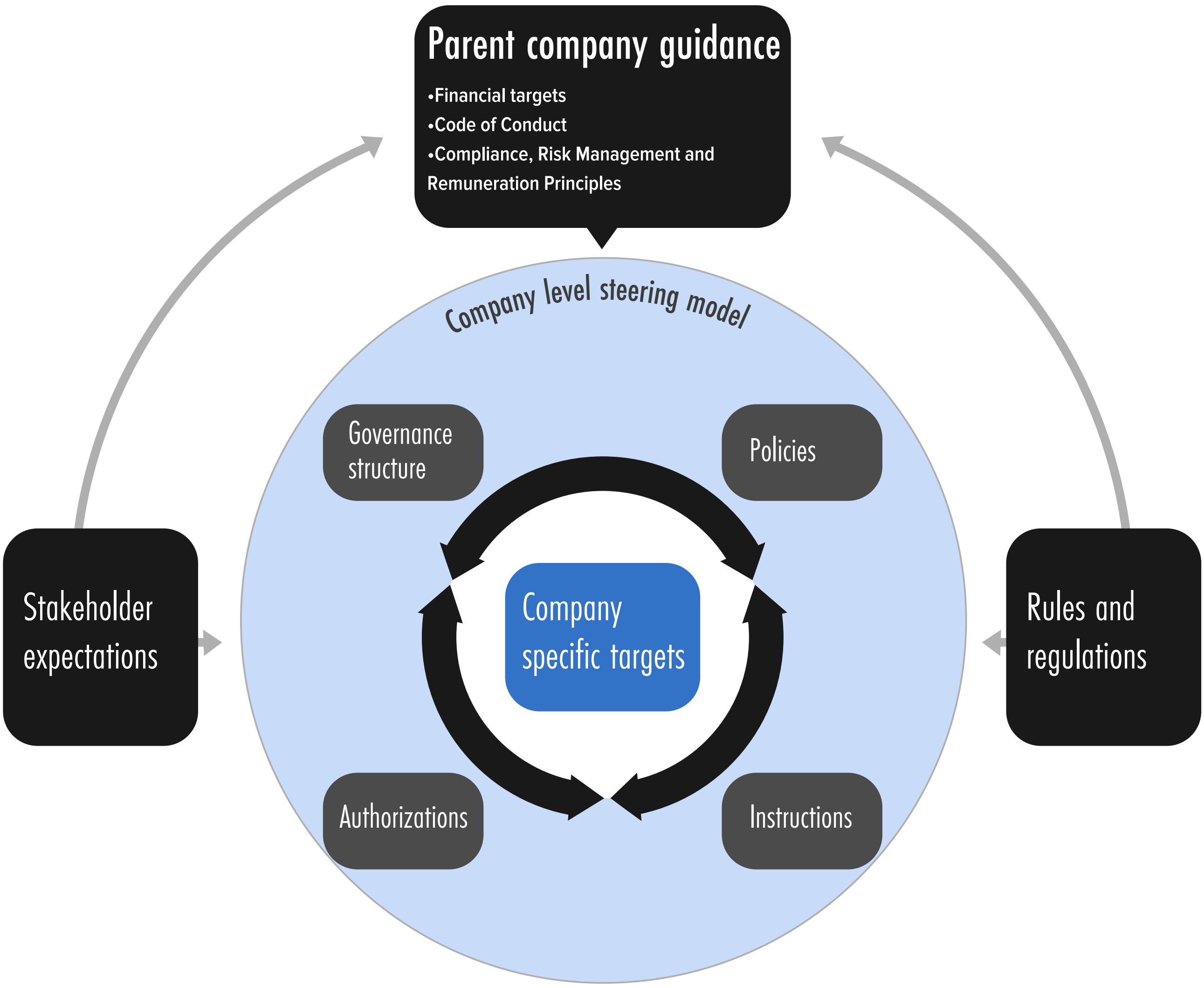
RISK MANAGEMENT

SAMPO GROUP'S STEERING MODEL

Sampo Group's steering model is straightforward and simple. The Group's parent company Sampo plc steers the subsidiaries by setting targets for subsidiaries' return on equity and pre-conditions for operations according to which the subsidiaries organize their activities independently taking into account the specific characteristics of their own operations. The subsidiaries focus on their own business under the oversight of their Boards of Directors.

Parent company Sampo plc reviews the Group on both entity level and on Sampo Group level. Subsidiaries' reporting to the governing bodies of Sampo plc concentrates particularly on the balance between risks, capitalization and profitability. In the Group level reporting, the central focus areas are potential concentrations arising from the Group companies' operations as well as the Group's capitalization and liquidity position. Sampo Group's steering model is presented in the figure Illustration of Sampo Group's steering model.

Illustration of Sampo Group's Steering Model



Parent Company Guidance

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

The basis for capitalization is the internally estimated amount of economic capital which reflects the capital employed in the company's measurable risks. In addition, the perceived riskiness of the company's operating environment is taken into account in assessing capitalization. Capitalization is also affected by the subsidiaries' credit rating targets of which the most important is the target of rating A set for If P&C. These three aspects, together with the regulatory capital requirement, are the main aspects affecting the level of capitalization that is considered to be adequate for each subsidiary and the amount of dividends distributed by the subsidiaries to the parent company. In Sampo Group, the excess capital from an operational point of view is held by the parent company Sampo plc which capitalizes the subsidiaries with its liquid assets if needed.

The Board of Directors of the parent company decides on the main principles governing the subsidiaries risk management related operations of which the most significant are Code of Conduct, Risk Management Principles, Remuneration Principles and Compliance Principles. In addition to these guidelines, the external regulatory environment and expectations of different stakeholders on Sampo Group's operations impact Sampo plc's Board of Directors' decisions in general and thereby also the guidance given by the parent company.

Various stakeholders impact or aim to impact Sampo Group's operations. The following includes examples of Sampo Group's stakeholders as well as a general description of the interaction between these stakeholders and Sampo Group:

The Group complies with and follows carefully **the laws and other regulations set by the authorities**.

In addition to the authorities, at least three types of interest groups have expectations regarding Sampo Group's operations. These expectations are openly welcomed although the significance of the expectations in relation to the operations is always assessed internally by Sampo Group.

Continuous dialogue is maintained with **parties representing the markets** and the views of such parties on, among others, high quality operations, risk taking and capitalization are factors affecting the organization of operations.

Self-regulation of the business community and the best practices within **banking and insurance industry** are closely followed in Sampo Group. Self-regulation and industry specific best practices are taken into account in developing own operations.

Moreover, the expectations and recommendations of **other interest groups** regarding the operations are followed in Sampo Group. These points of view are assessed and thus they potentially may have an effect on the Group's operations and their organization in the long run.

Subsidiaries' Operations

Sampo Group's subsidiaries decide independently on the governance structure of their own operations as well as on the policies, limits, authorizations and instructions of specific areas in accordance with the main principles steering the operations defined by the parent company. The executive management of the subsidiaries mainly consists of professionals with extensive experience in the insurance industry. Complementary investment, financial, risk and capitalization as well as mergers and acquisitions expertise is provided by the members of the subsidiaries' Boards of Directors who are mainly in senior management positions in Sampo plc. The members of different committees and governing bodies represent expertise related to business and other functions. The subsidiaries' operations are monitored by the different governing bodies and ultimately by the Boards of Directors.

Since only the main principles regarding operations are prepared by the parent company, the subsidiaries' management has the power and responsibility to incorporate the specific characteristics of their own operations to the company specific policies and instructions. The regulatory environment and stakeholders' expectations are naturally also directly reflected on the organization of the subsidiaries' operations.

At operative level, the subsidiaries focus on effective execution of insurance operations. Investments are managed according to the Investment Policies which are approved by the Board of Directors of respective subsidiaries. Furthermore, the financial and risk management activities are coordinated by the parent company although most of the operational activities are carried out by the subsidiaries. Investor relations are managed centrally by the parent company Sampo plc.

Group Level Control of Operations

In addition to the parent company's employees taking part in the Board activities of the subsidiaries, the parent company Sampo plc follows and analyzes the performance of the subsidiaries and the associated company Nordea Bank AB based on their reporting. The information on Nordea Bank AB is, however, based on publicly available material and is therefore less detailed. Reporting on the subsidiaries to the Board of Directors and Audit Committee of Sampo plc is based mainly on the reporting produced by the subsidiaries and the supplementary company specific analyses prepared by the parent company.

The parent company is also projecting and analyzing the Group companies' profitability, risks and capitalization with uniform scenarios to have company level forecasts that are additive at business portfolio level. To facilitate the Group level analysis, the parent company gives feedback to the subsidiaries regarding their reporting processes if needed.

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

Summary of Sampo Group's Steering Model

The central elements in Sampo Group's steering model are the following; (i) parent company Sampo plc sets the central targets and preconditions for the subsidiaries' operations, (ii) the management of the subsidiaries is able to focus on the insurance business as the parent company has an active role in the investment, investor relations, capitalization and M&A activities of the subsidiaries, (iii) Sampo plc analyzes the Group as a business portfolio and is active in matters related to the Group's capitalization and risks as well as the parent company's capital structure and liquidity if necessary.

SAMPO GROUP'S OPERATIONS, RISKS AND EARNINGS LOGIC

Sampo Group is engaged in three business areas. P&C insurance and life insurance are conducted by subsidiaries If P&C Insurance Holding Ltd and Mandatum Life Insurance Company Ltd that are wholly owned by parent company Sampo plc. In addition to the insurance subsidiaries, Group's parent company Sampo plc held, as at 31 December 2012, an equity stake of 21.25 percent in Nordea Bank AB (publ) through which Sampo Group is engaged in banking business and exposed to respective risks. Nordea is Sampo plc's associated company thus affecting the Group's profits and risks substantially. However, Nordea operates independently and the company's risk management is not covered in Sampo Group's annual report.

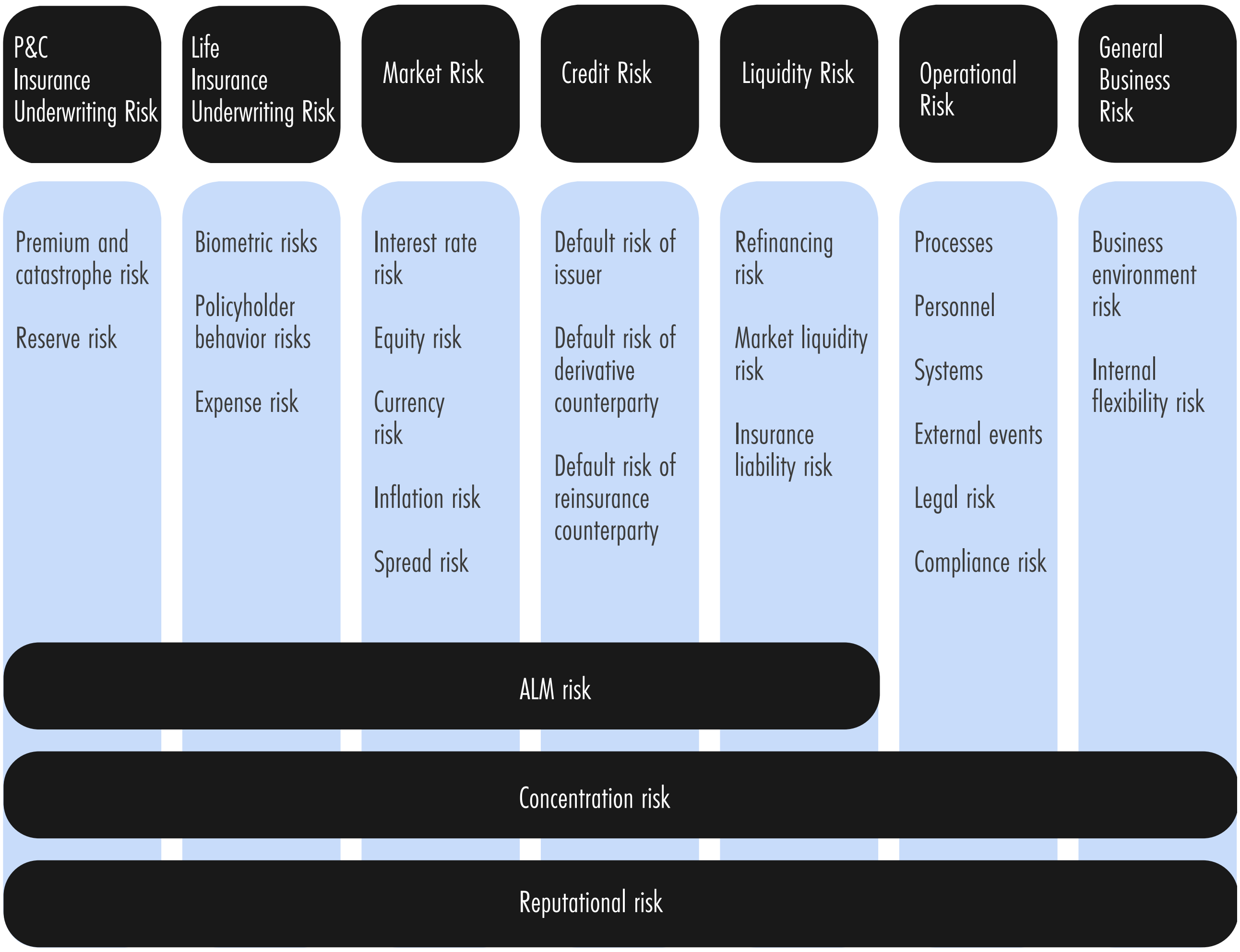
As a Nordic insurance group If P&C underwrites policies that cover various risks of individuals and corporations on a geographically diverse area. If P&C mainly underwrites insurance risks in the Nordic and Baltic countries, as well as policies for Nordic clients with operations outside the Nordic countries.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

There are virtually no overlaps between the subsidiaries' insurance businesses and therefore the companies are managed and developed mainly as separate units. Investment activities, on the other hand, are centralized. The persons responsible for managing the subsidiaries' investments report directly to Sampo Group's Chief Investment Officer. Also the IT system architecture used in investment activities is the same throughout the Group. The analysis and reporting of investment risks is therefore similar in the subsidiaries and the risks can easily be assessed also at Group level. Furthermore, the same basic principles are primarily followed in the investment activities of both subsidiaries, although the risk level of If P&C's investment portfolio is held significantly lower than the risk level Mandatum Life's investment portfolio.

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

Sampo Group's main risks are illustrated in the figure Risk categories in Sampo Group. The risk categorization is mostly based on sources of risks, with the exception of P&C insurance underwriting risk in which the categorization is based on the administration practices of risks. This categorization distinguishes the risk of claims which have already happened in the past (reserve risk) from the risk of claims which will happen in the future (premium and catastrophe risk). Independent of this categorization, however, the unique risk sources such as fire accidents, motor accidents, windstorms and catastrophic events are similarly causing the deviations from the expected values also in the case of P&C insurance underwriting risks. Risks such as ALM risk, concentration risk and reputation risk are by their nature linked to various risk factors simultaneously.

Risk Categories in Sampo Group



P&C insurance underwriting risk:

Premium risk is the risk of loss due to inadequate pricing, risk concentration, improper reinsurance coverage or random fluctuations in frequency and/or size of claims.

Catastrophe risk is the risk of low frequency, high severity events, such as natural catastrophes. These events lead to significant deviation in actual claims from the total expected claims.

Catastrophe risk is not defined as a separate risk, but it can be seen as an extreme case of premium risk.

Reserve risk results from fluctuations in the timing and amount of claim settlements.

Life insurance underwriting risk:

Biometric risks refer to the risk that the company has to pay more mortality, disability or morbidity benefits than expected or the company has to keep paying pension payments to the pension policy holder for a longer time (longevity risk) than expected when pricing the policies. The specific case in which a single event of major magnitude leads to a significant deviation in actual benefits and payments from the total expected payments is called catastrophe risk. In life insurance, catastrophe events include single events or series of events. These events can occur within short time period or be, by nature, long-lasting events.

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

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

Market risk:

Market risks refer to fluctuations in the financial results and capital caused by changes in market values of financial assets and liabilities as well as in insurance liabilities. Market values change together with underlying tradable market risk variables of which the following ones are currently the most important for Sampo Group: interest rates, inflation, credit spreads, foreign exchange rates, share prices and their volatilities.

ALM risk:

The company is exposed to ALM risk when changes in different market risk variables (e.g. interest rates, inflation, credit spreads, foreign exchange rates, share prices and their volatilities) cause a change in the value of investment assets that is of different size than the respective change in the economic value of insurance liabilities. ALM risk also includes a component of uncertainty related to technical provisions. The cash flows of technical provisions are modeled estimates and therefore uncertain in relation to both their timing and amount.

Credit risk:

Credit risk (default) refers to the negative impact in the financial results arising from defaults of debtors (issuer risk) or other counterparties (counterparty risk in derivatives and reinsurance contracts). Credit risk may be realized when the cash flows agreed with the debtor or counterparty fail to materialize. In the case of issuer risk the final loss depends on the company's holding in the security and the recovery rate. In the case of counterparty risk, final loss depends on potential positive mark-to-market value at the time of default together with recovery rate.

Liquidity risk:

Liquidity risk is the risk that insurance undertakings are unable to conduct their regular business activities in accordance with the strategy, or in extreme cases, are unable to settle their financial obligations when they fall due. Liquidity risk deals with potential illiquidity of investments and non-renewal of insurance policies. Also the availability and price of refinance and financial derivatives affect the company's ability to carry out regular business.

Operational risk:

Operational risk refers to the risk of loss resulting from inadequate or failed processes or systems, from personnel and systems or from external events. This definition includes legal risk but excludes risks resulting from strategic decisions. Compliance risk is the risk of legal or regulatory sanctions, material financial loss or loss of reputation an undertaking may suffer as a result of not complying with laws, regulations and administrative provisions as applicable to its activities. A compliance risk is often the consequence of a legal or operational risk and hence it can be seen as a part of operational risk.

General business risk:

General business risk is the risk of losses due to changes in the competitive environment or internal flexibility. Unexpected changes in general business environment can cause bigger than expected fluctuations in financial results. Such changes include the general economic development, changes in the institutional environment, technological innovations, changes in legislation and competitive factors such as new competitors and changes in margins and volumes.

Concentration risk:

Concentration risk arises when the company's risk exposures are not diversified enough and as a result of this an individual claim or market event could threaten the solvency or the financial position of the company. Concentration risk may materialize also when the profitability and capital position is reacting similarly to general economic development or to structural changes in institutional environment in different areas of business.

Reputational risk:

Reputational risk, which is not categorized as an operational or a compliance risk, is the risk of reputational damage due to an action or event.

Sampo Group companies operate in business areas where profit generation based on risk taking and active management of risks is a key component of earnings logic. Core competencies to manage the balance between risks, capitalization, liquidity and profitability in these business areas can be summarized as follows:

Appropriate selection and pricing of insurance risks

- Insurance risks are selected carefully and priced reflecting the inherent risk levels
- Insurance products are developed proactively

Effective management of insurance exposures

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

Careful selection and execution of investment transactions

- Risk-return-ratios of separate investments are analyzed carefully
- Transactions are executed effectively at right time

Effective management of investment portfolios and balance sheet

- Balance between expected returns and risks in investment portfolios and the balance sheet are optimized, taking into account the features of insurance liabilities, solvency, regulatory asset coverage rules and rating requirements

Effective Management of Consequential Risks

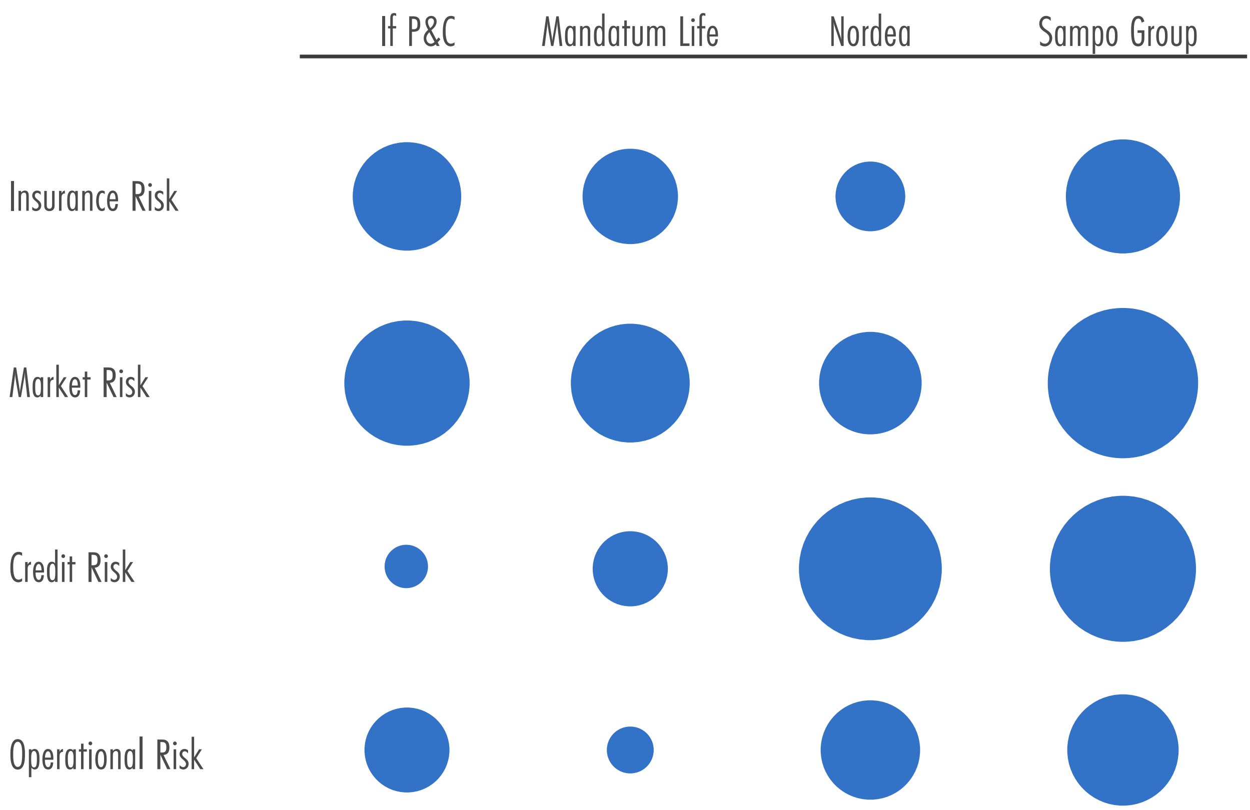
- Credit and liquidity risks are managed by selecting counterparties carefully, using risk mitigation techniques and increasing diversification
- High quality and cost efficient business processes are maintained and continuity of operations is planned and recovery is ensured

Common prerequisite for all above mentioned core competencies is continuous development of employees' knowledge and skills.

In Sampo Group's business, data and analytical tools converting the data into information to be used in different business and risk management processes are as well of paramount importance.

An illustration of the most significant risks in Sampo Group is presented in the figure Key risks in Sampo Group. The most significant risks when Nordea's figures are included are credit risk, market risk, insurance risk and operational risk. The figure is for illustrative purposes only.

Key Risks in Sampo Group



The size of the risks is estimated by economic capital techniques used in Sampo Group. Nordea is included in the economic capital figures by adding a proportion of the economic capital calculated by Nordea that corresponds to Sampo plc's holding in the company. Further information on the economic capital figures is presented in chapter Capitalization.

The most significant risk arising from the operations of the insurance subsidiaries is market risk. On the Group level, the most significant risks are market risk and credit risk. This is due to Sampo plc's holding in Nordea whose business activities in banking result in credit risk being a key risk.

RISK MANAGEMENT PROCESS IN SAMPO GROUP COMPANIES

Sampo Group's business activities and therefore also risk management activities are mainly performed by the subsidiaries. The figure Illustration of company level risk management framework presents the basic elements, tasks and goals of company level risk management.

Illustration of Company Level Risk Management Framework

The subsidiary companies' risk management is based on the Risk Management Principles established by the parent company. The subsidiaries organize their own risk management based on these Group level principles taking into account the business specific characteristics as well as laws and regulations. The central **elements** for facilitating successful risk management in the subsidiaries include the following:

- Risk management governance structure and authorizations
- Companies' own risk policies and more detailed instructions related to risk management

Also the reporting models and valuation and risk measurement procedures related to independent measurement and control are important prerequisites for successful risk management process. Parties independent of business activities are responsible for the risk management governance framework, risk policies, risk limits and authorizations which form the structure that sets the limits for risk taking and principles for risk monitoring. These structures reflect the capital adequacy targets and risk appetite in general.

Independent specialists are also mainly responsible for the determination of reporting models and calculation procedures in use, although the business line organisations are consulted as well. Depending on the nature of the task in question, either business line organisations or independent risk management is responsible for the preparation of detailed instructions related to the tasks included in the risk management process.

The risk management process consists of continuous activities that are partly a responsibility of the personnel involved in business activities and partly of independent risk management specialists. Although the responsibilities of business lines and independent risk management are clear, they are co-operating closely. The tasks considered as forming parts of the risk management process can be classified, for example, as follows:

- **Actions**, i.e., business transactions representing the actual insurance and investment operations are performed in accordance with the given authorizations, risk policies and other instructions. Activities related to capitalization and liquidity position are included in this part of the process. The actions are the responsibility of business functions and centralized functions such as the investment department.
- **Continuous analysis and assessment of opportunities supporting the business transactions** can be defined as a separate phase in the risk management process since a significant part of the time consumed in insurance and investment activities is allocated to the assessment of potential business activities and analysis of different opportunities. For example in investment activities, time is mainly consumed in the preparation of analyses supporting the transactions and not completing the decided transactions. Even though persons independent of business operations with relevant expertise may participate in the analyses, the business functions have always the responsibility for this phase.
- **Independent measurement and control** includes the statutory profitability, risk and capitalization calculations and independent monitoring of operations. Independent financial and risk management functions are explicitly responsible for this phase.

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

- Balance between risks, capital and earnings
    - risks affecting the profitability and other significant risks are identified, assessed and analyzed;
    - capitalization taking into account the expected profitability of the businesses is adequate in terms of risks inherent in business activities and operating environment;
    - risk bearing capacity is allocated into different business areas according to chosen strategies;
    - insurance risks are properly priced, the expected returns and risks of investment activities are balanced according to the set targets and non-profit risks are managed at a sufficient level.
- Cost efficient and high quality processes
    - client services and internal operative processes are working as expected in terms of quality and costs;
    - decision making is based on accurate, adequate and timely information;
    - continuity of operations is ensured and in case of discontinuity events recovery is fast and comprehensive.
- Strategic and operational flexibility

The goals of the risk management process are essential steps in achieving the return on equity targets set by Sampo plc. Achievement of the goals of risk management process may also mitigate the yearly fluctuations in profitability. The risk management process is therefore considered to be one of the central contributors in creating value for the shareholders of Sampo plc.

The following sections describe in more detail the risk governance structures of the Group and the subsidiaries as well as one of the central areas in the subsidiaries' risk management – managing the balance between the risks and capital.

Risk Governance

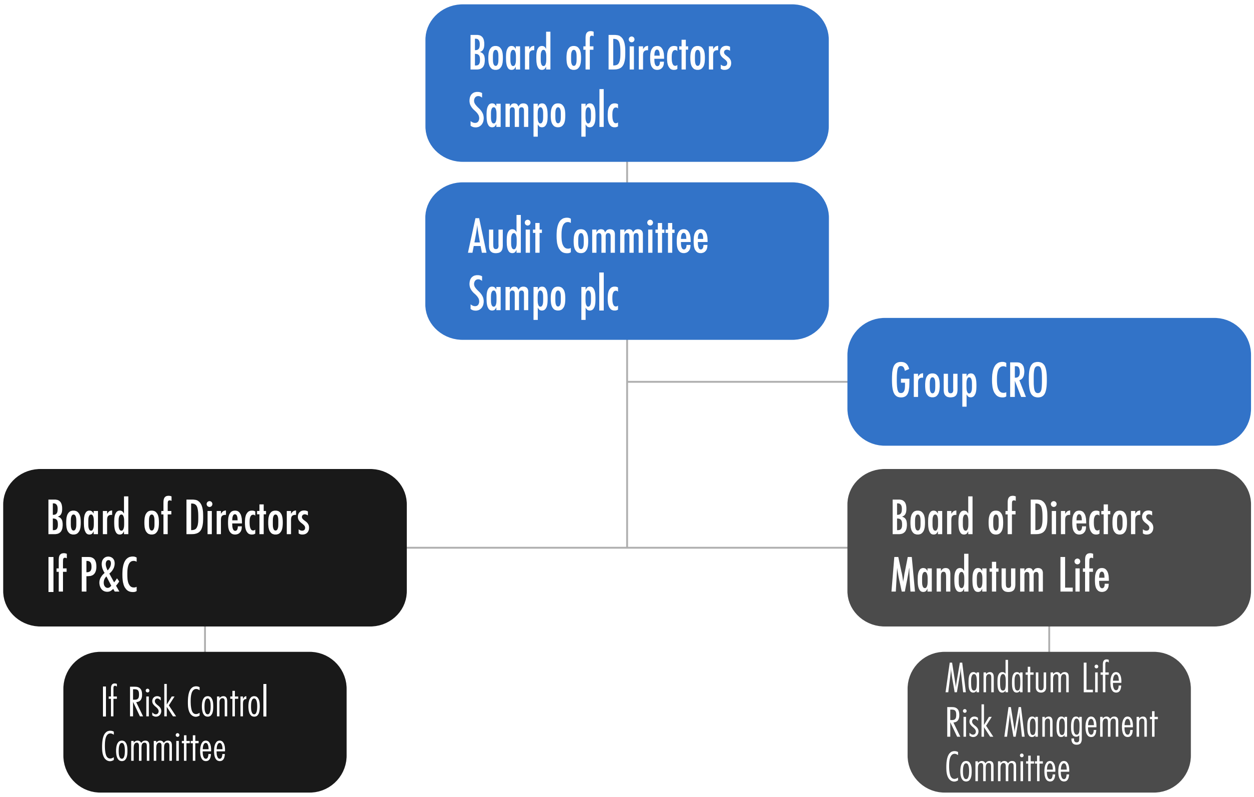
This section describes Sampo Group's and its subsidiaries' governance framework from a risk management perspective. A more detailed description of Sampo Group's corporate governance and internal control system is included in the Corporate Governance section.

Risk Governance at Group Level

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

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

Risk Governance in Sampo Group



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

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

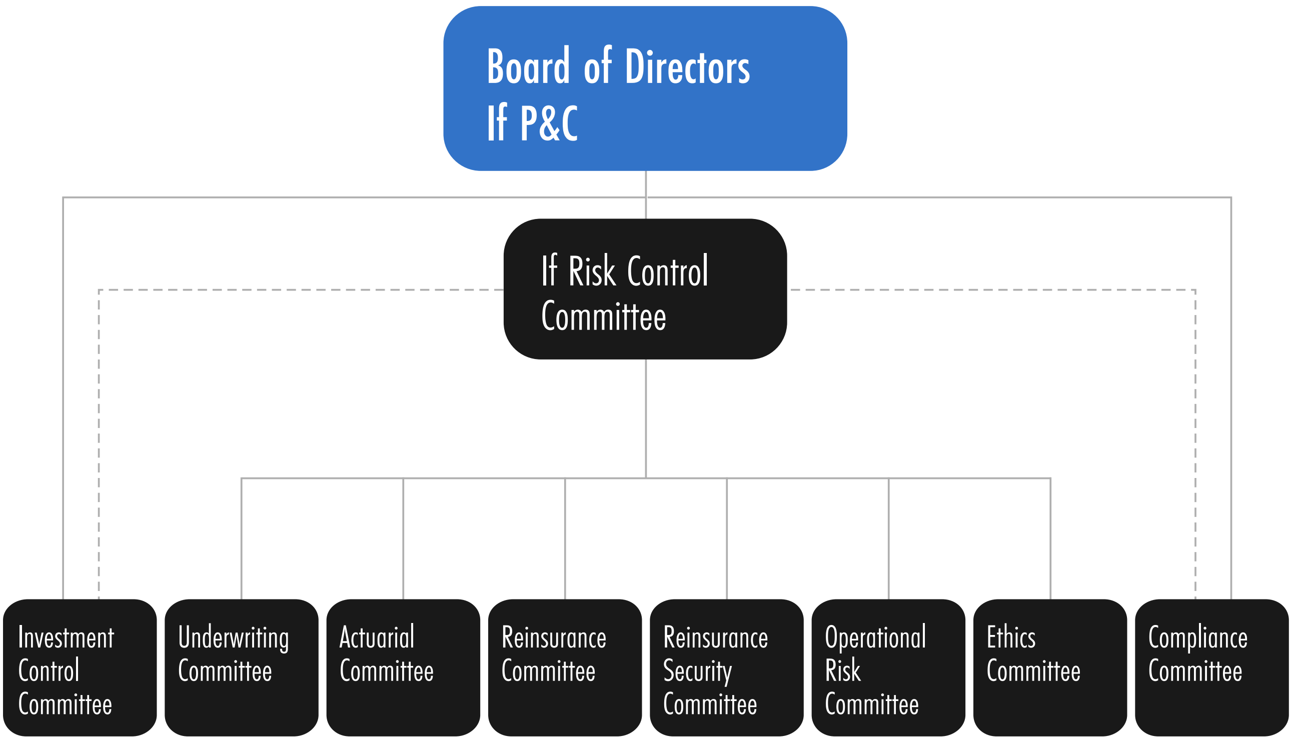
The Boards of Directors of If P&C and Mandatum Life are the ultimate decision making bodies of the respective companies and have the overall responsibility for the risk management process in If P&C and Mandatum Life respectively. The Boards of Directors appoint the If P&C Risk Control Committee and the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

Risk Governance in If P&C

The Board of If P&C ensures that the management and follow-up of risks are satisfactory, monitors risk reports and approves risk management plans.

The reporting lines of different governing bodies in If P&C are described in the figure Risk governance in If P&C.

Risk Governance in If P&C



The If Risk Control Committee (IRCC) assists the Chief Executive Officers (CEOs) and the Boards of Directors of If P&C in fulfilling their responsibilities pertaining to the risk management process. The IRCC reviews, discusses and gives input on risk issues raised from the relevant risk committees, experts and line organization. Furthermore, the IRCC also monitors that If P&C's short-term and long-term aggregate risk profile is aligned with its risk strategy and capital adequacy requirements. The Risk Control unit within the Risk Management department is, on behalf of the Chief Risk Officer (CRO), responsible for coordinating and analyzing the information reported to the IRCC.

The respective risk committees in If P&C do not have a decision mandate. The responsibilities of the respective risk committees are:

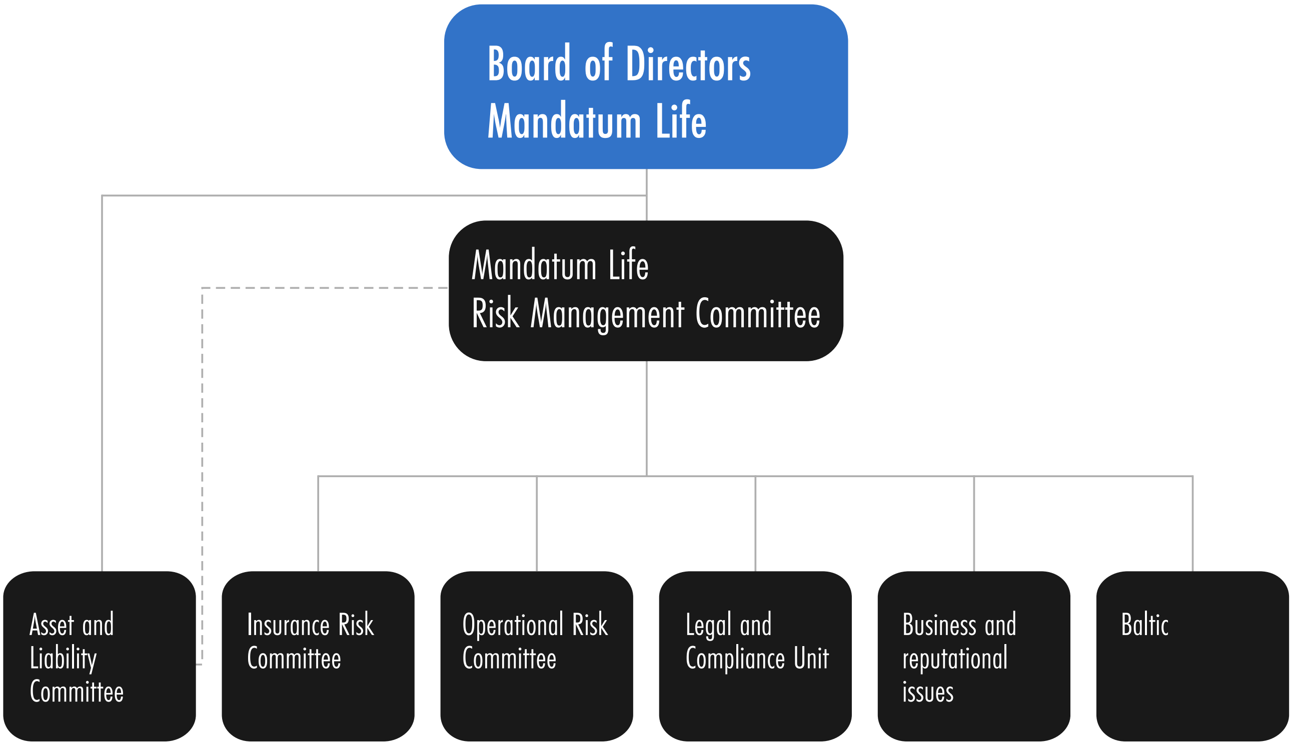
- The Chairman of the Investment Control Committee (ICC) is responsible for monitoring the investment activities and supervising the implementation of the Investment Policy ensuring compliance with the principles and limits specified in the Investment Policy and for reporting deviations from the policy.
- The Chairman of the Underwriting Committee (UWC) is responsible for reporting deviations from the Underwriting Policy to the IRCC. UWC is responsible for monitoring compliance with the established underwriting principles. The committee shall propose changes and/or extensions to the Underwriting Policy.
- The Actuarial Committee (AC) is a coordination forum for the Actuarial Function in If Group, as well as a preparatory and advisory body for the Chief Actuary. The committee shall secure a comprehensive view and effective control over reserve risk, as part of the risk management framework. The committee shall discuss and give recommendations regarding policies and guidelines of technical provisions and review and give suggestions for update of the Risk Data Policy.
- The Reinsurance Committee (RC) is a collaboration forum formed to secure the objectives of Reinsurance in If. The Reinsurance Committee is an advisory body where decision items are discussed and recommendations given. The committee shall consider and propose updates and changes to the Reinsurance Policy and the Internal Reinsurance Policy.
- The Chairman of the Reinsurance Security Committee (RSC) is responsible for reporting deviations from the Reinsurance Security Policy to the IRCC. The committee shall monitor and evaluate estimated reinsurance credit risk exposure in the portfolio, and suggest possible actions.
- The Chairman of the Operational Risk Committee (ORC) is responsible for reporting on the operational risk status for If P&C as a whole based on the risks identified in the Operational Risk Assessment (ORA) process. The committee shall consider and propose changes and/or extensions to policies and instructions regarding operational risks.
- The Ethics Committee (EC) discusses and coordinates ethics issues within If P&C, within the scope of policies or other governing documents regarding values and ethical behavior. The committee also gives recommendations on ethical issues to the Chairman of the committee to be communicated to the line organization and management. The committee shall also propose changes and/or extensions to the Ethical Policy.
- The Compliance Committee (CC) is a coordination forum and advisory body for the Chief Compliance Officer regarding legal compliance issues. The task of the forum is to secure a comprehensive view on compliance risk and activities in If P&C.

Risk Governance in Mandatum Life

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

The Managing Director of Mandatum Life has the overall responsibility for the risk management according to Board of Directors' instructions. The reporting lines of different governing bodies in Mandatum Life are described in the figure Risk governance in Mandatum Life.

Risk Governance in Mandatum Life



- The Risk Management Committee (RMC) coordinates and monitors all risks in Mandatum Life. The Committee is chaired by the Managing Director. Risks are divided into main groups which are insurance, market, operational, legal and compliance risks as well as business and reputational risks. Risks related to the Baltic subsidiary are also included. Each risk area has a responsible person in the Committee.
- Mandatum Life's Asset and Liability Committee (ALCO) controls that the investment activities are conducted within the limits defined in the Investment Policy approved by the Board and monitors the adequacy of liquidity, profitability and solvency capital in relation to the risks in the balance sheet. ALCO prepares a proposal of Investment Policy to the Board of Directors. ALCO reports to the Board and meets at a minimum on a monthly basis.
- The Insurance Risk Committee is responsible for maintaining the Underwriting Policy and monitoring the functioning of the risk selection and claims processes. The Committee also reports all deviations from the Underwriting Policy to the RMC. The Insurance Risk Committee is chaired by the Chief Actuary who is responsible for ensuring that the principles for pricing policies and for the calculation of technical provisions are adequate and in line with the risk selection and claims processes. The Board approves the insurance policy pricing and the central principles for the calculation of technical provisions. In addition, the Board defines the maximum amount of risk to be retained on the company's own account and approves the reinsurance policy annually.
- The Operational Risk Committee (ORC) analyzes and handles operational risks, e.g. in relation to new products and services, changes in processes and risks as well as realized operational risk incidents. Significant observations are reported to the Risk Management Committee and to the Board of Directors quarterly. ORC is also responsible for

maintaining and updating the continuity and preparedness plans as well as the Internal Control Policy.

- The Legal and Compliance Unit is taking care of compliance matters and Head of the Unit is a member of the Risk Management Committee. Managing director is responsible for business and reputation risk issues and he is also the Chairman of the Risk Management Committee.
- The Baltic subsidiary has its own risk management procedures. All major incidents are also reported to Mandatum Life's Risk Management Committee. The Chairman of the Baltic Subsidiary is a member of the Risk Management Committee.

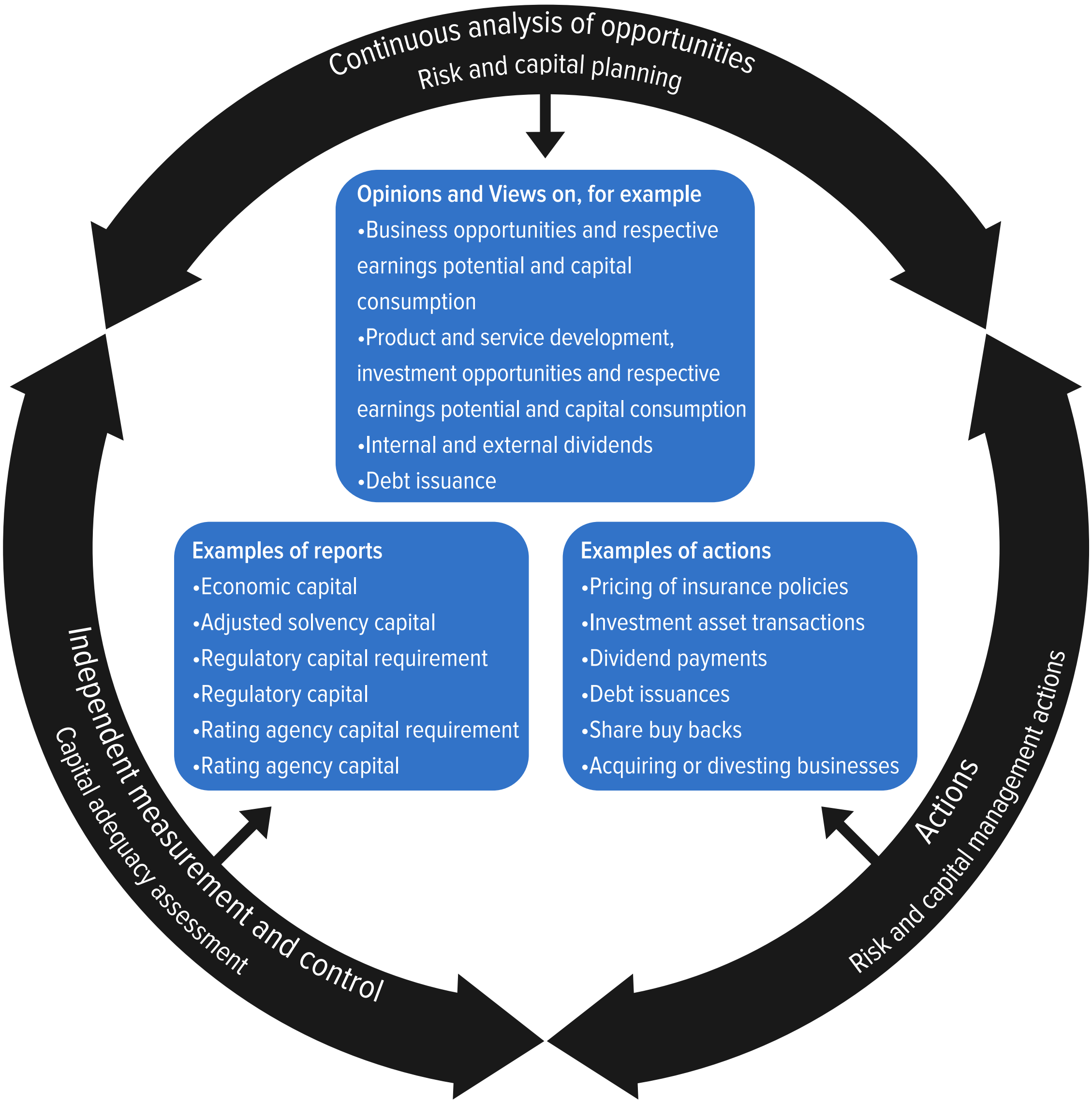
In addition the above mentioned committees and units, the Internal Audit with its audit recommendations has a role to ensure that adequate internal controls are in place and provides Internal Audit's annual review to the Board of Directors.

Balance between Risks, Capital and Earnings

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

Various activities within this area are conducted and related procedures fine-tuned continuously in different parts of the organization. The figure Illustration of managing the balance between risks, capital and earnings in Sampo Group depicts the risk and capital management actions in Sampo Group on a general level.

Illustration of Managing the Balance between Risks, Capital and Earnings in Sampo Group



Independent Measurement and Control – Capital Adequacy Assessment

In addition to the statutory financial statements and solvency figures, Sampo Group companies also use internal performance, risk and capital measures which are based generally on fair values of assets and liabilities.

Sampo Group considers that there is a need to assess capitalization internally, because regulatory and rating agency models have to fit for all and hence cannot take the specific features of different companies into account accurately enough.

Capital adequacy is assessed internally by comparing the amount of available capital (called adjusted solvency capital in Sampo Group) to the amount of capital needed. Adjusted solvency capital includes, in addition to the capital components compliant with Solvency I framework, items that absorb effectively potential losses (equalization reserves, discounting effects). These items will most probably be part of capital in Solvency II framework.

The assessment of capital needed includes the following illustrative phases:

1. Economic capital methodology is used to define the capital needed for current activities;
2. Less quantifiable risks (e.g. low probability and high impact events, risks arising from general business environment) and potential model risks are taken into account in the buffer set over the economic capital;
3. Earnings are seen as the first buffer against potential losses, therefore expected profitability is also taken into account when considering the capital need.

What are economic capital and adjusted solvency capital in Sampo Group?

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

Economic capital accounts for market, credit, insurance and operational risks, as well as the diversification effect between these risks. Economic capital is calculated using a set of calculation methods, which have been developed for the specific needs of each business area. When assessing the economic capital need arising from Nordea, Sampo plc uses the economic capital calculated by Nordea multiplied by the proportion of Sampo plc's share in Nordea (21.25 per cent at the end of 2012). This figure is converted from confidence level 99.97 per cent to 99.5 per cent.

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

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

The economic capital and adjusted solvency capital as well as the regulatory and rating agency capital measures are reported internally at least on a quarterly basis and based on them capitalization is controlled by the subsidiaries' and Sampo plc's Boards of Directors, respectively. Internal and regulatory capitalization figures are disclosed quarterly as well.

Continuous Analysis of Opportunities – Risk and Capital Planning

When assessing the future business opportunities and respective capital requirements, the views of the management and different stakeholders – regulators and supervisors, rating agencies, debt investors, policyholders and shareholders – are considered. Managements' views and forecasts regarding the future development of the insurance and investment activities are used when analyzing the earnings potential and future capital requirement. The results of these considerations, as well as external stakeholders' views on the capitalization of Sampo Group, are reflected in risk management and capitalization recommendations to the business management and the Board of Directors.

Actions – Risk and Capital Management Actions

Prudent assessment of capital adequacy and realized profitability and careful forecasting of profitability, risk and capital are important phases when forming an understanding of the actions that maintain a proper balance between profitability, risks and capital. In Sampo Group, the proactive management of profitability, risks and capitalization is seen as the most important phase in the risk and capital management process. Hence, risk policies and limits and decision making authorizations are set up in a way that they, together with profitability targets, facilitate business and investment units to take well-considered risks.

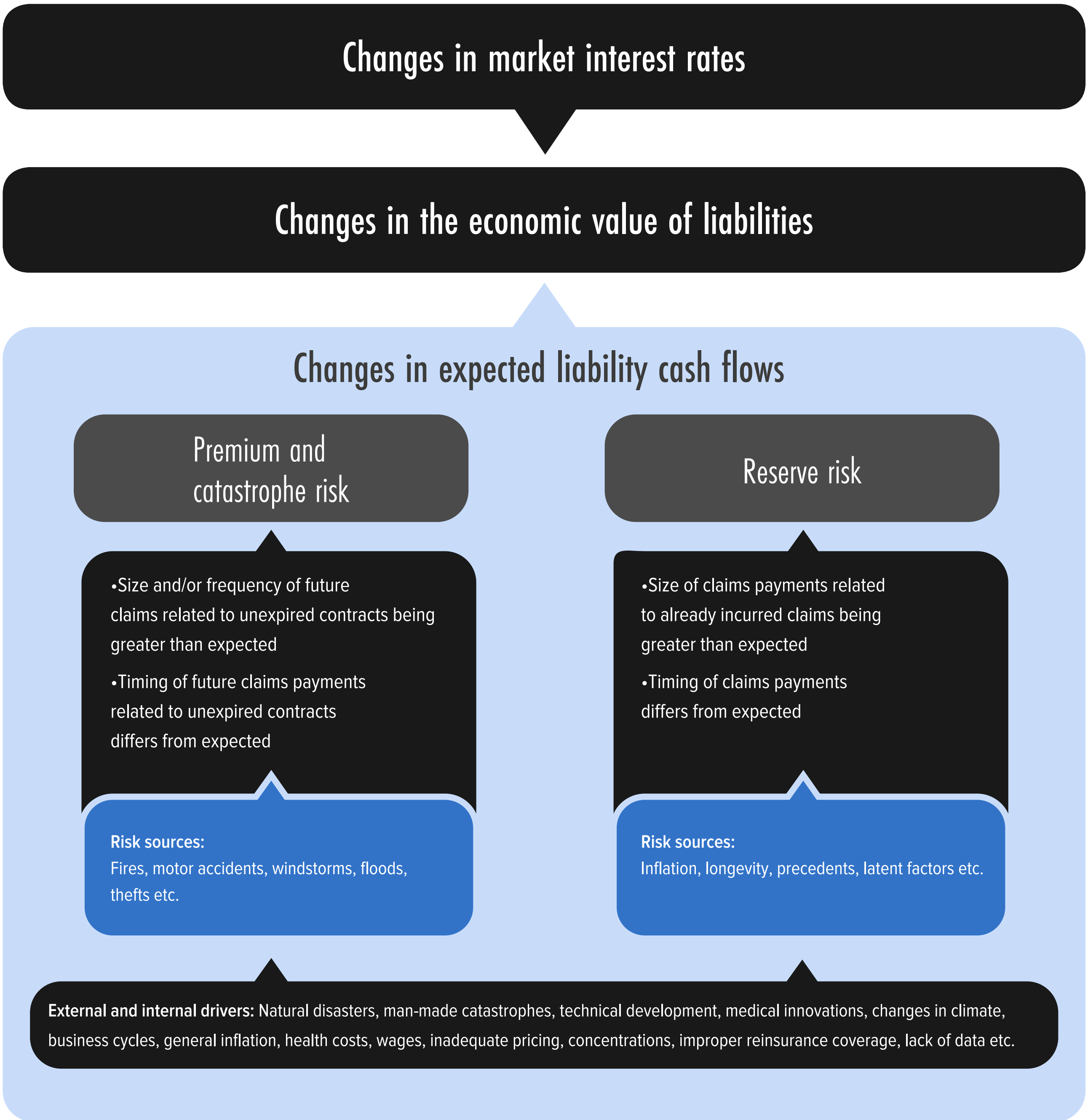
UNDERWRITING RISKS

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

P&C Underwriting Risks

Underwriting risk is the risk of loss or of adverse changes in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions. The figure Illustration of P&C underwriting risk concepts depicts the P&C underwriting risk on a general level.

Illustration of P&C Underwriting Risk Concepts



Premium Risk and Catastrophe Risk

Premium risk is the risk of loss or of adverse changes in the value of insurance liabilities, resulting from fluctuations in the timing, frequency and severity of insured events which have not occurred at the balance sheet date.

Catastrophe risk is the risk of loss or of adverse changes in the value of insurance liabilities, resulting from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.

Premium Risk and Catastrophe Risk Management and Control

The Underwriting Policy (UW Policy) is the principal document for underwriting and sets general principles, restrictions and directions for the organization of underwriting activities. The Board of Directors of If P&C approves the UW Policy at least once a year.

The UW Policy is supplemented with guidelines outlining in greater detail how to conduct underwriting within each business area. These guidelines cover such areas as tariff and rating models for pricing, guidelines in respect of standard conditions and manuscript wordings, as well as authorities and limits, such as sums insured and risks that are not acceptable to undertake. The Underwriting Committee (UWC) is responsible for monitoring compliance with the established underwriting principles.

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

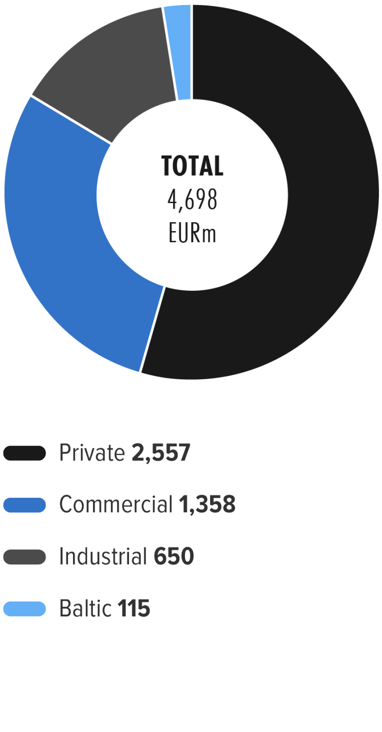
The insurance portfolio is well diversified, given the large number of customers and the fact that business is underwritten in different geographical areas and across several lines of businesses.

The degree of diversification is shown in the figure Breakdown of gross written premiums by business area, country and line of business, If P&C, 2012.

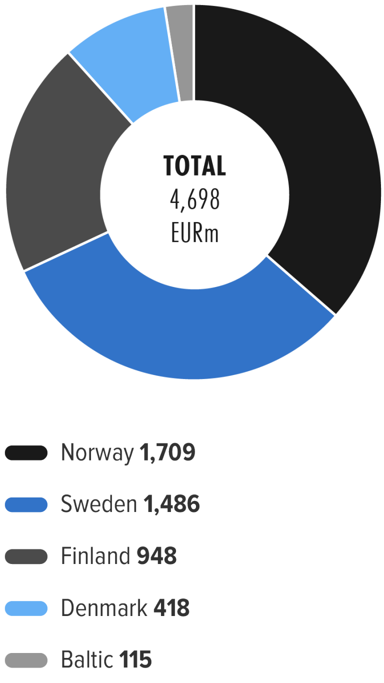
Breakdown of Gross Written Premiums by Business Area, Country and Line of Business

If P&C, 2012

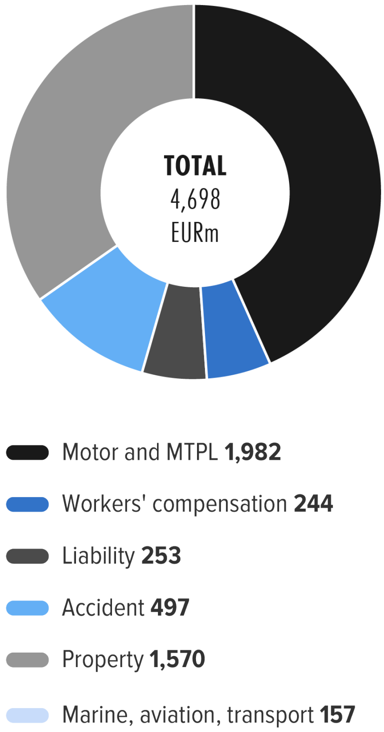
by business area



by country



by line of business



The item Other (including group eliminations) is not shown in the breakdowns above but it is included in total gross written premiums.

Despite the diversified portfolio, risk concentrations and thereby severe claims may arise through, for example, exposures to natural catastrophes such as storms and floods. Of the geographical areas where If P&C operates, the most exposed to such events are Denmark, Norway and Sweden. Also single large claims can potentially have a significant impact on the result. The economic impact of natural disasters and single large claims is mitigated using reinsurance.

If P&C's Reinsurance Policy stipulates guidelines for the purchase of reinsurance. The need and optimal choice of reinsurance is analyzed based on statistical models for single large claims, whereas If P&C cooperates with external advisors for the evaluation of the exposure to natural catastrophes and the probability of occurrence of catastrophe losses. The analysis relies on catastrophe models in which catastrophes are simulated based on historical meteorological data, supplemented by statistical models. Different reinsurance structures are evaluated based on (i) their expected costs versus their benefits, (ii) their impact on result volatility and (iii) their effect on capital requirement (economic, regulatory and rating capital requirement).

A Nordic wide reinsurance program has been in place in If P&C since 2003. In 2012, retention levels were between SEK 100 million (approximately EUR 11.5 million) and SEK 200 million (approximately EUR 23.0 million) per risk and SEK 200 million (approximately EUR 23.0 million) per event.

Sensitivity of underwriting result and hence underwriting risk is presented by changes in certain key figures in the table Sensitivity test of underwriting result, If P&C, 31 December 2012 and 31 December 2011.

Sensitivity Test of Underwriting Result

If P&C, 31 December 2012 and 31 December 2011

Key figure	Current level (2012)	Change in current level	Effect on pretax profit, EURm 2012	2011
Combined ratio, business area Private	88.1%	+/- 1 percentage point	+/- 25	+/- 23
Combined ratio, business area Commercial	89.0%	+/- 1 percentage point	+/- 13	+/- 13
Combined ratio, business area Industrial	95.8%	+/- 1 percentage point	+/- 4	+/- 4
Combined ratio, business area Baltics	87.1%	+/- 1 percentage point	+/- 1	+/- 1
Net premiums earned	4,363	+/- 1 per cent	+/- 44	+/- 41
Net claims incurred	3,146	+/- 1 per cent	+/- 31	+/- 31
Ceded written premiums	258	+/- 10 per cent	+/-26	+/- 21

Reserve Risk

Reserve risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from fluctuations in the timing and amount of claim settlements for events which have occurred at or prior to the balance sheet date.

The technical provisions for unearned premiums is intended to cover anticipated claims costs and operating expenses during the remaining term of insurance contracts in force. Since claims are paid after they have occurred, it is also necessary to set provisions for claims outstanding. The technical provisions are the sum of provisions for unearned premiums and provisions for claims outstanding.

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

Reserve Risk Management and Control

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

The Actuarial Committee is a preparatory and advisory board for If P&C's Chief Actuary. The committee makes recommendations concerning guidelines for technical calculations. The committee also monitors technical provisions and provides advice to If P&C's Chief Actuary regarding the adequacy of these provisions.

If P&C's actuaries analyze the uncertainty of technical provisions. The actuaries continuously monitor the level of provisions to ensure that they comply with established guidelines. The actuaries also develop methods and systems to support these processes.

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

The anticipated inflation trend is taken into account when calculating all provisions and is of the utmost importance for claims settled over a long period of time, such as Motor Third Party Liability (MTPL) and Workers' Compensation (WC). The anticipated inflation is based on external assessments of the inflation trend in various areas, such as the consumer price index and payroll index, combined with If P&C's own estimation of cost increases for various types of claims costs. Inflation risk in the technical provisions is an important consideration underlying If P&C`s investment strategy.

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

The book value of technical provisions and the duration broken down by line of business and major geographical area is shown in the table Technical provisions by line of business and major geographical area, If P&C, 31 December 2012.

Technical Provisions by Line of Business and Major Geographical Area

If P&C, 31 December 2012

	Sweden		Norway		Finland		Denmark		Total	
	EURm	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**	**EURm**	**Duration**
Motor other and MTPL	2,694	7.7	875	2.3	853	11.3	130	1.6	4,553	7.2
Workers' compensation	-	-	412	5.9	1,044	12.0	251	7.1	1,707	10.0
Liability	303	4.0	165	2.7	128	2.4	79	2.4	674	3.1
Accident	226	4.6	363	2.3	124	2.6	75	1.2	788	2.8
Property	429	0.8	547	0.9	193	1.2	141	0.8	1,310	0.9
Marine, aviation, transport	30	0.7	32	0.7	10	0.5	12	0.8	85	0.7
Total	**3,682**	**6.4**	**2,394**	**2.5**	**2,352**	**9.9**	**688**	**3.6**	**9,116**	**6.2**

The sensitivity of If P&C's technical provisions to an increase in inflation, an increase in life expectancy and a decrease in the discount rate is presented in the table Sensitivities of technical provisions, If P&C, 2012.

Sensitivities of Technical Provisions

If P&C, 2012

Technical provision item	Risk factor	Change in risk parameter	Country	Effect EURm
Nominal reserves	Inflation increase	Increase by 1%-point	Sweden	188.1
			Denmark	11.8
			Norway	67.1
			Finland	22.8
Annuities	Decrease in mortality	Life expectancy increase by 1 year	Sweden	14.0
			Denmark	0.4
			Finland	33.5
Discounted reserves (annuities and part of Finnish IBNR)	Decrease in discount rate	Decrease by 1%-point	Sweden	75.2
			Denmark	8.7
			Finland	198.5

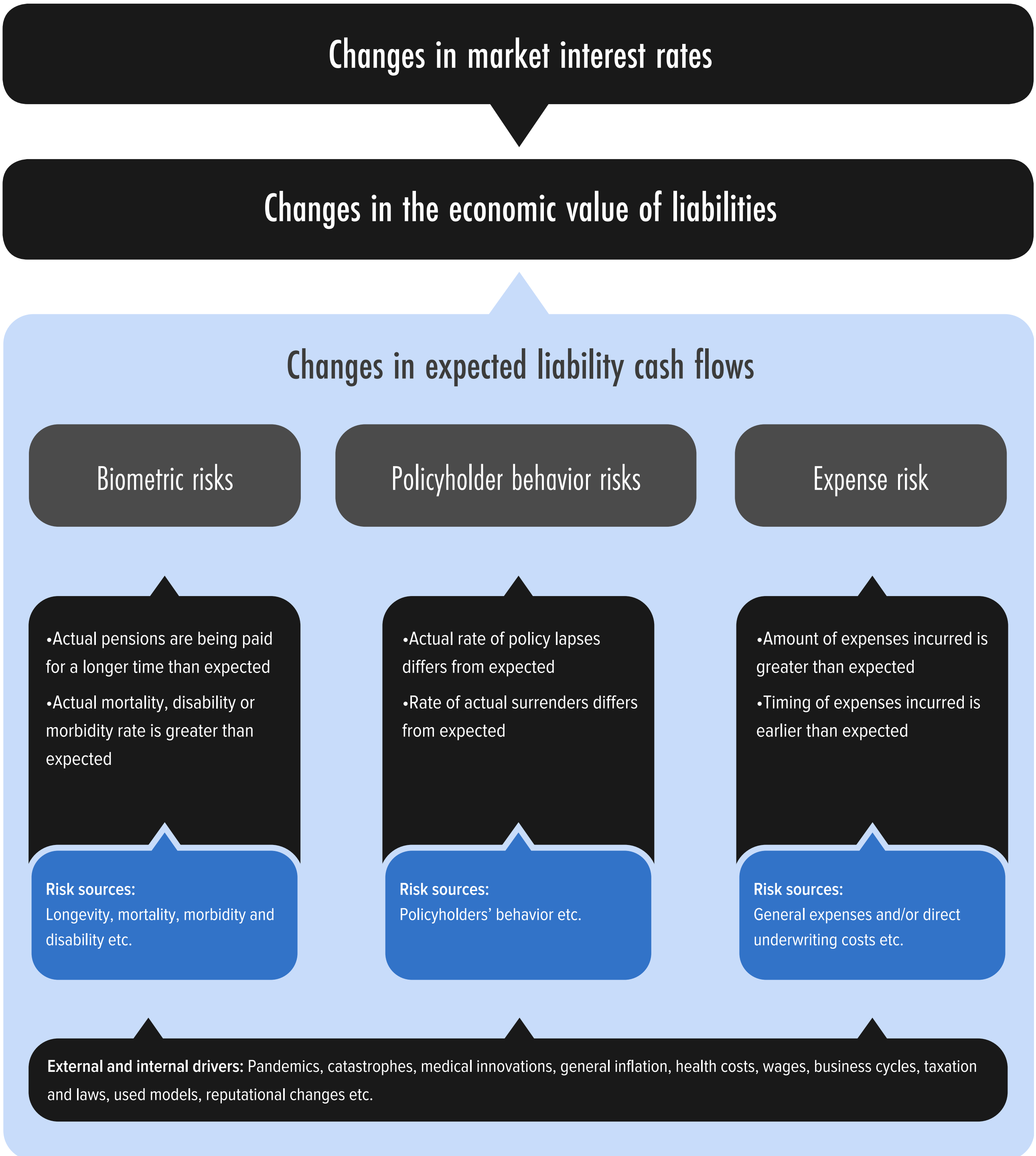
If P&C's technical provisions are further analyzed by claims years. The outputs of this analysis are illustrated both before and after reinsurance in the claims cost trend tables. These are disclosed in the Note 27 to the Financial Statements.

Life Insurance Underwriting Risks

Life insurance risks encompass underwriting risk and discount rate risk in technical provisions. Underwriting risk includes biometric, policyholder behavior and expense risks. This chapter presents the development of these life insurance risks during 2012 and the management principles of these risks.

The figure Illustration of life insurance risk concepts depicts the life insurance risk on a general level.

Illustration of Life Insurance Risk Concepts



Biometric Risks

Biometric risks in life insurance refer mainly to the risk that the company has to pay more mortality, disability or morbidity benefits than expected or the company has to keep paying pension payments to the pension policy holders for a longer time (longevity risk) than expected when pricing the policies. The specific case in which a single event or series of single events of major magnitude leads to a significant deviation in actual benefits and payments from the total expected payments is called catastrophe risk.

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

The table Claim ratios after reinsurance, Mandatum Life, 2012 and 2011 shows the insurance risk result in Mandatum Life's Finnish life insurance policies. The ratio of the actual claims costs to the assumed was 82 per cent in 2012 (77 per cent in 2011). Sensitivity of the insurance risk result can also be assessed on the basis of the information in the table. For instance the increase of mortality by 100 per cent would increase the amount of benefit payments from EUR 15 million to EUR 30 million.

Claim Ratios After Reinsurance

Mandatum Life, 2012 and 2011

	2012			2011		
EURm	**Risk income**	**Claim expense**	**Claim ratio**	**Risk income**	**Claim expense**	**Claim ratio**
Life insurance	**42.4**	**25.2**	**59%**	**42.6**	**23.0**	**54%**
Mortality	25.9	14.9	57%	26.7	13.5	51%
Morbidity and disability	16.5	10.3	62%	15.9	9.5	60%
Pension	**57.7**	**57.3**	**99%**	**58.9**	**55.6**	**94%**
Individual pension	9.5	10.1	106%	9.5	10.1	106%
Group pension	48.2	47.2	98%	49.4	45.5	92%
Mortality (longevity)	43.5	44.2	102%	44.6	41.8	94%
Disability	4.7	3.0	64%	4.8	3.7	76%
Mandatum Life	**100.1**	**82.5**	**82%**	**101.5**	**78.6**	**77%**

Longevity risk is the most critical biometric risk in Mandatum Life. Most of the longevity risk arises from the with-profit group pension portfolio. With-profit group pension policies have mostly been closed for new members for years and due to this the average age of members is around 68 years. In the unit-linked group pension and individual pension portfolio the longevity risk is less significant because most of these policies are fixed term annuities including death cover compensating the longevity risk.

The annual longevity risk result and longevity trend is analyzed regularly. The assumed life expectancy related to the technical provisions for group pensions was revised in 2002 and additional changes were made in 2007. The cumulative longevity risk result has been positive since these revisions. The longevity risk result of group pension for the year 2012 was EUR -0.7 million (EUR 2.7 million in 2011).

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

The insurance risk result of other biometric risks has been profitable in total, although the different risk results differ considerably. In a longer term, disability and morbidity risks are mitigated by the company's right to raise insurance premiums for existing policies in case the claims experience deteriorates. New gender neutral pricing creates uncertainty, although risk result is expected to remain at the same level.

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

Policyholder Behavior and Expense Risks

Uncertainty related to the behavior of the policyholders is a major risk as well. The policyholders have the right to cease paying premiums (lapse risk) and the possibility to interrupt their policies (surrender risk). Ability to keep lapse and surrender rates in a low level is a crucial success factor especially for the expense result of unit-linked business. From ALM point of view surrender and lapse risks are less significant because in Mandatum Life, approximately 90 per cent of with-profit policies are pension policies in which surrender is possible only in exceptional cases. For ALM risk, surrender risk is therefore only relevant in individual life and capital redemption policies of which the related technical provisions amounts to only 6 per cent (EUR 259 million) of the total with-profit liabilities. Furthermore, the supplements to technical provisions are not paid out at surrender which also reduces the surrender risk related to the with-profit policies.

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

The company is also exposed to *expense risk*, which is a risk that the future operating expenses exceed the level that was anticipated when pricing the insurances. Policy terms and tariffs cannot usually be changed materially during the lifetime of the insurance, which increases the expense risk. The main challenge is to keep the expenses related to insurance administrative processes and complex IT infrastructure at an efficient level. In year 2012, expense result was EUR 5.8 million (EUR 9.8 million in 2011). Mandatum Life does not defer insurance acquisition costs.

Discount Rate Risk in Technical Provisions

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

In most with-profit policies, the guaranteed interest rate is 3.5 per cent. In individual policies sold in Finland before 1999, the guaranteed interest rate is 4.5 per cent, which is also the statutory maximum discount rate of these policies. With respect to these policies, the maximum discount rate used when discounting technical provisions has been decreased to 3.5 per cent. As a result, technical provisions have been supplemented with EUR 71 million in 2012 (EUR 79 million in 2011). In addition, EUR 37 million has been reserved to lower the interest rate of with-profit liabilities to 2.5 per cent in 2013 and EUR 9 million for the year 2014 to lower the interest rate of with-profit liabilities to 3.25 per cent, i.e. Mandatum Life has set up an extra reserve of EUR 118 million as part of technical provisions.

The provisions related to each product type and guaranteed interest rates are shown in the table Analysis of the change in provisions before reinsurance, Mandatum Life, 2012. The table also shows the change in each category during 2012.

Analysis of the Change in Provisions Before Reinsurance

Mandatum Life, 2012

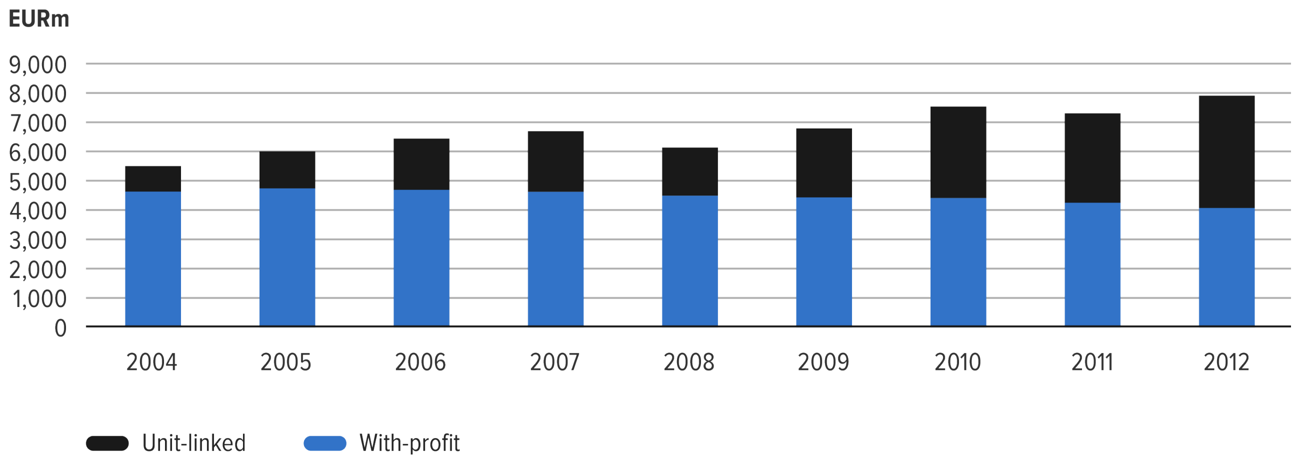
EURm	Liability 2011	Premiums	Claims paid	Expense charges	Guaran-teed interest	Bonuses	Other	Liability 2012	Share %
Mandatum Life parent company									
Unit-linked total	**2,937**	**780**	**-269**	**-44**	**0**	**0**	**295**	3,699	**47%**
Individual pension insurance	753	87	-8	-13	0	0	74	894	11%
Individual life	1,095	247	-140	-12	0	0	110	1,301	16%
Capital redemption operations	823	379	-119	-14	0	0	73	1,140	14%
Group pension	266	68	-3	-6	0	0	37	364	5%
With-profit and others total	**4,229**	**169**	**-422**	**-37**	**147**	**3**	**-37**	**4,052**	**51%**
Group pension	**2,494**	**76**	**-202**	**-9**	**82**	**3**	**-34**	**2,411**	**31%**
Guaranteed rate 3.5%	2,404	64	-193	-8	80	3	-30	2,321	29%
Guaranteed rate 2.5% or 0.0%	90	12	-9	-1	2	0	-4	90	1%
Individual pension insurance	**1,275**	**23**	**-145**	**-7**	**55**	**0**	**14**	**1,216**	**15%**
Guaranteed rate 4.5%	1,075	15	-118	-5	48	0	0	1,015	13%
Guaranteed rate 3.5%	157	5	-18	-1	6	0	8	157	2%
Guaranteed rate 2.5% or 0.0%	43	3	-8	0	1	0	5	44	1%
Individual life insurance	**298**	**33**	**-61**	**-10**	**10**	**0**	**-17**	**253**	**3%**
Guaranteed rate 4.5%	77	5	-9	-2	3	0	-3	72	1%
Guaranteed rate 3.5%	158	11	-41	-4	5	0	-8	121	2%
Guaranteed rate 2.5% or 0.0%	63	17	-11	-5	2	0	-5	61	1%
Capital redemption operations	**6**	**0**	**-1**	**0**	**0**	**0**	**-1**	**6**	**0%**
Guaranteed rate 3.5%	0	0	0	0	0	0	0	0	0%
Guaranteed rate 2.5% or 0.0%	6	0	0	0	0	0	-1	6	0%
Future bonus reserves	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0	**0%**
Reserve for decreased discount rate	**108**	**0**	**0**	**0**	**0**	**0**	**10**	118	**1%**
Assumed reinsurance	**2**	**2**	**-1**	**0**	**0**	**0**	**-1**	2	**0%**
Other liabilities	**46**	**34**	**-13**	**-12**	**1**	**0**	**-9**	47	**1%**
Mandatum Life parent company total	**7,166**	**949**	**-691**	**-81**	**147**	**3**	**257**	**7,751**	**98%**
Subsidiary Mandatum Life Insurance Baltic SE	**137**	**33**	**-23**	**-3**	**1**	**0**	**8**	153	**2%**
Unit-linked	117	30	-20	-2	0	0	9	134	2%
Others	19	3	-4	-1	1	0	-1	19	0%
Mandatum Life group total	**7,303**	**983**	**-714**	**-84**	**148**	**3**	**266**	**7,904**	**100%**

With-profit pension and saving policies have not been Mandatum Life's new sales focus area for years and the trend is downward. During 2012, with-profit liabilities decreased by EUR 178 million, and the decline is expected to be at the same level for several years. Average guaranteed rate for policyholder's savings, excluding the effect of discount rate reserve, is 3.7 per cent, which is gradually decreasing because policies with 4.5 per cent guarantees mature sooner than policies with lower guarantees. The trend of unit-linked technical provisions is upward, except in years like 2008 and 2011 when investment losses of unit-linked savings have exceeded the net subscriptions. Almost 50 per cent of technical provisions are unit-linked savings and their proportion is increasing.

The development of the structure and amount of Mandatum Life's technical provisions is shown in the figure Development of with-profit and unit-linked technical provisions, Mandatum Life, 2004–2012.

Development of With-profit and Unit-linked Technical Provisions

Mandatum Life, 2004–2012



The table Expected maturity of insurance and investment contracts before reinsurance, Mandatum Life, 31 December 2012 shows the expected maturity and duration of insurance and investment contracts of Mandatum Life. The sensitivity of technical provisions to changes in discount rates can be assessed on the basis of the durations shown in the table.

Expected Maturity of Insurance and Investment Contracts Before Reinsurance

Mandatum Life, 31 December 2012

EURm	Duration	2013-2014	2015-2016	2017-2021	2022-2026	2027-2031	2032-2036	2037-
Mandatum Life parent company								
Unit-linked total	**8.6**	**524**	**474**	**842**	**564**	**501**	**216**	**242**
Individual pension insurance	11.0	46	83	193	162	124	84	97
Individual life	7.2	260	200	286	167	119	65	72
Capital redemption operations *)	7.7	200	160	282	165	206	33	31
Group pension	11.2	18	31	81	70	51	34	41
With-profit and others total	**9.0**	**896**	**718**	**1,320**	**900**	**617**	**414**	**643**
Group pension	**10.5**	**389**	**358**	**771**	**599**	**440**	**317**	**512**
Guaranteed rate 3.5%	10.6	373	346	751	584	429	309	498
Guaranteed rate 2.5% or 0.0%	9.7	15	12	20	15	11	8	13
Individual pension insurance	**6.6**	**333**	**294**	**445**	**238**	**131**	**62**	**64**
Guaranteed rate 4.5%	6.6	278	249	386	205	109	50	52
Guaranteed rate 3.5%	6.8	43	37	49	28	19	10	9
Guaranteed rate 2.5% or 0.0%	6.4	12	8	10	6	3	2	3
Individual life insurance	**9.7**	**64**	**50**	**80**	**51**	**40**	**32**	**65**
Guaranteed rate 4,5 %	10.0	16	18	25	16	12	11	21
Guaranteed rate 3.5%	10.2	24	23	39	26	20	16	30
Guaranteed rate 2.5% or 0.0%	8.4	24	9	15	10	7	5	14
Capital redemption operations *)	**7.5**	**1**	**0**	**2**	**1**	**1**	**0**	**0**
Guaranteed rate 3.5%	0.0	0	0	0	0	0	0	0
Guaranteed rate 2.5% or 0.0%	7.5	1	0	2	1	1	0	0
Future bonus reserves	**1.0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reserve for decreased discount rate	**3.9**	**65**	**13**	**20**	**10**	**5**	**2**	**3**
Assumed reinsurance	**0.5**	**2**	**0**	**0**	**0**	**0**	**0**	**0**
Other liabilities	**0.9**	**42**	**3**	**2**	**0**	**0**	**0**	**0**
Mandatum Life parent company total	**8.8**	**1,419**	**1,192**	**2,162**	**1,464**	**1,118**	**630**	**885**
Subsidiary Mandatum Life Insurance Baltic SE		**15**	**12**	**35**	**21**	**20**	**16**	**33**
Unit-linked		11	10	29	18	19	15	33
Others		4	2	7	3	1	1	0
Mandatum Life group total		**1,434**	**1,204**	**2,197**	**1,485**	**1,138**	**646**	**918**

**) Investment contracts*

Life Insurance Risk Management

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

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

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

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

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

MARKET RISKS

In general, market risks refer to fluctuations in the financial results and capital caused by changes in market values of financial assets and liabilities as well as economic value of insurance liabilities.

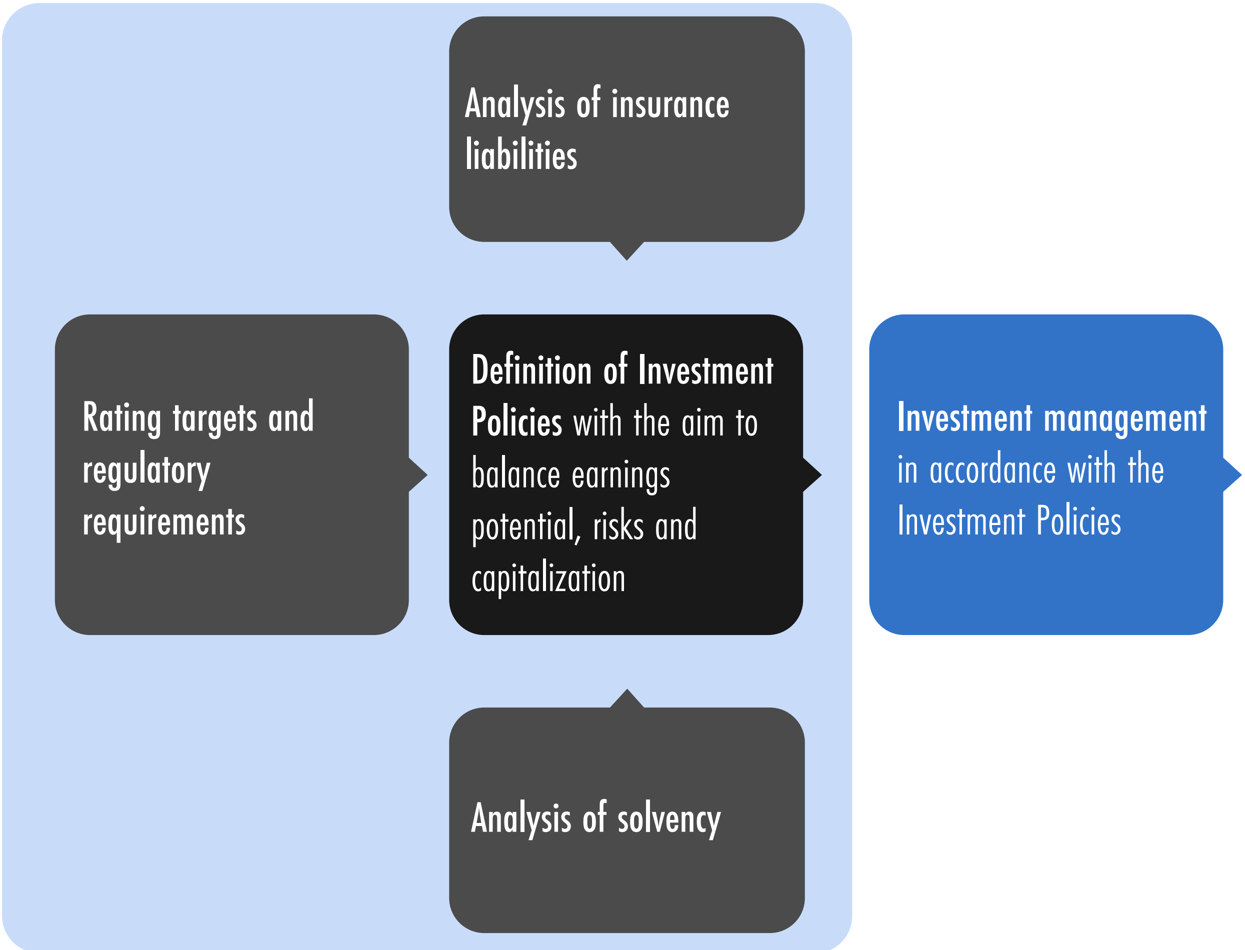
Market risks related to financial assets in investment portfolios are mostly straightforward to analyze. The realization of risks is transparently reflected in financial accounts, because Sampo Group is applying mark-to-market procedures to its investments and only seldom there are instruments requiring mark-to-model procedures.

When changes in different market risk variables (e.g. interest rates, inflation, foreign exchange rates and equity prices) cause a change in the value of investment assets that is of different size than the respective change in the economic value of insurance liabilities, the company is exposed to Asset and Liability Management (ALM) risk. ALM risk is not fully reflected in financial results, because insurance liabilities are not discounted with market rates for financial accounting purposes. In order to have a comprehensive, economic view on risks and capitalization, insurance liabilities are discounted with market rates and the so called discounting effect is taken into account in Sampo Group's economic capital model. In Sampo Group Asset and Liability Management (ALM) covers the management of economical risks arising from differences in assets and liabilities mainly related to interest rate sensitivity, currencies and inflation.

ALM Risks

The risk assessment and management approach applied in Sampo Group companies for ALM and investment portfolio risks is illustrated in figure Asset and liability management approach in Sampo Group.

Asset and Liability Management Approach in Sampo Group



Insurance liabilities are the starting point for investments. Insurance liabilities are modeled and analyzed to form an understanding of their expected future cash flows and their sensitivities to changes in factors such as inflation, interest rates and currencies.

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

Rating targets and regulatory requirements are major external factors affecting risk taking in general and ALM and investment portfolio risk management procedures in specific.

In companies' Investment Policies the asset class allocations, risk limits by risk types, the risk governance of investment activities and the decision making authorizations are set in a way that maintain the balance between earnings potential, risks and capitalization.

Investments are managed according to the Investment Policies which are approved by the Boards of Directors of respective companies.

In Sampo Group, insurance liabilities are analyzed regularly and these analyses together with actual capitalization, risk appetite, regulatory requirements and rating targets are carefully taken into account when defining the Group companies' Investment Policies. The operative management of investment portfolios and the whole balance sheet is taken care of in accordance with the Investment Policies.

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

Asset and Liability Management in If P&C

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

The value of the technical provisions is sensitive to, from an ALM perspective, future inflation and interest rates as well as currency rates for provisions in non-base currencies. A major part of the technical provisions are nominal, whereas a still significant part, being the annuity and so called annuity IBNR reserves, are discounted with interest rates in accordance with regulatory rules. Thereby If P&C is mainly exposed to changes in inflation and the regulatory discount rates from an accounting perspective. From an economic perspective, in which the technical provisions are discounted with prevailing interest rates, If P&C is exposed to changes both in inflation and nominal interest rates.

The objectives of If P&C's currency risk management are to keep the foreign currency exposure arising from If P&C's normal business activities and investment decisions close to zero and to achieve the highest possible return from an active currency management within limits set by the investment policy.

To maintain the ALM risk within the overall risk appetite, the technical provisions may be matched through investments in fixed income instruments denominated in the same currency as the corresponding liability or by using currency derivatives. The Foreign Currency Risk Policy sets limits for the allowed FX positions.

Asset and Liability Management in Mandatum Life

The Board of Mandatum Life approves annually the Investment Policy, which sets principles and limits for investment portfolio activities. The Investment Policy also includes control levels for maximum acceptable risk for the whole balance sheet and respective measures to manage the risk. These measures and control levels are based on both Solvency I and Solvency II type of approaches.

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

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

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

The long-term target for investments is to provide sufficient return to cover the guaranteed interest rate plus bonuses based on principle of fairness as well as the shareholder's return requirement with acceptable level of risk. In the long run the most significant risk is that fixed income investments will not generate adequate return compared to the guaranteed rate. In addition to investment and capitalization decisions, Mandatum Life is prepared for low interest rates on the liability side by e.g. reducing the minimum guaranteed interest rate in new contracts and by supplementing the technical provisions by applying a lower discount rate.

Investment Portfolio Risks

Investments (excluding Mandatum Life's investments covering unit-linked policies) are managed according to the subsidiaries' Investment Policies. The most significant risks are equity, interest rate, credit and currency risks. Market risks also arise from private equity, real estate and alternative investments.

Sampo Group's Chief Investment Officer is responsible for managing investments within the limitations of the Investment Policies prepared by the Group companies and approved by the Group companies' Boards of Directors. The insurance subsidiaries and the parent company have a common Group wide infrastructure for investment management as well as performance and risk reporting. Sampo Group considers that it has a thorough understanding of Nordic markets and issuers and consequently Sampo Group's direct investments are mainly made into Nordic securities. When investing in non-Nordic securities, funds or other third party managed investments are mainly used. These investments are primarily used as a tool in tactical asset allocation when seeking return and secondarily in order to increase diversification.

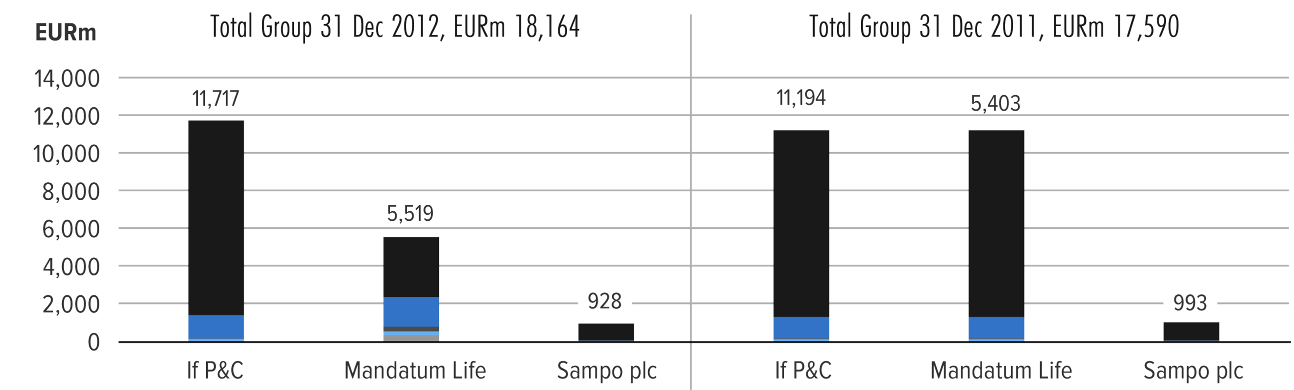
Market risk control is separated from portfolio management activities. Middle Office functions measure risks and performance and control limits set in Investment Policies on a daily basis. Market risks and limits are also controlled by the ICC in If P&C and ALCO in Mandatum Life at minimum on a monthly basis. These committees are responsible for the control of investment activities within the respective legal entity. The aggregated market risks and concentrations at Sampo Group level are controlled by the Group's Audit Committee at minimum quarterly.

Asset Allocations and Investment Returns

The total amount of Sampo Group's investment assets as at 31 December 2012 was EUR 18,164 million (EUR 17,590 million in 2011). The compositions of the investment portfolios in If P&C, Mandatum Life and Sampo plc at year end 2012 and in comparison to year end 2011 are shown in the figure Development of investment portfolios, If P&C, Mandatum Life and Sampo plc, 31 December 2012 and 31 December 2011.

Development of Investment Portfolios

If P&C, Mandatum Life and Sampo plc, 31 December 2012 and 31 December 2011



	If P&C 2012	Mandatum Life 2012	Sampo plc 2012	If P&C 2011	Mandatum Life 2011	Sampo plc 2011
Fixed income	88%	58%	97%	89%	60%	96%
Equities	11%	29%	2%	10%	27%	2%
Private equity	0%	5%	1%	0%	5%	1%
Real estate	1%	3%	1%	1%	3%	1%
Alternative investments	0%	6%	0%	0%	5%	0%

The investment assets of Sampo plc mainly consist of money market instruments. The main purpose of the assets is to form a liquidity portfolio that fluctuates in size mainly as a result of dividend payments to the shareholders of Sampo plc and dividend payments received from the insurance subsidiaries and the associated company. The investments of Mandatum Life's Baltic subsidiary are included in Mandatum Life's investment assets as equity in all tables and graphs in this Risk Management section.

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

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

The structures of technical provisions as well as risk appetites of Mandatum Life and If P&C differ from each other and as a result, the structures of the investment portfolios of the two companies may be different.

The investment allocations of If P&C, Mandatum Life, Sampo plc and Sampo Group are presented in the table Investment allocation, If P&C, Mandatum Life, Sampo plc and Sampo Group, 31 December 2012.

Investment Allocation

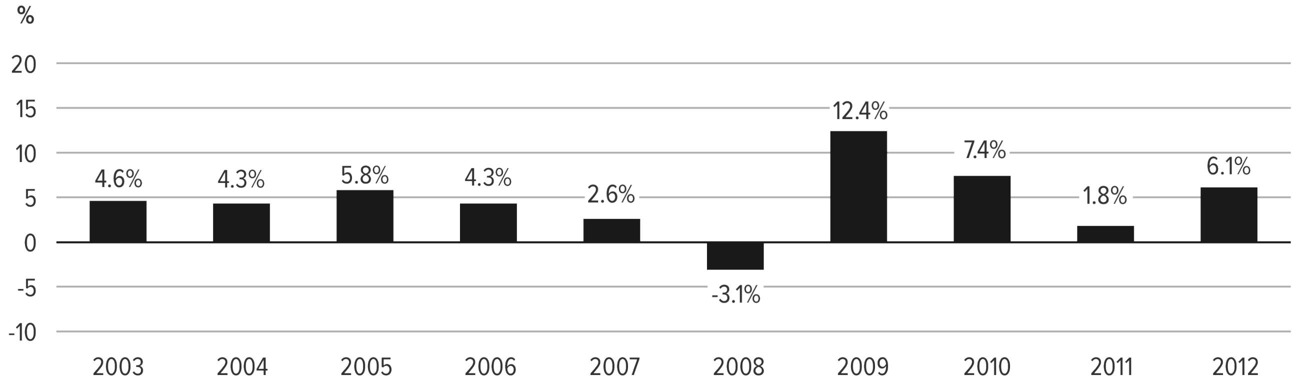
If P&C, Mandatum Life, Sampo plc and Sampo Group, 31 December 2012

	If P&C			Mandatum Life			Sampo plc			Sampo Group		
Asset Class	**Market value, EURm**	**Weight**	**Average maturity (years)**	**Market value, EURm**	**Weight**	**Average maturity (years)**	**Market value, EURm**	**Weight**	**Average maturity (years)**	**Market value, EURm**	**Weight**	**Average maturity (years)**
Fixed income total	**10,340**	**88%**	**2.3**	**3,162**	**57%**	**2.1**	**897**	**97%**	**0.2**	**14,399**	**79%**	**2.1**
Money market securities and cash	883	8%	0.2	552	10%	0.3	827	89%	0.2	2,263	12%	0.2
Government bonds	740	6%	3.7	12	0%	4.7	0	0%	0.0	752	4%	3.7
Credit bonds, funds and loans	8,717	74%	2.4	2,576	47%	2.4	70	8%	0.0	11,363	63%	2.4
Covered bonds	*3,800*	*32%*	*2.1*	*139*	*3%*	*3.0*	*0*	*0%*	*0.0*	*3,939*	*22%*	*2.1*
Investment grade bonds and loans	*3,010*	*26%*	*2.2*	*1,122*	*20%*	*1.7*	*1*	*0%*	*0.0*	*4,133*	*23%*	*2.1*
High-yield bonds and loans	*1,529*	*13%*	*3.4*	*1,055*	*19%*	*3.0*	*0*	*0%*	*0.0*	*2,584*	*14%*	*3.3*
Subordinated / Tier 2	*299*	*3%*	*2.2*	*106*	*2%*	*1.8*	*0*	*0%*	*0.0*	*405*	*2%*	*2.1*
Subordinated / Tier 1	*79*	*1%*	*2.0*	*157*	*3%*	*3.6*	*0*	*0%*	*0.0*	*235*	*1%*	*3.1*
Hedging swaps	*-1*	*0%*	-	*-2*	*0%*	-	*69*	*7%*	-	*66*	*0%*	-
Policy loans	0	0%	0.0	22	0%	2.8	0	0%	0.0	22	0%	2.8
Trading derivatives	**2**	**0%**	**-**	**20**	**0%**	**-**	**0**	**0%**	**-**	**22**	**0%**	**-**
Other asset classes total	**1,375**	**12%**	**-**	**2,337**	**42%**	**-**	**30**	**3%**	**-**	**3,743**	**21%**	**-**
Equity	1,248	11%	-	1,578	29%	-	18	2%	-	2,844	16%	-
Real estate	102	1%	-	187	3%	-	6	1%	-	295	2%	-
Private equity	26	0%	-	251	5%	-	6	1%	-	284	2%	-
Commodities	0	0%	-	0	0%	-	0	0%	-	0	0%	-
Alternative	0	0%	-	321	6%	-	0	0%	-	321	2%	
Assets classes total	**11,717**	**100%**	**-**	**5,519**	**100%**	**-**	**928**	**100%**	**-**	**18,164**	**100%**	**-**
FX Exposure, gross position	**161**	**-**	**-**	**199**	**-**	**-**	**0**	**-**	**-**	**360**	**-**	**-**

The figure Annual investment returns at fair values, If P&C and Mandatum Life, 2003–2012 presents the historical development of investment returns. Mandatum Life has had on average higher returns with higher volatility.

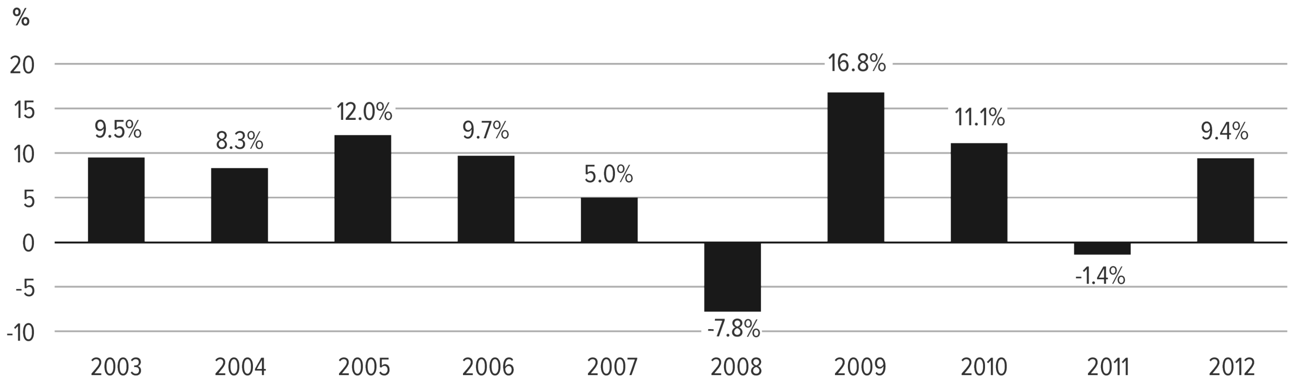
Annual Investment Returns at Fair Values 2003–2012

If P&C



Annual Investment Returns at Fair Values 2003–2012

Mandatum Life



The weighted average investment return of the Group's investment portfolios (including Sampo plc) in 2012 was 7.3 per cent (1.0 per cent in 2011).

Fixed Income Investments

The table Investment allocation, If P&C, Mandatum Life, Sampo plc and Sampo Group, 31 December 2012 presents the amount and average maturity of fixed income investments of Sampo Group by type of instrument.

Sampo Group's fixed income investments are exposed to creditworthiness of issuers and derivative counterparties in general. Sampo Group, as an investor, invests mainly in tradable instruments instead of being a lender with mainly non-tradable loan instruments in its portfolio. Therefore, most of the Group's credit risk potentially materializes as market value loss (spread risk) and the significance of credit losses (default risk) is secondary. The single name limit procedures to mitigate spread and default risks and Sampo Group's approach to manage fixed income investments are described later in detail in the Credit risk section.

The average maturity of fixed income investments that affects the size of credit risk and reinvestment risk was 2.3 years in If P&C and 2.1 years in Mandatum Life. Interest rate sensitivity in terms of the average duration of fixed income investments including hedging derivatives in If P&C was 1.1 years and in Mandatum Life 1.8 years.

At the end of year 2012, the proportion of money market securities and cash was 12 per cent of the total investment portfolio. The proportion of high yield debt instruments was respectively 14 per cent. The proportion of public sector bonds was 4 per cent of the total investment portfolio.

Equity Investments

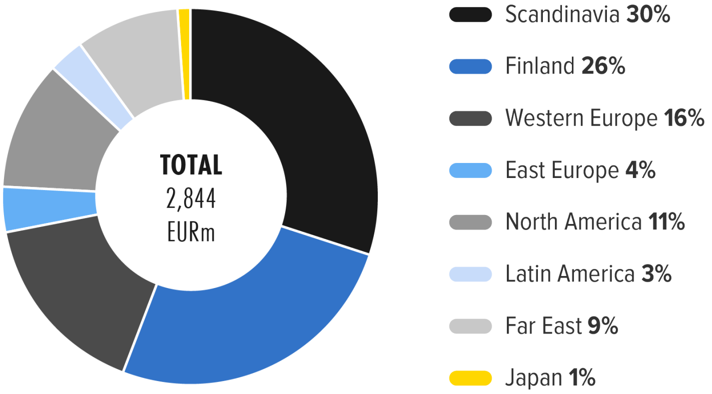
The equity investments of Sampo Group totaled EUR 2,844 million at the end of year 2012 (EUR 2,620 million in 2011). During 2012, the increase in the weight of equity investments in the investment portfolio was mainly due to the rise in equity prices.

At the end of year 2012, the equity exposure of If P&C was EUR 1,248 million (EUR 1,149 million in 2011). The proportion of equities in If P&C's investment portfolio was 10.6 per cent. In Mandatum Life, the equity exposure was EUR 1,578 million at the end of year 2012 (EUR 1,453 million in 2011) and the proportion of equities was 28.6 per cent of the investment portfolio. The equity portfolio consists of shares of Nordic companies as well as mutual fund and ETF investments outside Nordic countries.

The breakdown of the equity exposures of Sampo Group by geographical regions are shown in the figure Breakdown of equity investments by geographical regions, Sampo Group, If P&C and Mandatum Life, 31 December 2012.

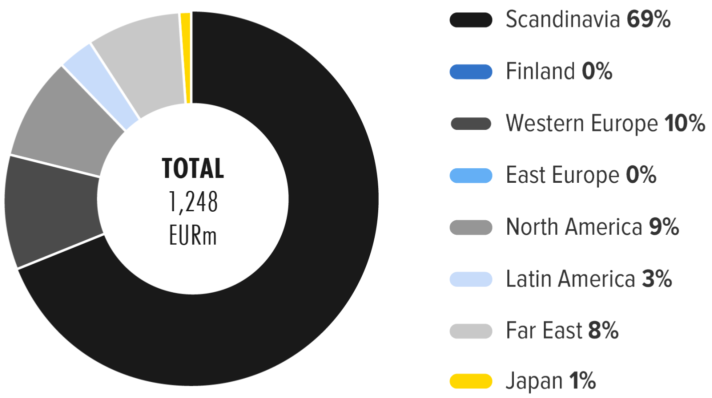
Breakdown of Equity Investments by Geographical Regions

Sampo Group, 31 December 2012



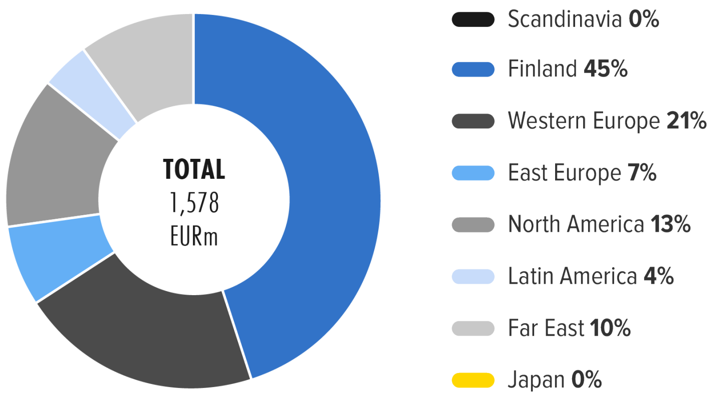
Breakdown of Equity Investments by Geographical Regions

If P&C, 31 December 2012



Breakdown of Equity Investments by Geographical Regions

Mandatum Life, 31 December 2012



The geographical emphasis in Sampo Group's equity investments is in Nordic companies. The proportion of Nordic companies' equities corresponds to 56 per cent of the total equity portfolio. This is in line with Sampo Group's Nordic focus and the fact that insurance liabilities are in Nordic currencies.

The sector allocation of direct equity investments in Sampo Group is shown in table Credit exposures by sectors, asset classes and rating, If P&C, Mandatum Life and Sampo Group, 31 December 2012. The largest sectors are capital goods, consumer products and basic industry. Equity investments made through mutual funds and ETF investments accounted for 44 per cent of the entire equity portfolio.

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

Currency Risks

Currency risk in general can be divided into transaction risk and translation risk. Transaction risk refers to the currency risk arising from contractual cash flows related to the insurance or investment operations or from hedges related to these cash flows. Translation risk refers to the currency risk that arises when consolidating the financial statements of subsidiaries that have a different base currency than the parent company.

In Sampo Group, the open transaction risk positions are considered and measured separately by subsidiary companies. The net position in each currency is the net of assets, liabilities and foreign exchange transactions denominated in the particular currency.

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

In Mandatum Life, currency transaction risk mainly arises from investments in other currencies than euro because the company's technical provisions are almost completely denominated in euro. Mandatum Life's currency risk strategy is based on active management of the currency position. The objective is to achieve a positive return relative to a situation where the currency risk exposure is fully hedged.

The currency transaction risk positions of If P&C and Mandatum Life against their home currencies are shown in the table Transaction risk position, If P&C and Mandatum Life, 31 December 2012. The table shows the net transaction risk exposures and the changes in the value of positions given a 10 per cent decrease in the value of the home currency.

Transaction Risk Position

If P&C and Mandatum Life, 31 December 2012

	Base currency	EUR	USD	JPY	GBP	SEK	NOK	CHF	DKK	LTL	LVL	Other	Total, net
If P&C	**SEKm**												
Insurance operations		-390	-114	0	-17	39	-2,849	0	-790	-1	-1	-7	-4,130
Investments		6	659	17	1	150	2,468	0	382	0	0	1	3,683
Derivatives		384	-561	-22	16	-243	337	0	385	0	0	7	303
Total transaction risk, net position, If P&C		**-1**	**-16**	**-5**	**-1**	**-54**	**-44**	**0**	**-23**	**-1**	**-1**	**1**	**-144**
Sensitivity: SEK -10%		0	-2	0	0	0	-4	0	-2	0	0	0	-9
Mandatum Life	**EURm**												
Technical provisions		0	0	0	0	-2	0	0	0	0	0	0	-2
Investments		0	1,076	7	222	36	4	89	14	2	0	160	1,610
Derivatives		0	-1,100	-8	-220	-32	10	-102	0	0	0	-38	-1,490
Total transaction risk, net position, Mandatum Life		**0**	**-24**	**-1**	**2**	**2**	**14**	**-13**	**14**	**2**	**0**	**122**	**118**
Sensitivity: EUR -10%		0	-2	0	0	0	1	-1	1	0	0	12	12

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

In addition to transaction risk, Sampo Group and its insurance subsidiaries are also exposed to translation risk. Sampo Group's consolidated financial statements are denominated in euro. Translation risk arises when entities with another base currency are consolidated into the Group financial statements. The effect of changes in foreign exchange rates result in translation differences which are recognized in the consolidated comprehensive income statement. Translation risks arise also within If P&C and to a lesser extent within Mandatum Life from their subsidiaries whose base currency is different from that of the respective parent company.

Other Investments

If P&C and especially Mandatum Life have real estate, private equity fund and alternative investments. The Investment Policies set limits for maximum allocations into these markets and products. On 31 December 2012, the combined share of the above mentioned investments was 5.0 per cent of the total investment portfolio. In If P&C the proportion was 1.1 per cent and in Mandatum Life it was 13.8 per cent.

Private equity and alternative investments are managed by external asset managers. The private equity fund portfolio is diversified both according to fund type and geographical areas. Alternative investments are diversified between underlying asset classes, fund types and investment styles. The Group's real estate portfolio is managed by Sampo Group's real estate management unit. The portfolio includes direct investments in properties as well as indirect investments in real estate funds and shares and debt instruments in real estate companies. The main risks related to property investments are limited by diversifying holdings both geographically and by type of property.

CREDIT RISKS

In Sampo Group, credit risk can materialize as market value losses when credit spreads are changing unfavourably (spread risk) or as credit losses when issuers of credit instruments or counterparties of financial derivatives or reinsurance transactions are failing to meet their financial obligations (default risk).

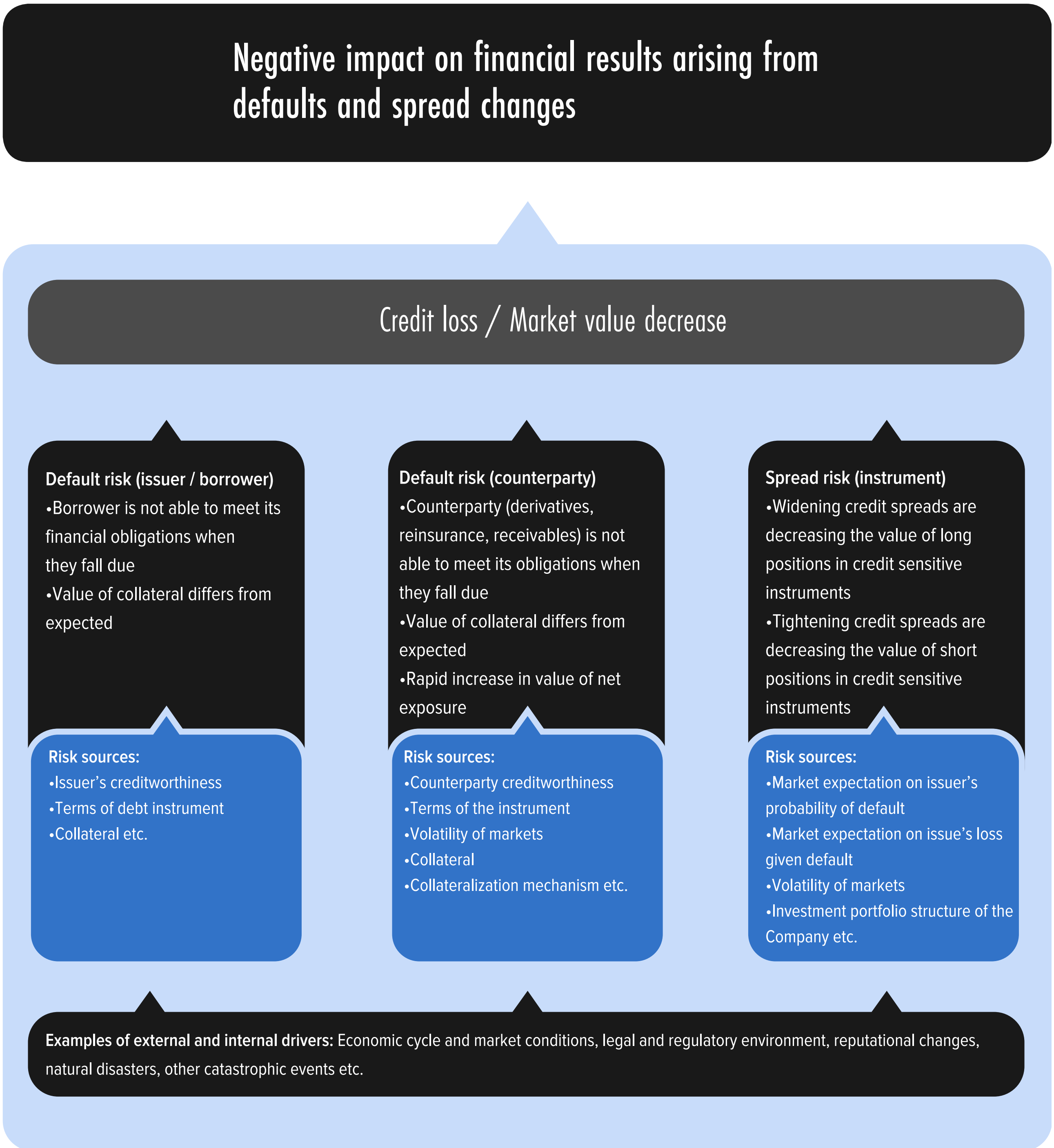
Currently spread risk related to tradable bonds and notes has a major role in terms of exposures and management procedures when it comes to credit risk in Sampo Group. However, Sampo Group has gradually increased its investments in illiquid loan instruments and, accordingly, Sampo Group has increased its resources to analyze and manage default risks.

Default risk related to reinsurers arises through reinsurance receivables and through the reinsurers' portion of the outstanding claims. Default risk of reinsurance counterparties mainly concerns If P&C, as the use of reinsurance in Mandatum Life is relatively limited. In regards to financial derivatives the case is opposite. Mandatum Life together with parent company Sampo plc are frequent users of financial derivatives and are therefore more exposed to default risk of derivative counterparties than If P&C.

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

The figure Illustration of credit risk presents credit risk on a general level.

Illustration of Credit Risk



Credit exposures including debt instruments and off-balance sheet transactions are shown in the table Credit exposures by sectors, asset classes and rating, If P&C, Mandatum Life and Sampo Group, 31 December 2012. Due to differences in the treatment of derivatives, the figures in the table are not fully comparable with other tables in this annual report.

Credit Exposures by Sectors, Asset Classes and Rating

If P&C, 31 December 2012

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Equities	Other	Counter-party risk	Total	Change 31 Dec 2011
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Basic Industry	0	0	0	116	104	0	121	341	42	0	0	383	100
Capital Goods	0	0	17	27	0	0	71	115	329	0	0	444	106
Consumer Products	0	0	13	278	0	0	139	431	264	0	0	695	95
Covered Bonds	3,641	159	0	0	0	0	0	3,800	0	0	0	3,800	200
Energy	0	7	48	4	95	0	404	558	36	0	0	594	147
Financial Institutions	29	924	1,625	466	252	0	6	3,302	75	0	9	3,386	267
Governments	33	0	0	3	0	0	0	36	0	0	0	36	-413
Government Guaranteed	173	0	0	0	0	0	56	229	0	0	0	229	-64
Insurance	0	0	0	0	0	0	0	0	0	0	458	458	56
Media	0	0	0	0	0	0	38	38	0	0	0	38	15
Public Sector, Other	449	0	1	0	0	0	0	451	0	0	0	451	-22
Real Estate	0	10	0	0	0	0	75	85	0	102	0	186	64
Services	0	0	0	12	0	0	9	21	4	0	0	25	7
Technology and Electronics	0	0	0	0	0	0	0	0	3	0	0	3	-2
Telecommunications	0	0	168	42	0	0	22	232	78	0	0	310	157
Transportation	0	29	0	0	0	0	262	292	8	0	0	300	82
Utilities	0	0	219	98	0	0	40	357	1	0	0	358	56
Others	0	0	0	0	0	0	0	0	24	0	0	24	-59
Funds	0	0	0	0	0	0	89	89	384	26	0	500	-27
Total	**4,325**	**1,129**	**2,090**	**1,046**	**452**	**0**	**1,333**	**10,376**	**1,248**	**128**	**467**	**12,218**	**765**
Change 31 Dec 2011	**247**	**8**	**-439**	**383**	**119**	**0**	**286**	**605**	**99**	**-4**	**66**	**765**	

Credit Exposures by Sectors, Asset Classes and Rating

Mandatum Life, 31 December 2012

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Equi-ties	Other	Counter-party risk	Total	Change 31 Dec 2011
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Basic Industry	0	0	4	8	241	0	73	326	220	0	0	546	-54
Capital Goods	0	3	74	30	15	0	37	160	172	0	0	332	9
Consumer Products	0	0	19	30	58	0	70	177	102	0	0	279	65
Covered Bonds	62	55	11	10	0	0	0	139	0	0	0	139	7
Energy	0	0	14	15	0	0	49	79	11	0	0	90	20
Financial Institutions	0	488	599	113	234	0	0	1,434	18	20	2	1,475	18
Governments	12	0	0	0	0	0	0	12	0	0	0	12	0
Governmant Guaranteed	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	28	20	0	0	22	70	17	0	0	87	1
Media	0	0	0	0	0	0	16	16	12	0	0	28	-12
Public Sector, Other	0	0	0	0	0	0	0	0	0	0	0	0	0
Real Estate	0	0	0	0	0	0	30	30	0	154	0	185	41
Services	0	0	0	6	59	0	13	79	33	11	0	122	15
Technology and Electronics	0	0	0	0	4	0	16	20	49	4	0	73	-13
Telecommunications	0	0	34	79	50	0	0	163	1	0	0	164	-29
Transportation	0	0	7	0	0	0	32	39	5	0	0	44	7
Utilities	0	0	124	76	0	0	0	200	72	0	0	272	-27
Others	0	0	0	0	0	0	16	16	3	0	0	19	-29
Funds	0	0	0	0	0	0	204	204	864	569	0	1,638	85
Total	**74**	**545**	**914**	**389**	**662**	**0**	**579**	**3,164**	**1,578**	**759**	**2**	**5,503**	**103**
Change 31 Dec 2011	**-27**	**-61**	**-77**	**-43**	**25**	**0**	**135**	**-48**	**125**	**37**	**-10**	**103**	

Credit Exposures by Sectors, Asset Classes and Rating

Sampo Group, 31 December 2012

EURm	AAA	AA+ - AA-	A+ - A-	BBB+ - BBB-	BB+ - C	D	Non-rated	Fixed income total	Equities	Other	Counter-party risk	Total	Change 31 Dec 2011
Asset-backed Securities	0	0	0	0	0	0	0	0	0	0	0	0	0
Basic Industry	0	0	4	124	345	0	215	688	261	0	0	950	67
Capital Goods	0	3	91	57	15	0	108	275	501	0	0	776	115
Consumer Products	0	0	32	308	58	0	210	608	366	0	0	974	161
Covered Bonds	3,703	214	11	10	0	0	0	3,939	0	0	0	3,939	207
Energy	0	7	62	19	95	0	454	636	47	0	0	684	167
Financial Institutions	29	1,762	2,702	579	486	0	6	5,563	93	20	24	5,700	211
Governments	45	0	0	3	0	0	0	48	0	0	0	48	-412
Government Guaranteed	173	0	0	0	0	0	56	229	0	0	0	229	-64
Insurance	0	0	28	20	0	0	22	70	34	0	458	562	57
Media	0	0	0	0	0	0	55	55	12	0	0	66	4
Public Sector, Other	449	0	1	0	0	0	0	451	0	0	0	451	-22
Real Estate	0	10	0	0	0	0	105	115	0	262	0	377	105
Services	0	0	0	18	59	0	22	100	36	11	0	147	22
Technology and Electronics	0	0	0	0	4	0	16	20	52	4	0	76	-15
Telecommunications	0	0	201	121	51	0	22	395	78	0	0	474	129
Transportation	0	29	7	0	0	0	294	331	14	0	0	345	89
Utilities	0	0	342	175	0	0	40	557	73	0	0	630	29
Others	0	0	0	0	0	0	16	16	27	0	0	43	-90
Funds	0	0	0	0	0	0	294	294	1,249	601	0	2,144	49
Total	**4,399**	**2,025**	**3,482**	**1,435**	**1,114**	**0**	**1,934**	**14,388**	**2,844**	**899**	**482**	**18,613**	**806**
Change 31 Dec 2011	**220**	**-452**	**-192**	**340**	**144**	**0**	**442**	**503**	**223**	**24**	**56**	**806**	

More detailed distribution of reinsurance receivables and reinsurers' portion of outstanding claims in If P&C on 31 December 2012 per rating category is presented in the table Reinsurance recoverables, If P&C, 31 December 2012 and 31 December 2011. In the table, EUR 157 million (EUR 164 million in 2011) are excluded, which mainly relates to captives and statutory pool solutions.

Reinsurance Recoverables

If P&C, 31 December 2012 and 31 December 2011

	31 Dec 2012		31 Dec 2011	
Rating	**Total EURm**	**%**	**Total EURm**	**%**
AAA	0	0%	0	0%
AA+ - A-	446	97%	387	98%
BBB+ - BBB-	5	1%	0	0%
BB+ - C	0	0%	0	0%
D	0	0%	0	0%
Non-rated	7	2%	5	1%
Total	**458**	**100%**	**393**	**100%**

Following a new definition, reinsurance recoverables excludes assumed reinsurance and includes premium reserve for the ceded reinsurance. The comparative figures have been changed accordingly and thus the 2011 figures in the table above differ from the table published in 2011.

The ten largest individual reinsurance recoverables amounted to EUR 398 million, representing 65 per cent of total recoverables. The largest individual reinsurer is Munich Re (AA-), which accounts for 22 per cent of the total recoverables.

The amount of ceded treaty and facultative premiums was EUR 68.9 million. Of this amount, 100 per cent was related to reinsurance counterparties with a credit rating of A- or higher.

In Mandatum Life, the importance of reinsurance agreements is limited and thus credit risk related to reinsurance counterparties in Mandatum Life is immaterial. At the inception of the reinsurance, the accepted credit risk of the reinsurer is considered and the credit risks of reinsurance assets are monitored.

Credit Risk Management

In Sampo Group, the selection of direct debt investments is based primarily on 'bond-picking' and secondarily on top-down allocation. This investment style may lead into situation where portfolio is not as diversified as the finance theory suggests but includes thoroughly analyzed investments with risk-return-ratios in focus. Critical success factors of Sampo Group's investment style are considered to be the following:

1. Potential investments must be understood thoroughly. Hence, the creditworthiness of the issuer or counterparty is assessed together with collaterals and other structural details of instruments. Although external credit ratings by rating agencies are used to support the internal assessment, Sampo Group's own internal assessment is always the most important factor in decision making.
2. When the details of an instrument are understood and the related earnings potential and risks are considered to be in balance, investment transaction shall be executable in a short notice regardless of instrument type. This puts pressure on credit limit structures and procedures that must be at the same time (i) flexible enough to facilitate fast decision making regardless of instrument type, (ii) well-structured to ensure that investment opportunities are assessed prudently, taking into account the specific features and risks of all investment types and (iii) they must restrict the maximum exposure of single name risk to the level that is in balance with the company's risk appetite. During the last years, credit limit structures and procedures have been in focus when developing the companies' Investment Policies.
3. Credit exposure accumulations over single names and products are monitored regularly at company level and at Group level to identify unwanted concentrations. Credit exposures are reported, for instance, by sectors and asset classes and within fixed income by ratings. Individual issuers' and counterparties' credit ratings are monitored continuously.

In Sampo Group, derivatives' counterparty risk is a by-product of managing other market risks. Since there is no earnings potential available in derivative counterparty risk, the risk is mitigated by bilateral ISDA and CSA agreements. This is the case especially in Sampo plc and Mandatum Life which are frequent users of long-term derivatives.

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

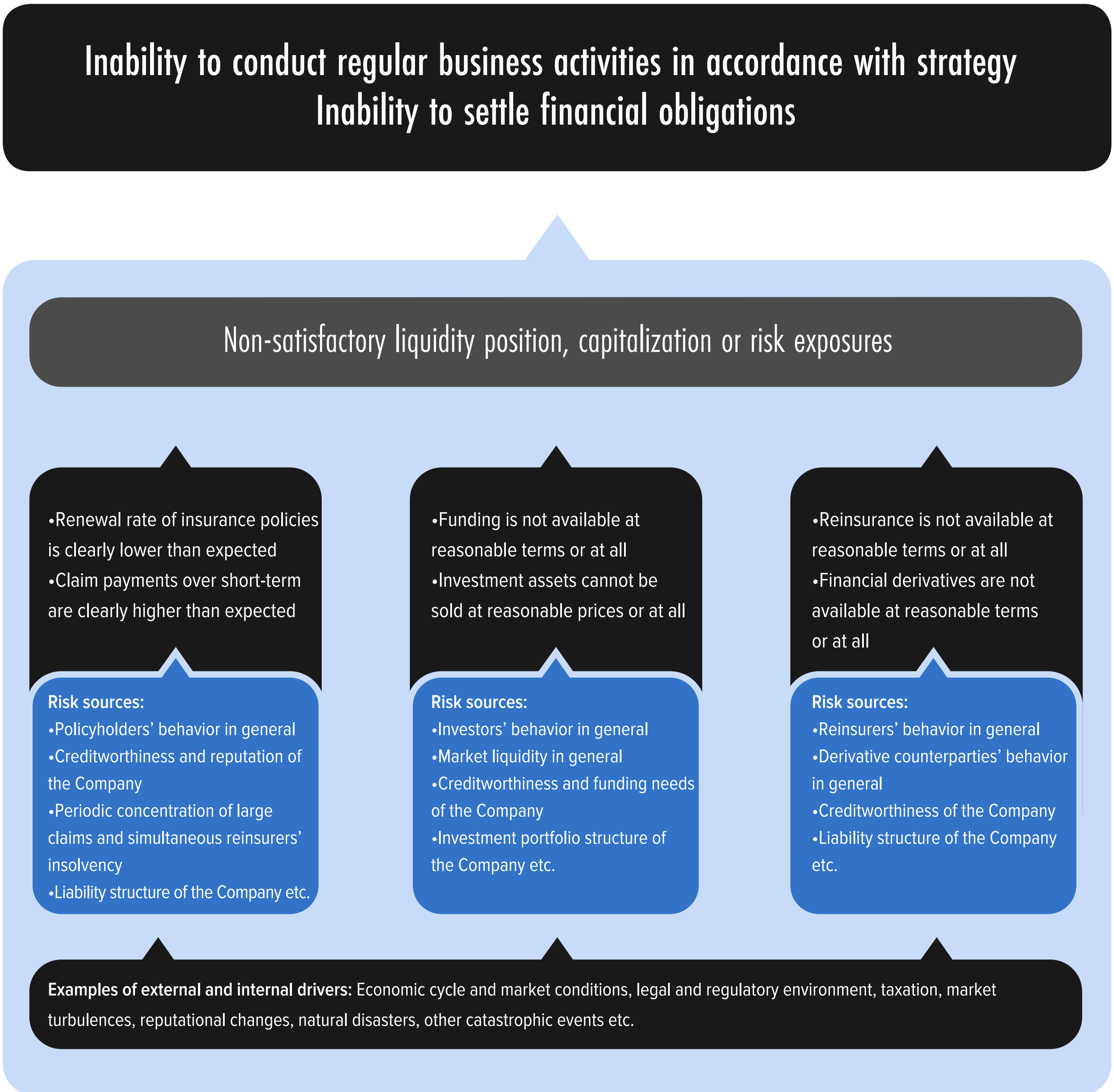
LIQUIDITY RISKS

Liquidity risk is the risk that insurance undertakings are unable to conduct their regular business activities in accordance with the defined strategy, or in extreme cases, are unable to settle their financial obligations when they fall due. Major sources of liquidity risk in Sampo Group are market illiquidity risk of investments, non-renewal of insurance policies and refinancing risk of debt. Also the availability and price of refinancing and financial derivatives are identified as potential risks that could affect the company's ability to conduct regular business.

Liquidity risk is relatively immaterial in Sampo Group's businesses because a substantial share of the investment assets are in short-term money market instruments.

The figure Illustration of liquidity risk presents liquidity risk on a general level.

Illustration of Liquidity Risk



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

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

Sampo Group has a relatively low amount of financial liabilities and thus the Group's respective refinancing risk is relatively small. During the year Sampo plc issued two bonds and the maturities were selected carefully in order to have a well-diversified maturity profile.

Sampo Group companies have business relationships with several creditworthy counterparties which mitigate the risk that Sampo Group is not be able to enter into reinsurance or derivative transactions when needed.

In Sampo Group, liquidity risks are managed by the legal entities, which are responsible for liquidity planning. Liquidity risk is monitored based on the expected cash flows resulting from assets, liabilities and other business. At the end of 2012, the liquidity position in each legal entity was in accordance with internal requirements.

The maturities of technical provisions and financial assets and liabilities are presented in the table Cash flows according to contractual maturity, If P&C, Mandatum Life and Sampo plc, 31 December 2012. The table shows the financing requirements resulting from expected cash inflows and outflows arising from financial assets and liabilities as well as technical provisions.

Cash Flows According to Contractual Maturity

If P&C, Mandatum Life and Sampo plc, 31 December 2012

	Carrying amount total			Cash flows						
EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	2013	2014	2015	2016	2017	2018–2027	2028–
If P&C										
Financial assets	13,009	1,794	11,215	2,845	2,497	2,072	1,843	1,124	488	0
of which interest rate swaps	2	0	2	0	0	0	0	0	0	0
Financial liabilities	988	0	988	-124	-14	-164	-7	-7	-136	0
of which interest rate swaps	1	0	1	0	0	0	0	0	0	0
Net technical provisions	9,277	0	9,277	-3,366	-932	-648	-520	-437	-2,452	-2,000
Mandatum Life										
Financial assets	5,429	2,409	3,020	1,146	675	248	342	333	344	22
of which interest rate swaps	20	0	20	9	0	0	0	0	0	22
Financial liabilities	109	0	109	-9	-7	-6	-5	-5	-61	-239
of which interest rate swaps	2	0	2	-1	-1	0	0	0	0	0
Net technical provisions	3,953	0	3,953	-446	-389	-373	-335	-309	-2,033	-1,524

	Carrying amount total			Cash flows						
EURm	Carrying amount total	Carrying amount without contractual maturity	Carrying amount with contractual maturity	2013	2014	2015	2016	2017	2018–2027	2028–
Sampo plc										
Financial assets	1,132	224	908	583	26	43	24	27	184	239
of which interest rate swaps	42	0	42	14	13	12	14	16	0	0
Financial liabilities	2,181	0	2,181	-990	-377	-56	-394	-552	0	0
of which interest rate swaps	0	0	0	0	0	0	0	0	0	0

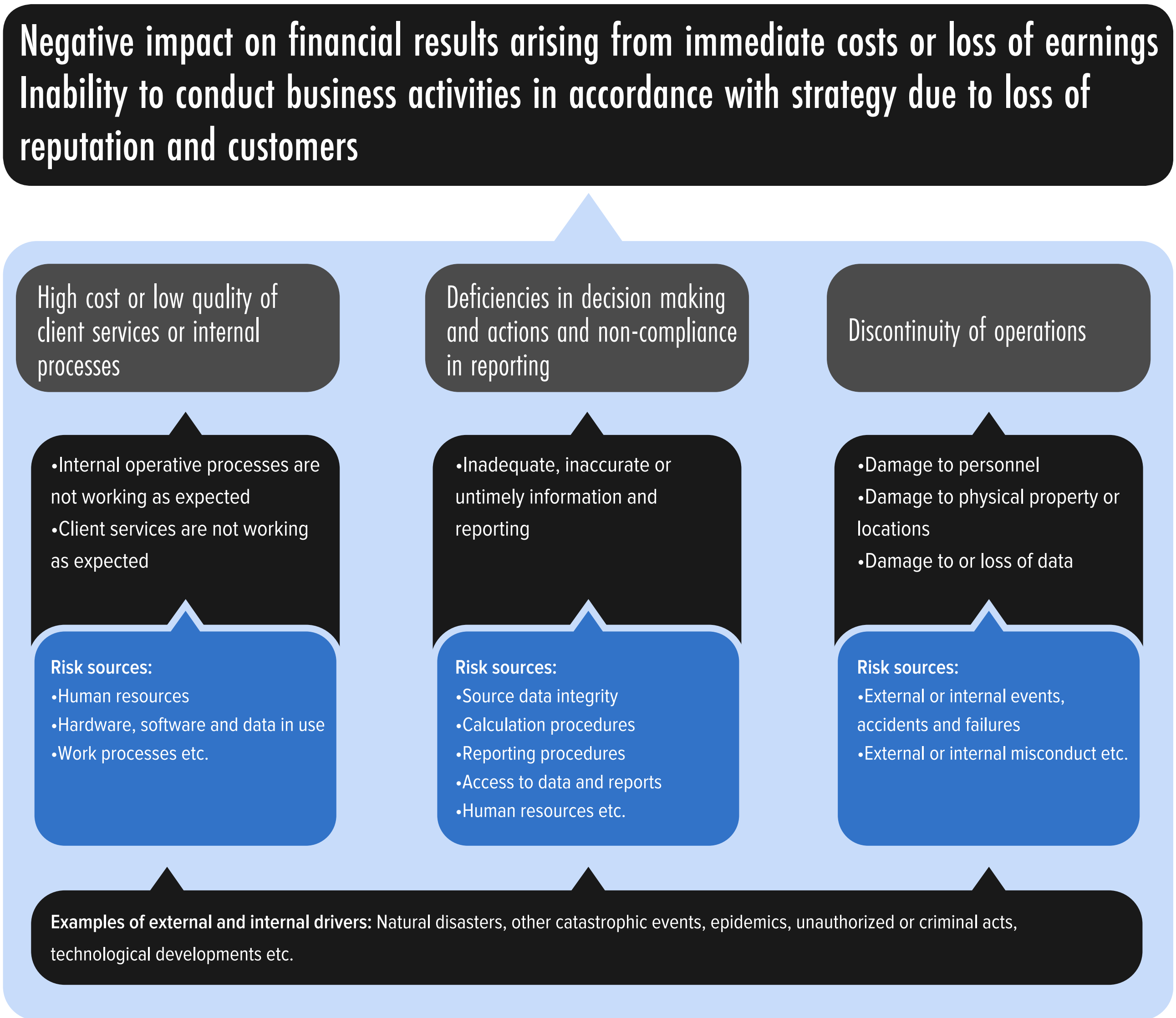
In the table, financial assets and liabilities are divided into contracts that have an exact contractual maturity profile, and other contracts. Only the carrying amount is shown for the other contracts. In addition, the table shows expected cash flows for net technical provisions, which by nature, are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

OPERATIONAL RISKS

Operational risks differ between industries and within the same industry risks and their sources vary between companies. Hence, they can also be defined in many ways. In Sampo Group, operational risk refers to the risk of loss resulting from inadequate or failed processes or systems, from personnel or from external events.

Operational risks can realize as an immediate negative impact on financial results arising from additional costs or loss of earnings. In a longer term, operational risks can materialize for instance as a loss of reputation and customers which endangers the company's ability to conduct business activities in accordance with the strategy. These immediate and longer term effects of operational risk have their general causes in external and internal drivers. The Group companies have their own specific risk sources which are causes of events that may have negative impacts on different processes, personnel or fixed assets. The figure Illustration of operational risks presents operational risk on a general level.

Illustration of Operational Risks



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

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

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

Operational Risk Management in If P&C

The continuity of operational risk management in If P&C is secured through the Operational Risk Committee (ORC), which coordinates the operational risk process. The committee's task is to give opinions, advice and recommendations to the If Risk Control Committee (IRCC) as well as to report the current operational risk status. The status assessment is based on the self-assessments performed by the organization, reported incidents and other additional risk information. A trend analysis is being performed annually, where the most severe external operational risks are being identified.

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

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

In order to manage operational risks, If P&C has issued a number of different steering documents: Operational Risk Policy, Contingency Plans, Security Policy, Outsourcing Policy, Complaints Handling Policy, Claims Handling Policy, and other steering documents related to different parts of the organization. These documents are being reviewed and updated at least annually. In addition, If P&C has detailed processes and guidelines in order to manage possible external and internal frauds. Internal training on ethical rules and guidelines is a prioritized area.

Operational Risk Management in Mandatum Life

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

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

Operational risks are identified in Mandatum Life through several different sources and methods:

- Macro analysis is conducted prior to the annual strategy process where the key trends in Mandatum Life's business environment are identified, including a macro level business analysis of operational risks. External events are monitored continuously and the company reacts to those as soon as possible.
- Self-assessment process is used to map and evaluate the major operational risks and their probabilities and significance, including an evaluation of internal controls and sufficiency of instructions. Self-assessment is conducted annually.
- Analysis of incidents. Realized operational risks and near misses reported by the business units are collected and analyzed by ORC. Each business unit is responsible for ensuring that the occurred incidents and near misses are reported to the ORC.

The most significant operational risks for Mandatum Life identified in the operational risk self-assessment process include, among others, the following: changes in the external operating environment, IT, especially aging IT systems, manual phases in processes, loss of key personnel, miss-selling and false information to customers.

In order to limit operational risks, Mandatum Life has approved a number of policies including e.g. Security Policies, Continuity and Preparedness Plans, Outsourcing Policy, Complaints Handling

Policy and a number of other policies related to ongoing operative activities. Deviations against different policies are followed up independently in each business unit and reported to ORC.

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

GROUP LEVEL RISK CONSIDERATIONS

As a general principle, the subsidiaries are managed independently from each other. However, it has been deemed pertinent to assess certain risk and capitalization issues also at Group level, i.e. concentration risks arising from exposures, correlations of Group companies' profitability and the effect on Group wide capitalization, liquidity management and Group structure.

Concentration Risks

With respect to the underwriting businesses carried out in the subsidiary companies, it has been established that If P&C and Mandatum Life are operating mostly in different lines of business and hence their underwriting risks are different. There are no material risk concentrations under normal course of business and, consequently, business lines as such are contributing diversification benefits rather than concentration of risks. The most material common risk factor is life expectancy in Finland that is affecting both companies' technical provisions. On the other hand, both subsidiaries have significant investment portfolios and, thus, are potentially threatened with investment related concentration risks (for example large combined exposures).

At the Group level, large exposures are managed and monitored in several ways. Firstly, concentration risk is proactively managed through effective differentiation in asset selection. Mandatum Life's direct investments are mainly denominated in euro and in companies geographically located in Finland and selectively in other countries, whereas, If P&C has the major part of its direct investments denominated in Scandinavian currencies and in the respective countries. Investments managed by external asset managers, on their behalf, are selected for both companies by the same members of Sampo Group's investment team and the funds are mostly allocated to areas outside the Nordic countries. Consequently, the risk of unidentified or unwanted concentrations is relatively low. Furthermore, concentrations at Group level are actively monitored and, if deemed necessary, further managed by deploying Group level exposure restrictions, for instance by industries or individual issuers.

On company level, investment risk concentrations are monitored and controlled by the ICC in If P&C and the ALCO in Mandatum Life, which have been established as independent parties from investment operations. Total group exposures are monitored and controlled at Group level by Sampo Group's Chief Investment Officer, Sampo Group's Chief Risk Officer and Sampo Group's Audit Committee.

Concentrations by sectors, asset classes and rating are illustrated in table Credit exposures by sectors, asset classes and rating, If P&C, Mandatum Life and Sampo Group, 31 December 2012 in Credit Risk section. Nordic financial sector is the largest concentration at Sampo Group level. Conversely, the significance of public sector bonds is minor and Sampo Group does not have investments in government bonds of the distressed countries.

Fixed income investments in financial and public sector are shown, respectively, in the tables Fixed income investments in financial sector, Sampo Group, 31 December 2012 and Fixed income investments in public sector, Sampo Group, 31 December 2012. In terms of financial sector, most of the investments are in the Nordic countries, and covered bonds and short-term money market investments have a major emphasis. The public sector figures include government bonds, government guaranteed bonds and other public sector investments.

Fixed Income Investments in Financial Sector

Sampo Group, 31 December 2012

	Covered bonds	Money market securities	Long-term senior debt	Long-term subordinated debt	Total, EURm	%
Sweden	2,988	850	1,286	215	5,339	56%
Finland	243	1,232	190	28	1,693	18%
Norway	491	0	648	117	1,256	13%
Denmark	88	13	165	139	405	4%
United States		74	119	8	201	2%
France	72	0	95	17	184	2%
Switzerland			99	11	110	1%
Netherlands		0	102		102	1%
Germany	10	0	66		76	1%
United Kingdom			40	2	42	0%
Austria	34		1		35	0%
Estonia		23		0	23	0%
Luxembourg	11				11	0%
Belgium			5	5	10	0%
Russia		6			6	0%
Jersey				5	5	0%
Italy		2			2	0%
Latvia		0			0	0%
Total	**3,939**	**2,201**	**2,815**	**548**	**9,502**	**100%**

Fixed Income Investments in Public Sector

Sampo Group, 31 December 2012

	Governments	Government guaranteed	Public sector, other	Total market value, EURm
Sweden	16	54	239	309
Finland	12	56	82	150
Norway		27	102	129
Germany		78		78
Denmark		14	28	41
Netherlands	17			17
Other	3		0	3
Total	**48**	**229**	**451**	**727**

The largest exposures by individual counterparties are presented in the table Largest individual exposures by issuer and by asset class, Sampo Group, 31 December 2012.

Largest Individual Exposures by Issuer and by Asset Class

Sampo Group, 31 December 2012

EURm Counterparty	Total fair value EURm	% of total investment assets	Cash & short-term fixed income	Long-term fixed income, total	Long-term fixed income: Government guaranteed	Long-term fixed income: Covered bonds	Long-term fixed income: Senior bonds	Long-term fixed income: Tier 1 and Tier 2	Equities	Uncollateralized derivatives
Svenska Handelsbanken	1,268	7%	562	705	0	575	128	3	0	0
Nordea Bank	1,237	7%	201	1,033	0	704	302	27	0	4
Danske Bank	1,151	6%	638	505	0	109	252	143	0	7
Skandinaviska Enskilda Banken	1,105	6%	342	762	0	403	259	100	0	2
Swedbank	1,056	6%	6	1,050	54	727	232	37	0	0
DnB	539	3%	0	539	0	186	304	49	0	0
SBAB	512	3%	0	512	0	301	156	56	0	0
OP Pohjola	454	2%	361	92	0	0	82	11	0	0
Landshypotek	365	2%	0	365	0	325	35	5	0	0
TeliaSonera	226	1%	0	148	0	0	148	0	78	0
Total top 10 exposures	**7,913**	**44%**	**2,110**	**5,712**	**54**	**3,330**	**1,898**	**431**	**78**	**13**
Other	10,241	56%								
Total investment assets	**18,155**	**100%**								

Furthermore, largest exposures of direct equity as well as high yield and non-rated fixed income investments are broken down in the tables Ten largest direct equity investments, Sampo Group, 31 December 2012 and Ten largest direct high yield and non-rated fixed income investments, Sampo Group, 31 December 2012.

Ten Largest Direct Equity Investments

Sampo Group, 31 December 2012

Top 10 equity investments	Total fair value, EURm	% of total direct equity investments
YIT	90	6%
UPM-Kymmene	84	5%
TeliaSonera	78	5%
Investor	75	5%
Veidekke	72	5%
Fortum	70	4%
Nobia	65	4%
Volvo	59	4%
Hennes & Mauritz	57	4%
ABB	49	3%
Total top 10 exposures	**700**	**44%**
Other direct equity investments	895	56%
Total direct equity investments	**1,595**	**100%**

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

Sampo Group, 31 December 2012

Largest direct high yield and non-rated fixed income investments	Rating	Total fair value, EURm	% of total direct fixed income investments
Eksportfinans	BB+	194	1%
Stora Enso	BB	158	1%
UPM-Kymmene	BB	112	1%
A P Moller - Maersk	NR	94	1%
Neste Oil	NR	76	1%
Wilh. Wilhelmsen	NR	57	0%
Finnvera	NR	56	0%
Sponda	NR	54	0%
Aker Solutions	BB	52	0%
Seadrill	NR	52	0%
Total top 10 exposures		**906**	**6%**
Other direct fixed income investments		13,188	94%
Total direct fixed income investments		**14,095**	**100%**

Correlations of Profitability and Capital Positions

Direct concentration risks may arise in Sampo Group due to large exposures in investment assets. A more general Group level concentration risk arises when the Group companies' profitability and/or capital positions react similarly to general economic development, i.e. the correlation between general economic development and the profitability of different subsidiaries is more or less analogous. This type of concentration risk can be analyzed indirectly based on profits. From that perspective, especially Nordea's, which is Sampo plc's associated company, result has created clear diversification benefits, in particular when analyzed vis á vis with If P&C and Mandatum Life. The historical correlation between If P&C's and Nordea's, as well as Mandatum Life's and Nordea's, quarterly profits since 2005 is very low. Sampo Group is also forecasting profits based on common scenarios for all the companies.

The historical correlations of quarterly profits between If P&C, Mandatum Life and Nordea are depicted in the figure Correlations of quarterly reported profits, If P&C, Mandatum Life and Nordea, 1 January 2005–31 December 2012.

Correlations of Quarterly Reported Profits

If P&C, Mandatum Life and Nordea, 1 January 2005–31 December 2012

	If P&C	Mandatum Life	Nordea
If P&C	1		
Mandatum Life	0.87	1	
Nordea	0.21	0.15	1

Because of favorable profit correlations between the companies and relatively low volatilities of If P&C's and Nordea's profits, the profit development has been quite stable at Group level and, from that point of view, there is no pressure to maintain large capital buffers over the Group level economic capital. However, the Board of Directors of Sampo plc has set an internal target that the adjusted solvency capital amount has to exceed the sum of the companies' economic capital, excluding the diversification effects between companies.

Liquidity

Liquidity risk is managed at company level and the Group companies maintain liquidity buffers that are considered to be adequate in their businesses. In the subsidiaries, the adequacy of liquidity buffers is dependent on expected net outflows of insurance cash flows. In the parent company, the adequacy of liquidity buffers is dependent on potential strategic arrangements and in general Sampo plc prefers to have strong liquidity. In the normal course of business, the subsidiaries do not invest in Sampo plc's debt instruments. However, a general prohibition to intra-Group asset transactions has not been deemed necessary and, thus, subsidiaries are allowed to invest in the parent company's debt instruments and sell assets to each other at market prices, especially when this is justified by business opportunities. Thus, during possible market stresses these options are available to a certain extent as well. In Mandatum Life, there are investments in Sampo plc's debt instruments related to unit-linked policies.

Corporate Structure Related Risks

The structure of Sampo Group, both legal and reporting structure – parent company, two subsidiaries and the associated companies – is simple, straightforward and transparent. The structure as such effectively mitigates any risks related to complex structures. Structural simplicity and transparency together with a limited amount of intercompany exposures within Sampo Group (i.e. direct and/or indirect claims between different companies excluding normal course of business transactions with Nordea) and diligently managed capitalization of subsidiaries also effectively protects Group companies from contagion risks.

CAPITALIZATION

This chapter presents the capitalization of Sampo Group at Group level and at subsidiary level at the end of 2012 as well as the changes that took place during the year 2012.

In Sampo Group, risks and the respective capital requirements are assessed internally as well as according to the methods defined by the regulators. Also in Sampo Group's continuous dialogue with the rating agencies, capitalization is a central subject of discussion. Capitalization assessments are conducted both at company level and at Group level to ensure the balance between risks and capital.

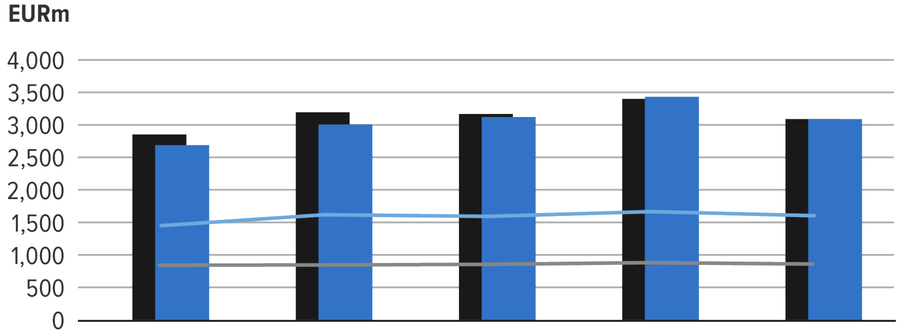
In the internal assessment, the amount of adjusted solvency capital is compared to the economic capital. Definitions of adjusted solvency capital and economic capital are included in chapter Balance between Risks, Capital and Earnings. In the regulatory assessment, the regulatory solvency capital is compared to the regulatory capital requirement. In rating agency based capitalization assessment, the objective is to balance the available capital measured by respective rating agency criteria with the capital amount needed to achieve the internally set rating target.

Capitalization at Group level

The adjusted solvency capital of Sampo Group's insurance subsidiaries increased during the year due to result and positive changes in fair value reserves. This growth was partly offset by lower interest rates and respective changes in liability side adjustment and, in addition, due to paid dividends. The changes in subsidiaries' risk exposures and hence in economic capital were modest. At Sampo Group level Nordea's and Sampo plc's figures are taken into account as well when adjusted solvency capital and economic capital figures are calculated. At Group level the amount of adjusted solvency capital increased more than economic capital and hence capitalization can be considered stronger than year ago. The development of capitalization in Sampo Group within the internal and regulatory perspectives during the year 2012 is shown in the figure Development of capitalization, If P&C, Mandatum Life and Sampo Group, 31 December 2011–31 December 2012.

Development of Capitalization

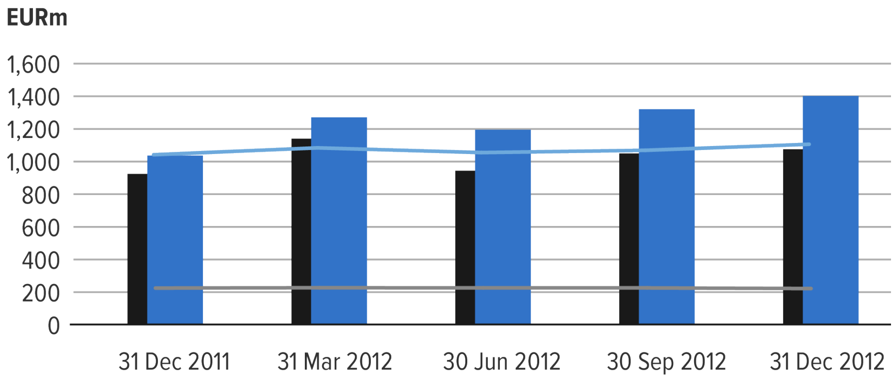
If P&C, 31 December 2011–31 December 2012



	31 Dec 2011	31 Mar 2012	30 Jun 2012	30 Sep 2012	31 Dec 2012
Adjusted solvency capital	2,854	3,194	3,168	3,401	3,090
Economic capital	1,460	1,628	1,603	1,676	1,613
Regulatory solvency capital	2,698	3,016	3,132	3,442	3,101
Regulatory capital requirement	841	845	854	880	859
Adjusted solvency capital / Economic capital	2.0	2.0	2.0	2.0	1.9
Regulatory solvency capital / Regulatory capital requirement	3.2	3.6	3.7	3.9	3.6

Development of Capitalization

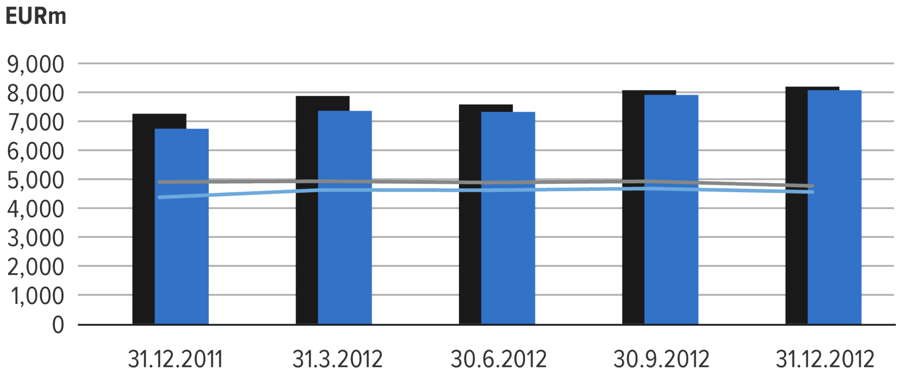
Mandatum Life, 31 December 2011–31 December 2012



	31 Dec 2011	31 Mar 2012	30 Jun 2012	30 Sep 2012	31 Dec 2012
Adjusted solvency capital	925	1,140	944	1,050	1,076
Economic capital	1,046	1,088	1,059	1,073	1,110
Regulatory solvency capital	1,037	1,271	1,195	1,321	1,402
Regulatory capital requirement	225	227	226	226	222
Adjusted solvency capital / Economic capital	0.9	1.0	0.9	1.0	1.0
Regulatory solvency capital / Regulatory capital requirement	4.6	5.6	5.3	5.8	6.3

Development of Capitalization

Sampo Group, 31 December 2011–31 December 2012



	31.12.2011	31.3.2012	30.6.2012	30.9.2012	31.12.2012
Adjusted solvency capital	7,262	7,875	7,581	8,075	8,197
Economic capital	4,374	4,629	4,619	4,678	4,560
Regulatory solvency capital	6,794	7,415	7,375	7,963	8,125
Regulatory capital requirement	4,902	4,927	4,884	4,923	4,767
Adjusted solvency capital / Economic capital	1.7	1.7	1.6	1.7	1.8
Regulatory solvency capital / Regulatory capital requirement	1.4	1.5	1.5	1.6	1.7

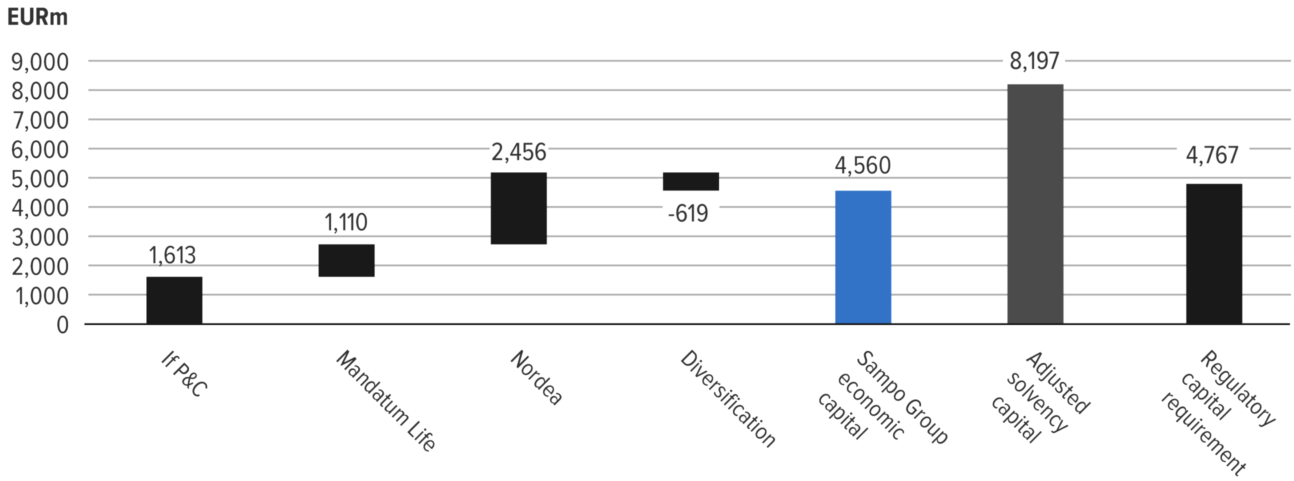
Updates and refinements are frequently done to the models and assumptions used for calculating the economic capital. Thus, the economic capital figures may not be fully comparable between years.

The figure Breakdown of capitalization, Sampo Group, 31 December 2012 shows the contributions of the different business areas including Nordea to Sampo Group's total economic capital as well as the diversification effect included in the calculation of Group's economic capital. The figure also shows the amount of adjusted solvency capital at Group level comprising Solvency I capital and other items absorbing losses. In internal assessments, adjusted solvency capital is compared to economic capital, and Solvency I capital is compared to the regulatory capital requirement when regulatory capitalization is under consideration.

Sampo Group's economic capital increased during the year and amounted to EUR 4,560 million at the end of 2012 (EUR 4,374 million in 2011). The amount of adjusted solvency capital at Group level increased during the year to EUR 8,197 million (EUR 7,262 million in 2011) due to strong results and positive changes in fair value reserves. Lower interest rates and respective decreases in the liability side adjustments of subsidiaries contributed negatively to adjusted solvency capital. The adjusted solvency capital exceeded the economic capital by EUR 3,637 million (EUR 2,888 million in 2011) and capitalization by internal measures is strong.

Breakdown of Capitalization

Sampo Group, 31 December 2012



Regulatory solvency capital amounted to EUR 8,125 million in Sampo Group at the end of year 2012.

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

Regulatory Solvency Capital at Group Level

Sampo Group reports its Group solvency quarterly to the Finnish supervisory authorities monitoring the Group. The calculation of Group solvency according to the Act on the Supervision of Financial and Insurance Conglomerates (1193/2004) is broken down in the table Group solvency, 31 December 2012 and 31 December 2011.

Group Solvency

31 December 2012 and 31 December 2011

EURm	31 Dec 2012	31 Dec 2011
Group capital	**10,113**	**8,920**
Sectoral items	**1,285**	**1,091**
Valuation differences and deferred taxes	435	380
Topdanmark	-165	-141
Subordinated loans	212	200
Share of Nordea's capital not included in Group capital	803	653
Intangibles and other deductables	**-3,274**	**-3,217**
Intangibles (insurance companies)	-771	-745
Intangibles (Nordea)	-1,314	-1,314
Equalisation provision (Finland)	-309	-317
Other	-124	-169
Planned dividends for the current period	-756	-672
Solvency capital, total	**8,125**	**6,794**
Minimum requirements for solvency capital, total	**4,767**	**4,902**
Group solvency	**3,358**	**1,892**
Group solvency ratio (solvency capital % of minimum requirement)	**170%**	**139%**

Sampo Group’s consolidated capital position was strong. The Group’s solvency ratio was 170 per cent (139 per cent in 2011).

Capitalization at Subsidiary level

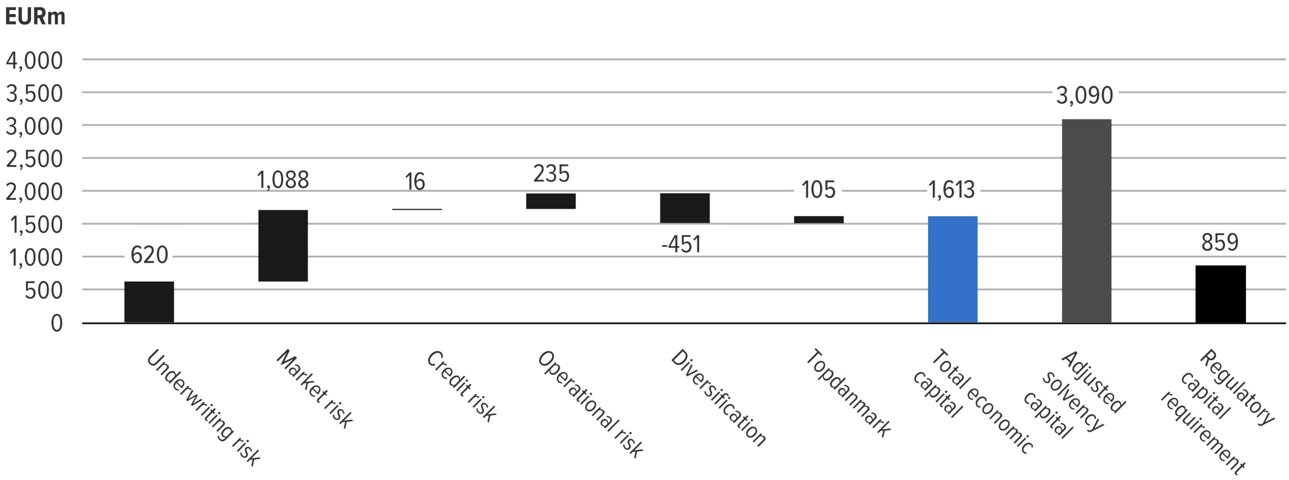
The split of economic capital by risk type and the adjusted solvency capital in If P&C and Mandatum Life is depicted in the figure Breakdown of capitalization, If P&C and Mandatum Life, 31 December 2012. Regulatory capital requirement is presented in the same figure.

Internal Assessment

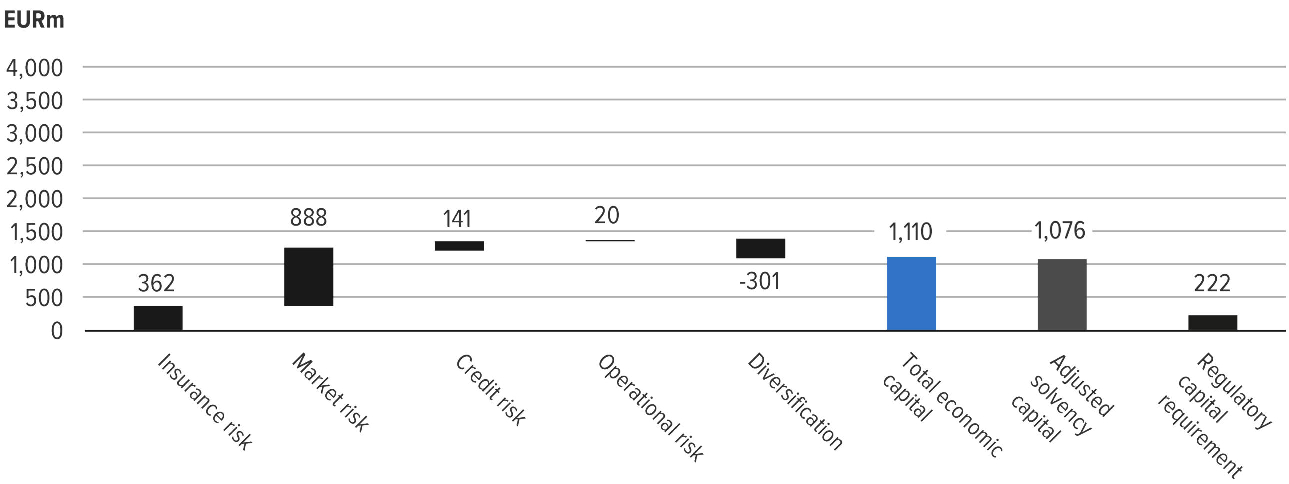
In If P&C, economic capital increased to EUR 1,613 million (EUR 1,460 million at the end of 2011), while in Mandatum Life, economic capital increased to EUR 1,110 million (EUR 1,046 million at the end of 2011). Market risk is still the most significant risk for both If P&C and Mandatum Life and it has increased in both companies compared to the year 2011. Underwriting risk decreased in If P&C during the year to EUR 620 million (EUR 677 million at the end of 2011) and insurance risk increased in Mandatum Life to EUR 362 million (EUR 345 million at the end of 2011).

If P&C’s share of Topdanmark’s regulatory solvency requirement of EUR 105 million as at the end of year 2012 is included in the economic capital.

Breakdown of Capitalization
If P&C, 31 December 2012



Breakdown of Capitalization
Mandatum Life, 31 December 2012



Regulatory solvency capital amounted to EUR 3,101 million in If P&C and to EUR 1,402 in Mandatum Life at the end of year 2012.

The amount of adjusted solvency capital exceeded the economic capital in If P&C, whereas in Mandatum Life, the adjusted solvency capital was slightly below the economic capital. During the year, the amount of adjusted solvency capital in If P&C increased to EUR 3,090 million (EUR 2,854 million at the end of 2011), and in Mandatum Life, adjusted solvency capital increased to EUR 1,076 million (EUR 925 million at the end of 2011). In both companies, good result and positive change in fair value reserve were strengthening capitalization which was partly offset by changes in liability side adjustments due to lower interest rates.

Regulatory Solvency Assessment

Subsidiaries' solvency is reported to the local supervisory authorities. In If P&C, regulatory solvency capital was 3.6 times regulatory capital requirement and the respective figure for Mandatum Life was 6.3 at the end of year 2012. Regulatory solvency capital, which is used to assess the solvency of an insurance company, is not calculated for the parent company Sampo plc.

Regulatory solvency capital of If P&C increased to EUR 3,101 million (EUR 2,698 million in 2011) while the regulatory capital requirement was EUR 859 million (EUR 841 million in 2011). Regulatory solvency capital of Mandatum Life Group increased to EUR 1,402 million (EUR 1,041 million in 2011) while the regulatory capital requirement was EUR 222 million (EUR 226 million in 2011).

Rating Agency Criteria

If P&C is rated by Moody's and Standard & Poor's (S&P) and Sampo plc by Moody's. The Group's main rating objective is to retain at least a single A rating for If P&C. The data for S&P rating model is updated regularly by If P&C. Sampo Group is in a continuous dialogue with the rating agencies and therefore has a good understanding of the opinions of agencies.

As a result of the continuous work with risk management issues, If P&C's ERM (Enterprise Risk Management) was graded 'strong' by S&P in February 2011.

Sensitivity Analysis of the Capital Position

The total sensitivity of equity is shown in the table Sensitivity analysis of capitalization to market risks, If P&C, Mandatum Life and Sampo plc, 31 December 2012 separately for the insurance subsidiaries together with the corresponding effect on the discounted value of liabilities and adjusted solvency capital.

Sensitivity Analysis of Capitalization to Market Risks

If P&C, Mandatum Life and Sampo plc, 31 December 2012

31 Dec 2012	Interest rate		Equity	Other financial investments
EURm	**1% parallel shift down**	**1% parallel shift up**	**20% fall in prices**	**20% fall in prices**
If P&C	107	-105	-250	-26
Mandatum Life	1	-21	-316	-152
Sampo plc	2	-2	-4	-3
Total effect on equity	**109**	**-127**	**-569**	**-180**
Change in liability side adjustment	-1,143	944	9	4
Effect on adjusted solvency capital	**-1,033**	**817**	**-560**	**-176**

The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values as of 31 December, 2012. The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes. The debt issued by Sampo Group companies is not included.

For example, a rise in interest rates would reduce the values of financial instruments causing a fall in the Sampo Group's equity. On the other hand, the effect on adjusted solvency capital would be positive due to the fact that the market value of technical provisions would decrease as a result of applying a higher discount rate.

RISK MANAGEMENT PROCESS OUTLOOK

Sampo Group companies continuously develop their risk management processes. This work is based on internal needs and regulatory requirements of which the future Solvency II is the most important. The uncertainty around the Solvency II timetables, final rules and capital charges as well as ensuing impact studies are to some extent impeding the development of risk management process.

During spring 2013, Mandatum Life and If P&C will participate on EIOPA´s (European Insurance and Occupational Pensions Authority) LTGA exercise that effectively is a new QIS exercise with focus on long term guarantees. In addition to this exercise, work around Solvency II will continue during 2013.

In If P&C, a separate Solvency II program was introduced in 2007 to prepare If P&C for the anticipated changes. The program has encompassed involvement in the Solvency II debate and a thorough review of If P&C's corporate governance and internal control structure, the risk management system as well as the internal capital model. The program was finalized in 2012 and responsibilities to further develop risk processes and reporting were transferred to the line organization.

In the beginning of 2011, If P&C entered a so-called pre-application process with the Swedish and Finnish Financial Supervisory Authorities. The process continued during 2012 and is expected to be finalized during 2013. The aim is to have a partial internal model approved when Solvency II regulations enter into force. Also Mandatum Life develops further its corresponding models.

FINANCIAL STATEMENTS

GROUP'S IFRS FINANCIAL STATEMENTS

Consolidated comprehensive income statement, IFRS

EURm			Notes	1-12/2012	1-12/2011
Insurance premiums written		1,	8	5,413	5,050
Net income from investments	2,	10,	18	967	260
Other operating income				35	32
Claims incurred		3,	8	-3,540	-3,723
Change in liabilities for insurance and investment contracts			4	-719	241
Staff costs			5	-588	-543
Other operating expenses		6,	8	-576	-548
Finance costs			10	-75	-82
Share of associates' profit/loss			14	700	541
Profit before taxes				**1,616**	**1228**
Taxes	21,	22,	23	-212	-189
Profit for the period				**1,404**	**1,038**
Other comprehensive income for the period		23,	24		
Exchange differences				48	6
Available-for-sale financial assets				509	-520
Cash flow hedges				-1	-2
Share of associate's other comprehensive income				9	23
Income tax relating to components of other comprehensive income				-114	141
Other comprehensive income for the period, net of tax				**451**	**-352**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR				**1,855**	**686**
Profit attributable to					
Owners of the parent				1,404	1,038
Non-controlling interests				-	0
Total comprehensive income attributable to					
Owners of the parent				1,855	686

Non-controlling interests		-	0
Earnings per share (eur)	9	**2.51**	**1.85**

Consolidated balance sheet, IFRS

EURm	Notes	12/2012	12/2011
Assets			
Property, plant and equipment	11	26	26
Investment property	12	122	118
Intangible assets	13	771	745
Investments in associates	14	7,049	6,593
Financial assets	10, 15, 16, 17, 18, 19	16,857	16,745
Investments related to unit-linked insurance contracts	10, 20	3,833	3,053
Tax assets	21	44	64
Reinsurers' share of insurance liabilities	28	580	532
Other assets	25	1,729	1,659
Cash and cash equivalents	10, 26	1,034	572
Total assets		**32,045**	**30,107**
Liabilities			
Liabilities for insurance and investment contracts	28	13,925	13,796
Liabilities for unit-linked insurance and investment contracts	29	3,832	3,054
Financial liabilities	10, 16, 17, 29	2,378	2,768
Tax liabilities	21	542	474
Provisions	30	56	37
Employee benefits	31	76	98
Other liabilities	32	1,123	960
Total liabilities		**21,932**	**21,187**
Equity	34		
Share capital		98	98
Reserves		1,531	1,531
Retained earnings		7,587	6,844
Other components of equity		898	447
Equity attributable to owners of the parent		**10,113**	**8,920**
Non-controlling interests		-	0
Total equity		**10,113**	**8,920**
Total equity and liabilities		**32,045**	**30,107**

Statement of changes in equity, IFRS

EURm	Share capital	Share premium account	Legal reserve	Invested unrestricted equity	Retained earnings	Translation of foreign operations *)	Available-for-sale financial assets **)	Cash flow hedges ***)	Total
Equity at 1 Jan. 2011	**98**	**0**	**4**	**1,527**	**6,459**	**62**	**734**	**3**	**8,886**
Changes in equity									
Recognition of undrawn dividends					13				13
Dividends					-645				-645
Acquisition of treasury shares					-24				-24
Share of associate's other changes in equity					4				4
Total comprehensive income for the year					1,038	3	-379	24	686
Equity at 31 Dec. 2011	**98**	**0**	**4**	**1,527**	**6,844**	**65**	**354**	**27**	**8,920**
Changes in equity									
Recognition of undrawn dividends					6				6
Dividends					-672				-672
Share of associate's other changes in equity					-4				-4
Other changes in equity					9				9
Total comprehensive income for the year					1,404	76	406	-30	1,855
Equity at 31 Dec. 2012	**98**	**0**	**4**	**1,527**	**7,586**	**141**	**760**	**-3**	**10,113**

*) The total comprehensive income includes also the share of the associate Nordea's other comprehensive income, in accordance with the Group's share holding. Nordea's other comprehensive income comprise, to a large extent, the currency hedging of net investments and exchange differences, and therefore the Group's exchange differences include also Sampo's share of these items totalling EURm 28 (23). Available-for-sale financial assets include the share of Nordea's valuation differences EURm 11 (-) on these assets. Nordea's share of cash flow hedges amounted to EURm -29 (26).

**) The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 384 (-409). The amount transferred to p/l amounted to EURm 11 (30).

***) The amount recognised in equity from cash flow hedges for the period totalled EURm -1 (-2) .

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

Statement of cash flows, IFRS

	2012	2011
Operating activities		
Profit before taxes	1,616	1,228
Adjustments:		
Depreciation and amortisation	17	18
Unrealised gains and losses arising from valuation	-290	530
Realised gains and losses on investments	-93	-130
Change in liabilities for insurance and investment contracts	513	-95
Other adjustments	-615	-885
Adjustments total	**-468**	**-562**
Change (+/-) in assets of operating activities		
Investments *)	350	17
Other assets	16	-130
Total	**366**	**-113**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-169	101
Other liabilities	21	-307
Paid taxes	-275	-241
Total	**-422**	**-447**
Net cash from operating activities	**1,092**	**106**
Investing activities		
Investments in group and associated undertakings	230	-119
Net investment in equipment and intangible assets	-16	-17
Net cash from investing activities	**215**	**-136**

Financing activities		
Acquisition of own shares	-	-24
Dividends paid	-663	-637
Issue of debt securities	2,181	2,440
Repayments of debt securities in issue	-2,362	-1,703
Net cash used in financing activities	**-845**	**75**
Total cash flows	**462**	**46**
Cash and cash equivalents at 1 January	567	524
Effects of exchange rate changes	5	2
Cash and cash equivalents at 31 December	1,034	572
Net increase in cash and cash equivalents	**462**	**46**

Additional information to the statement of cash flows:	**2012**	**2011**
Interest income received	694	697
Interest expense paid	-177	-194
Dividend income received	82	102

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

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

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

Notes to the Group’s statement of cash flows

Disposals 2012

If P&C Insurance Holding AB sold the Russian insurance company SOAO Region on 30 Nov, 2012. The net net consideration paid was EURm 8. The cash and cash equivalents transferred amounted to EURm 1.

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

Notes to the accounts

Summary of significant accounting policies

Sampo Group has prepared the consolidated financial statements for 2012 in compliance with the International Financial Reporting Standards (IFRSs). In preparing the financial statements, Sampo has applied all the standards and interpretations relating to its business, adopted by the commission of the EU and effective at 31 December, 2012.

During the financial year, Sampo adopted the following amended standard relating to its business.

The amendment to IFRS 7 *Financial instruments: Disclosures* (effective for annual periods beginning on 1 July 2011 or after) enhances the transparency of the transfer transactions of financial assets and helps users to understand the possible effects of risks remaining with the company and the effect on the financial statements. The amendment had no material impact on the Group's financial statements reporting.

Improvements to IFRSs 2011 – various minor changes made to different standards at the same time. The changes were not material to Sampo's financial statements reporting.

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

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

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

The Board of Directors of Sampo plc accepted the financial statements for issue on 13 February 2013.

Consolidation

Subsidiaries

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

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. Possible non-controlling interest of the acquired entity is measured either at fair value or at proportionate interest in the acquiree's net assets. The acquisition-specific choice affects both the amount of recognised goodwill and non-controlling interest. The excess of the aggregate of consideration transferred, non-controlling interest and possibly previously held equity interest in the acquiree, over the Group's share of the fair value of the identifiable net assets acquired, is recognised as goodwill.

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

Associates

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

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

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

Foreign currency translation

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

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

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

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

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

The following exchange rate was applied in the consolidated financial statements:

	Balance sheet date	**Average exchange date**
1 euro (EUR) =		
Swedish krona (SEK)	8.5820	8.7040

Segment reporting

The Group's segmentation is based on business areas whose risks and performance bases as well as regulatory environment differ from each other. The control and management of business and management reporting is organised in accordance with the business segments. The Group's business segments are P&C insurance, life insurance and holding business.

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

In the inter-segment and inter-company pricing, for both domestic and cross border transactions, market-based prices are applied. The pricing is based on the Code of conduct on Transfer Pricing Documentation in the EU and OECD guidelines.

Inter-segment transactions, assets and liabilities are eliminated in the consolidated financial statements on a line-by-line basis.

Interest and dividends

Interest income and expenses are recognised in the income statement using the effective interest rate method. This method recognises income and expenses on the instrument evenly in proportion to the amount outstanding over the period to maturity. Dividends on equity securities are recognised as revenue when the right to receive payment is established.

Fees and commissions

The fees and transaction costs of financial instruments measured at fair value through profit or loss are recognised in profit or loss when the instrument is initially recognised.

The costs of acquiring new and renewed insurance business are treated as deferred acquisition costs in the P&C insurance. In the life insurance business the acquisition costs are treated as fee and commission expense under ‘Other operating expenses’.

Other fees and commissions paid for investment activities are included in ‘Net income from investments’.

Insurance premiums

Insurance premiums in the income statement consist of premiums written for P&C insurance and life insurance.

P&C insurance contracts are primarily of short duration (1 year), so that premiums written are recognised as earned on a pro rata basis, adjusting them by a change in the provision for unearned premiums i.e. by the proportion of the insurance premium income that, based on the period covered by the insurance contract, belongs to the following financial year.

In the life insurance business, liabilities arising from insurance and investment contracts count as long-term liabilities. Therefore the insurance premium and related claims are usually not recognised in the same accounting period. Depending on the type of insurance, premiums are primarily recognised in premiums written when the premium has been paid. In group pension insurance, a part of the premiums is recognised already when charged.

The change in the provisions for unearned premiums is presented as an expense under 'Change in insurance and investment contract liabilities'.

Financial assets and liabilities

Based on the measurement practice, financial assets and liabilities are classified in the following categories upon the initial recognition: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss, and other liabilities.

According to the Group’s risk management policy, investments are managed at fair value in order to have the most realistic and real-time picture of investments, and they are reported to the Group key management at fair value. Investments comprise debt and equity securities. They are mainly classified as financial assets available-for-sale.

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

In the life insurance business, IFRS 4 Insurance Contracts provides that insurance contracts with a discretionary participation feature are measured in accordance with national valuation principles (except for the equalisation reserve) rather than at fair value. These contracts and investments made to cover shareholders’ equity are managed in their entirety and are classified mainly as available-for-sale financial assets.

Financial assets designated as at fair value through profit or loss in the life insurance business are investments related to unit-linked insurance, presented separately in the balance sheet. The corresponding liabilities are also presented separately. In addition, in the life insurance business, investments classified as the financial assets of foreign subsidiaries, and financial instruments in which embedded derivatives have not been separated from the host contract have been designated as at fair value through profit or loss.

In the Holding business, investments are primarily classified as financial assets available-for-sale.

Recognition and derecognition

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

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

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

In some limited circumstances, the amendments permit reclassifications of certain financial assets measured at fair value, after the initial recognition.

Financial assets and financial liabilities at fair value through profit or loss

In Sampo Group, financial assets and liabilities at fair value through profit of loss comprise derivatives held for trading, and financial assets designated as at fair value through profit or loss.

Financial derivative instruments held for trading

Derivative instruments that are not designated as hedges and do not meet the requirements for hedge accounting are classified as derivatives for trading purposes.

Financial derivatives held for trading are initially recognised at fair value. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are recognised at fair value, and gains and losses arising from changes in fair value together with realised gains and losses are recognised in the income statement.

Financial assets designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss are assets which, at inception, are irrevocably designated as such. They are initially recognised at their fair value. Gains and losses arising from changes in fair value, or realised on disposal, together with the related interest income and dividends, are recognised in the income statement.

Loans and receivables

Loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the short term. The category also comprises cash and balances with central banks.

Loans and receivables are initially recognised at their fair value, added by transaction costs directly attributable to the acquisition of the asset. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial investments that are designated as available for sale and or are not categorised into any other category. Available-for-sale financial assets comprise debt and equity securities.

Available-for-sale financial assets are initially recognised fair value, including direct and incremental transaction costs. They are subsequently remeasured at fair value, and the changes in fair value are recorded in other comprehensive income and presented in the fair value reserve, taking the tax effect into account. Interest income and dividends are recognised in profit or loss. When the available-for-sale assets are sold, the cumulative change in the fair value is transferred from equity and recognised together with realised gains or losses in profit or loss. The cumulative change in the fair value is also transferred to profit or loss when the assets are impaired and the impairment loss is recognised. Exchange differences due to available-for-sale monetary balance sheet items are always recognised directly in profit or loss.

Other financial liabilities

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

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

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

Fair value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Instruments are measured either at the bid price or at the last trade price, if the instrument is a share listed at NASDAQ OMX. The financial derivatives are also measured at the last trade price. If the financial instrument has a counter-item that will offset its market risk, the mid-price may be used to that extent. If a published price quotation does not exist for a financial instrument in its entirety, but active markets exist for its component parts, the fair value is determined on the basis of the relevant market prices of the component parts.

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

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

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

Available-for-sale financial assets

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

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

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

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

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

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

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

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

Derivative financial instruments and hedge accounting

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

Derivatives held for trading

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

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

Hedge accounting

Sampo Group may hedge its operations against interest rate risks, currency risks and price risks through fair value hedging and cash flow hedging. Cash flow hedging is used as a protection against the variability of the future cash flows, while fair value hedging is used to protect against changes in the fair value of recognised assets or liabilities.

Hedge accounting applies to hedges that are effective in relation to the hedged risk and meet the hedge accounting requirements of IAS 39. The hedging relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for undertaking the hedge, are documented at the inception of the hedge. In addition, the effectiveness of a hedge is assessed both at inception and on an ongoing basis, to ensure that it is highly effective throughout the period for which it was designated. Hedges are regarded as highly effective in offsetting changes in fair value or the cash flows attributable to a hedged risk within a range of 80-125 per cent.

During the financial year, fair value hedges have been used in P&C insurance. Both fair value and cash flow hedging have been applied in life insurance.

Cash flow hedging

Cash flow hedging is used to hedge the interest cash flows of individual floating rate debt securities or other floating rate assets or liabilities. The hedging instruments used include interest rate swaps, interest rate and cross currency swaps. Derivative instruments which are designated as hedges and are effective as such are measured at fair value. The effective part of the change in fair value is recognised in other comprehensive income. The remaining ineffective part is recognised in profit or loss.

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

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

Fair value hedging

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

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

Securities lending

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

Leases

Group as lessee

Finance leases

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

Operating leases

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

Group as lessor

Operating leases

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

Intangible assets

Goodwill

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

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

Other intangible assets

IT software and other intangible assets, whether procured externally or internally generated, are recognised in the balance sheet as intangible assets with finite useful lives, if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The cost of internally generated intangible assets is determined as the sum of all costs directly attributable to the assets. Research costs are recognised as expenses in profit or loss as they are incurred. Costs arising from development of new IT software or from significant improvement of existing software are recognised only to the extent they meet the above-mentioned requirements for being recognised as assets in the balance sheet.

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

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

Impairment of intangible assets and property, plant and equipment

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

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

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

Investment property

Investment property is held to earn rentals and for capital appreciation. The Group applies the cost model to investment property in the same way as it applies to property, plant and equipment. The depreciation periods and methods and the impairment principles are also the same as those applied to corresponding property occupied for own activities. In the Holding segment, the investment property of the associate Nordea is measured at fair value in item Investments in associates.

The fair value of investment property is estimated using a method based on estimates of future cash flows and a comparison method based on information from actual sales in the market. The fair value of investment property is presented in the Notes.

The valuation takes into account the characteristics of the property with respect to location, condition, lease situation and comparable market information regarding rents, yield requirements and unit prices. During the financial year, the valuations were conducted by the Group's internal resources.

Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation. If it is expected that some or all of the expenditure required to settle the provision will be reimbursed by another party, the reimbursement will be treated as a separate asset only when it is virtually certain that the Group will receive it.

Insurance and investment contracts

Insurance contracts are treated, in accordance with IFRS 4, either as insurance or investment contracts. Under the standard, insurance contracts are classified as insurance contracts if significant insurance risk is transferred between the policyholder and the insurer. If the risk transferred on the basis of the contract is essentially financial risk rather than significant insurance risk, the contract is classified as an investment contract. Classification of a contract as an insurance contract or investment contract determines the measurement principle applied to it.

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

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

Reinsurance contracts

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

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

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

P&C Insurance business

Classification of insurance contracts

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

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

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

Insurance liabilities

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

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

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

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

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

Liability adequacy test

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

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

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

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

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

Deferred acquisition costs

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

Life insurance business

Classification of insurance contracts

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

The discretionary participation feature (DPF) of a contract is a contractual right held by a policyholder to receive additional benefits, as a supplement to the guaranteed minimum benefits. The supplements are bonuses based on the reserves of policies credited to the policy reserve, additional benefits in the case of death, or lowering of insurance premiums. In Mandatum Life, the principle of fairness specifies the application of this feature. In unit-linked contracts the policyholder carries the investment risk by choosing the investment funds linked to the contracts.

Measurement of insurance and investment contracts

National accounting standards are applied to all insurance contracts and to investment contracts with DPF, with the exception of the equalisation provision and changes in it.

All contracts, except unit-linked contracts and the assumed reinsurance, include DPF. In those unit-linked contracts which are not insurance contracts, the policyholder has the possibility to transfer the return on savings from unit-linked schemes to guaranteed interest with DPF. Thus, these contracts are also measured as contracts with DPF.

The surrender right, guaranteed interest and the unbundling of the insurance component from the deposit component and similar features are not separated and measured separately.

Insurance and investment contract liabilities and reinsurance assets

Liabilities arising from insurance and investment contracts consist of provisions for unearned premiums and outstanding claims. In the life insurance business, various methods are applied in calculating liabilities which involve assumptions on matters such as mortality, morbidity, the yield level of investments, future operating expenses and the settlement of claims.

Changes in the liabilities of reinsurance have been calculated at variable rates of exchange. In direct insurance, the insurance liability is calculated by policy, while in reinsurance it is calculated on the basis of the reports of the ceding company or the company's own bases of calculation.

The interest rate used in discounting liabilities is, at most, the maximum rate accepted by the authorities in each country. The guaranteed interest used in the direct insurance premium basis varies on the basis of the starting date of the insurance from zero to 4.5 per cent. The interest rate used in discounting liabilities is the same or lower than that used in premium calculation. Most of the liabilities of the accrued benefits of pension business with DPF are discounted by an interest rate of 3.5 per cent, also being the highest discount rate used. In addition, Mandatum Life has for the year 2013 lowered the maximum rate to 2.5 %, and for the year 2014 to 3.25 %.

Due to the difference in the discount rate of liabilities and the guaranteed interest of 4.5 %, supplementary provisions for guaranteed interest have been added to technical provisions. In the subsidiary, Mandatum Life Insurance Baltic, the discount rate varies by country between 2.5 - 4.0 per cent and the average guaranteed interest rate between 2.5 – 4.0 per cent.

Mortality assumptions have an essential effect on the amount of liability, particularly in group pension insurance, the liability of which accounts for about 36 per cent of the technical provisions of the Finnish life company. A so-called cohort mortality model is used in calculating the group pension insurance liability since 2002, incorporating the insured person's birth year in addition to his or her age and sex. The cohort mortality model assumes that life expectancy increases by one year over a ten-year period.

For unit-linked contracts, all the liabilities and the assets covering the unit-linked insurance are matched. Both the liabilities and the assets have been presented in the Notes to the financial statements. In calculating the provision for claims outstanding of direct insurance, discounting is applied only in connection with the liabilities of pensions whose payment has commenced. The liabilities of assumed reinsurance are based on the reports of the ceding company and on an estimate of claims which have not yet been settled. The assets covering the unit-linked liabilities include debt securities issued by the Group companies. These have not been eliminated. Elimination would lead to misleading information, as the policy holders carry the investment risk related to these investments, and to a mismatch between the unit-linked liabilities and assets covering them.

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

The amounts of short- and long-term liabilities in technical provisions are determined annually. The Group's financial statements' Risk Management section elaborates on the change of technical provisions and their forecast annual maturities.

Liability adequacy test

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

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

Principle of fairness

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

Mandatum Life aims at giving a total return before charges and taxes on policyholders' savings in contracts with DPF that is at least the yield of those long term bonds, which are considered to have lowest risk. At the moment we consider German government bonds to be the most risk free long term bonds available. Nevertheless, Finnish government bonds are used as target levels at the moment. The total return consists of the guaranteed interest rate and bonuses determined annually. Continuity is pursued in the level of bonuses. The aim is to maintain the company's solvency status on such a level that it neither limits the giving of bonuses to policyholders nor the distribution of profit to shareholders. The principle is explained in detail on the company's website.

The legislation of Estonia, Latvia and Lithuania respectively does not contain provisions corresponding to the Principle of Fairness.

Employee benefits

Post-employment benefits

Post-employment benefits include pensions and life insurance.

Sampo has defined benefit plans in Sweden and Norway, and defined contribution plans in other countries. The most significant defined contribution plan is that arranged through the Employees' Pensions Act (TEL) in Finland.

In defined contribution plans, the Group pays fixed contributions to a pension insurance company and has no legal or constructive obligation to pay further contributions. The obligations arising from a defined contribution plan are recognised as an expense in the period that the obligation relates to.

In defined benefit plans, the company still has obligations after paying the contributions for the financial period and bears their actuarial and/or investment risk. The obligation is calculated separately for each plan using the projected unit credit method. In calculating the amount of the obligation, actuarial assumptions are used. The pension costs are recognised as an expense for the service period of employees.

Defined benefit plans are both funded and unfunded. The amounts reported as pension costs during a financial year consist of 1) the actuarially calculated earnings of old-age pensions during the year, calculated straight-line, based on pensionable income at the time of retirement, and 2) calculated effects in the form of interest expense for crediting/appreciating the preceding years' established pension obligations less 3) revenues from the assets covered by the plan. The calculation of pension costs during the financial year starts at the beginning of the year and is based on assumptions about such factors as salary growth and price inflation throughout the duration of the obligation and on the anticipated/expected return on the plan's assets and the market interest rate on the obligation during the financial year.

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

The Group also has certain voluntary defined benefit plans. These are intra-Group, included in the insurance liabilities of Mandatum Life and have no material significance.

Termination benefits

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

Share-based payments

During the financial year, Sampo had two valid share-based incentive schemes settled in cash (the long-term incentive schemes 2009 I and 2011 I for the management and key employees). The schemes have been measured at fair value at the grant date and at every reporting date thereafter.

In the schemes settled in cash, the valuation is recognised as a liability and changes recognised through profit or loss.

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

Income taxes

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

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

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

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

From the beginning of 2013, the tax rate in Sweden was lowered from 26.3 % to 22 %. The taxable income for the financial year is based on 26.3 %, but the lower rate has been used in the calculation of deferred taxes.

Share capital

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

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

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

Cash and cash equivalents

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

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

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

Accounting policies requiring management judgement and key sources of estimation uncertainties

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

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

Actuarial assumptions

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

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

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

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

Determination of fair value

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

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

Impairment tests

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

Application of new or revised IFRSs and interpretations

In 2013 and 2014, the Group will apply the following new or amended standards and interpretations related to the Group's business.

Applications in 2013

Amendment to IAS 1 (effective for annual periods beginning on 7 July 2012 or after) requires the grouping of items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. The amendment will have an impact on the Group's disclosures.

The amendment to IAS 19 *Employee Benefits* (effective for annual periods beginning on 1 Jan 2013 or after) mandates all actuarial gains and losses be recognised in other comprehensive income, thus the so-called corridor approach is eliminated and the benefit cost will be determined based on the net funding. The change will have an impact on the employee benefits recognised in the If subgroup. In the transition phase, the accumulated unrecognised losses EURm 157 plus social security fees related to the corridor method at 31 Dec 2011, will reduce the opening equity for the comparison year 2012. The corresponding amount at 31 Dec 2012 is EURm 113. The subsequent changes will be recognised in other comprehensive income. The effect has already been taken into account in the calculation of If-subgroup's capital base.

IFRS 13 *Fair Value Measurement* (effective for annual periods beginning on 1 Jan 2013 or after) combines in one standard the determination of fair value and defines the concept of fair value more precisely. The new standard will have an impact mainly on the Group's disclosures.

The amendment to IFRS 7 *Financial Instruments*: Disclosures (effective for annual periods beginning on 1 Jan 2013 or after) clarifies the disclosure requirements for e.g. offset financial instruments. The amendment will have no material impact on the Group’s financial statements reporting.

Applications in 2014

IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) defines closer the concept of control as the crucial factor for consolidation. The new standard will have no material impact on the Group’s financial statements reporting.

IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes requirements for disclosures regarding different involvements in other entities, such as associates and unconsolidated entities. The new standard will have an impact on the Group’s disclosures.

Revised IAS 27 *Consolidated and Separate Financial Statements* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes the requirements for separate financial statements to the extent they have not been included in the new IFRS 10. The adoption of the revised standard will have no material impact on the Group’s financial statements reporting.

Revised IAS 28 *Investments in Associates* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes the requirements for using the equity method accounting for investments in associates and joint ventures. The adoption of the revised standard will have no material impact on the Group’s financial statements reporting.

The amendment to IAS 32 *Financial Instruments: presentation* (effective for annual periods beginning on 1 Jan 2014 or after) specifies the presentation of situations when financial assets and liabilities are offset.The adoption of the amendment will have no material impact on the Group’s financial statements reporting.

Segment information

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

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

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

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

Consolidated income statement by business segment for year ended 31 December 2012

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premius written	4,441	977	-	-5	5,413
Net income from investments	359	574	51	-18	967
Other operating income	33	3	15	-16	35
Claims incurred	-2,876	-669	-	4	-3,540
Change in liabilities for insurance and investment contracts	-78	-642	-	1	-719
Staff costs	-527	-42	-18	0	-588
Other operating expenses	-521	-58	-13	16	-576
Finance costs	-19	-7	-65	16	-75
Share of associates' profit/loss	46	0	653	0	700
Profit before taxes	**858**	**136**	**623**	**-1**	**1,616**
Taxes	-185	-28	1	0	-212
Profit for the year	**673**	**108**	**624**	**-1**	**1,404**
Other comprehensive income for the year					
Exchange differences	48	0	-	-	48
Available-for-sale financial assets	281	236	-2	-6	509
Cash flow hedges	-	-1	-	-	-1
Share of associate's other comprehensive income	-	-	9	-	9
Income tax relating to components of other comprehensive income	-56	-58	0	0	-114
Other comprehensive income for the year, net of tax	**272**	**177**	**8**	**-6**	**451**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**945**	**286**	**631**	**-7**	**1,855**
Profit attributable to					
Owners of the parent					1,404
Non-controlling interests					-
Total comprehensive income attributable to					
Owners of the parent					1,855
Non-controlling interests					-

Consolidated income statement by business segment for year ended 31 December 2011

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premius written	4,201	849	-	-	5,050
Net income from investments	298	-41	18	-16	260
Other operating income	31	2	15	-15	32
Claims incurred	-2,801	-922	-	-	-3,723
Change in liabilities for insurance and investment contracts	-107	348	-	-	241
Staff costs	-494	-38	-11	-	-543
Other operating expenses	-497	-53	-13	15	-548
Finance costs	-2	-8	-86	14	-82
Share of associates' profit/loss	7	0	534	-	541
Profit before taxes	**636**	**137**	**457**	**-3**	**1,228**
Taxes	-159	-30	-1	0	-189
Profit for the year	**478**	**107**	**456**	**-3**	**1,038**
Other comprehensive income for the year					
Exchange differences	6	0	-	-	6
Available-for-sale financial assets	-239	-304	3	20	-520
Cash flow hedges	-	-2	-	-	-2
Share of associate's other comprehensive income	-	-	23	-	23
Income tax relating to components of other comprehensive income	63	84	-1	-5	141
Other comprehensive income for the year, net of tax	**-170**	**-222**	**25**	**15**	**-352**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**308**	**-115**	**481**	**12**	**686**
Profit attributable to					
Owners of the parent					1,038
Non-controlling interests					0
Total comprehensive income attributable to					
Owners of the parent					686
Non-controlling interests					0

Consolidated balance sheet by business segment at 31 December 2012

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	16	5	4	-	26
Investment property	27	95	4	-4	122
Intangible assets	606	164	0	-	771
Investments in associates	362	0	6,687	-	7,049
Financial assets	11,200	5,269	3,028	-2,641	16,857
Investments related to unit-linked insurance contracts	-	3,834	-	-1	3,833
Tax assets	31	0	18	-5	44
Reinsurers' share of insurance liabilities	577	3	-	-	580
Other assets	1,592	109	41	-13	1,729
Cash and cash equivalents	407	154	473	-	1,034
Total assets	**14,818**	**9,635**	**10,256**	**-2,663**	**32,045**
Liabilities					
Liabilities for insurance and investment contracts	9,854	4,071	-	-	13,925
Liabilities for unit-linked insurance and investment contracts	-	3,833	-	-1	3,832
Financial liabilities	362	105	2,181	-270	2,378
Tax liabilities	389	153	-	0	542
Provisions	56	-	-	-	56
Employee benefits	76	-	-	-	76
Other liabilities	807	177	152	-13	1,123
Total liabilities	**11,544**	**8,340**	**2,333**	**-284**	**21,932**
Equity					
Share capital					98
Reserves					1,531
Retained earnings					7,587
Other components of equity					898
Equity attributable to parent company's equityholders					**10,113**
Non-controlling interests					-
Total equity					**10,113**
Total equity and liabilities					**32,045**

Consolidated balance sheet by business segment at 31 December 2011

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	16	6	4	-	26
Investment property	26	92	4	-4	118
Intangible assets	580	165	0	-	745
Investments in associates	340	0	6,253	-	6,593
Financial assets	10,754	5,168	3,465	-2,642	16,745
Investments related to unit-linked insurance	-	3,053	-	-	3,053
Tax assets	52	-	17	-5	64
Reinsurers' share of insurance liabilities	528	3	-	-	532
Other assets	1,479	133	59	-12	1,659
Cash and cash equivalents	390	93	89	-	572
Total assets	**14,165**	**8,713**	**9,891**	**-2,662**	**30,107**
Liabilities					
Liabilities for insurance and investment contracts	9,547	4,249	-	-	13,796
Liabilities for unit-linked insurance and investment contracts	-	3,054	-	-	3,054
Financial liabilities	528	164	2,346	-269	2,768
Tax liabilities	388	85	-	-	474
Provisions	37	-	-	-	37
Employee benefits	98	-	-	-	98
Other liabilities	695	151	126	-12	960
Total liabilities	**11,294**	**7,703**	**2,472**	**-281**	**21,187**
Equity					
Share capital					98
Reserves					1,531
Retained earnings					6,844
Other components of equity					447
Equity attributable to parent company's equityholders					**8,920**
Non-controlling interests					0
Total equity					**8,920**
Total equity and liabilities					**30,107**

Geographical information

EURm	Finland	Sweden	Norway	Denmark	Baltic	Other	Total
At 31 Dec. 2012							
Revenue from external customers							
P&C insurance	903	1,321	1,637	389	112	1	4,363
Life insurance	944	-	-	-	33	-	977
Holding	66	-	-	-	-	-	66
Total	**1,913**	**1,321**	**1,637**	**389**	**145**	**1**	**5,406**
Non-current assets							
P&C insurance	110	529	23	338	11	-	1,011
Life insurance	264	-	-	-	1	-	265
Holding	8	6,687	-	-	-	-	6,696
Total	**382**	**7,217**	**23**	**338**	**12**	**0**	**7,972**
At 31 Dec. 2011							
Revenue from external customers							
P&C insurance	862	1,245	1,497	371	111	8	4,094
Life insurance	808	-	-	-	41	-	849
Holding	33	-	-	-	-	-	33
Total	**1,703**	**1,245**	**1,497**	**371**	**152**	**8**	**4,976**
Non-current assets							
P&C insurance	105	828	13	5	10	2	962
Life insurance	261	-	-	-	1	-	262
Holding	9	6,253	-	-	-	-	6,262
Total	**375**	**7,081**	**13**	**5**	**11**	**2**	**7,486**

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

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

Notes to the Group's financial statements

1 Insurance premiums written

P&C insurance

EURm	2012	2011
Premiums from insurance contracts		
Premiums written, direct insurance	4,590	4,324
Premiums written, assumed reinsurance	109	90
Premiums written, gross	**4,698**	**4,414**
Reinsurers' share of premiums written	-258	-213
Premiums written, net	**4,441**	**4,201**
Change in unearned premium provision	-79	-106
Reinsurers' share	1	-1
Change in unearned premium provision, net	**-78**	**-107**
Premiums earned, total	**4,363**	**4,094**

Life insurance

EURm	2012	2011
Premiums from insurance contracts		
Premiums written, direct insurance	591	541
Premiums written, assumed reinsurance	2	2
Insurance contracts total, gross	**593**	**544**
Premium revenue ceded to reinsurers on insurance contracts issued	-5	-5
Insurance contracts total, net	**588**	**538**
Investment contracts	389	311
Premiums written, net [1)]	**977**	**849**
Group, total	**5,418**	**5,050**

[1)] The change in unearned premiums is presented in note 4 " The change in insurance and investment liabilities".

Specification of premiums written in Life insurance

EURm	2012	2011
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	168	201
Premiums from unit-linked contracts	421	339
Premiums from other contracts	1	1
Total	**591**	**541**
Assumed reinsurance	2	2
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	0	1
Premiums from unit-linked contracts	389	310
Total	**389**	**311**
Insurance and investment contracts, total	**983**	**854**
Reinsurers' share	-5	-5
Premiums written, total	**977**	**849**
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	381	360
Single premiums, insurance contracts	210	186
Single premiums, investment contracts	389	307
Total	**981**	**852**

2 Net income from investments

P&C insurance

EURm	2012	2011
Financial assets		
Derivative financial instruments		
Gains/losses	-12	-18
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	3	3
Gains/losses	4	0
Equity securities		
Gains/losses	0	1
Dividend income	0	1
Total	**7**	**4**
Loans and receivables		
Interest income	18	21
Financial assets available-for-sale		
Debt securities		
Interest income	379	381
Impairment losses	3	3
Gains/losses	11	32
Equity securities		
Gains/losses	12	87
Impairment losses	-27	-169
Dividend income	40	30
Total	**418**	**363**
Total from financial assets	**430**	**370**
Other assets		
Investment properties		
Gains/losses	1	1
Other	-1	-1
Total from other assets	**0**	**0**
Expense on other than financial liabilities	-3	-7

Effect of discounting annuities	-57	-56
Fee and commission expenses		
Asset management	-11	-9
P&C insurance, total	**359**	**298**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 28 (47) transferred from the fair value reserve.

Life insurance

EURm	2012	2011
Financial assets		
Derivative financial instruments		
Gains/losses	42	-14
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	3	8
Gains/losses	-1	0
Equity securities		
Gains/losses	0	0
Dividend income	0	0
Total	**3**	**8**
Investments related to unit-linked contracts		
Debt securities		
Interest income	34	23
Gains/losses	37	-14
Equity securities		
Gains/losses	237	-296
Dividend income	11	7
Loans and receivables		
Interest income	1	1
Other financial assets		
Gains/losses	-26	-19
Total	**294**	**-296**
Loans and receivables		
Interest income	1	4
Gains/losses	1	0
Total	**1**	**4**

	2012	2011
Financial assets available-for-sale		
Debt securities		
Interest income	144	154
Gains/losses	13	5
Equity securities		
Gains/losses	37	91
Impairment losses	-37	-69
Dividend income	67	61
Total	**224**	**242**
Total financial assets	**563**	**-56**
Other assets		
Investment properties		
Gains/losses	0	0
Impairment losses	-2	-1
Other	4	6
Total other assets	**2**	**6**
Net fee income		
Asset management	-13	-14
Fee income	22	24
Total	**9**	**10**
Life insurance, total	**574**	**-41**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm -58 (25) transferred from the fair value reserve.

Holding

EURm	2012	2011
Financial assets		
Derivative financial instruments		
Gains/losses	23	2
Loans and receivables		
Interest Income	0	1
Gains/losses	0	-3
Total	**0**	**-2**

Financial assets available-for-sale		
Debt securities		
Interest income	21	13
Gains/losses	3	-
Equity securities		
Gains/losses	0	3
Imparment losses	-1	0
Dividend income	5	2
Total	**28**	**18**
Total financial assets	**51**	**18**
Other assets		
Investment properties		
Gains/losses	0	0
Other	0	0
Total other assets	**0**	**0**
Net fee income	0	0
Holding, total	**51**	**18**
Included in gains/losses from financial assets available-for-sale is a net gain of EURm -2 (3) transferred from the fair value reserve.		
Elimination items between segments	-18	-16

EURm	**2012**	**2011**
Group, total	**967**	**260**

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

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

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

The effect of discounting annuities in P&C insurance is disclosed separately. The provision for annuities is calculated in accordance with actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future return on investments into account. To cover the costs for upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return on investments is added to annuity results.

3 Claims incurred

P&C insurance

	2012			2011		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,694	30	-1,665	-1,680	27	-1,653
Change in provision for claims outstanding (incurred and reported losses)	-894	166	-727	-834	126	-708
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-622	13	-609	-589	17	-572
Claims-adjustment costs	2	-	2	3	-	3
Change in claims provision for annuities	-9	-	-9	-7	-	-7
Total claims cost attributable to current-year operations	**-3,218**	**209**	**-3,009**	**-3,107**	**171**	**-2,936**
Claims costs attributable to prior-year operations						
Claims paid	-1,341	139	-1,203	-1,146	96	-1,049
Annuities paid	-105	0	-105	-196	0	-196
Claims portfolio	-	-	-	-	-	0
Change in provision for claims outstanding (incurred and reported losses)	938	-100	837	833	-104	729
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	647	-44	603	677	-25	652
Total claims cost attributable to prior-year operations	**139**	**-6**	**133**	**169**	**-33**	**135**
Insurance claims paid						
Claims paid	-3,036	168	-2,867	-2,826	124	-2,702
Annuities paid	-127	-	-127	-121	-	-121
Total claims paid	**-3,163**	**168**	**-2,994**	**-2,947**	**124**	**-2,823**
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	44	66	110	0	22	22
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	25	-31	-6	88	-8	80
Change in claims provision for annuities	13	0	13	-82	-	-82
Claims-adjustment costs	2	-	2	3	-	3
Total change in provision for claims outstanding	**84**	**35**	**119**	**9**	**14**	**23**
P&C insurance, total	**-3,079**	**203**	**-2,876**	**-2,938**	**138**	**-2,801**

The provision for annuities is valued in accordance with normal actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future investment return into account. To cover costs for the costs for the upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return is added to the annuity results. Provisions for incurred but not reported losses pertaining to annuities in Finland are discounted. The provisions in 2012 amounted to EURm 289 (274).

The non-discounted value was EURm 513 (492). The exchange effect on the discounted provisions was a decrease of EURm 11, the real increase amounted to EURm 14. The increase is partly explained by the decrease in the discount rate in Finland from 3.15 % to 3.0 %.

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

	2012	2011
Sweden	0.18 %	0.24 %
Finland	3.00 %	3.15 %
Denmark	2.00 %	2.00 %

Life insurance

	Claims paid		Change in provision for claims outstanding		Claims incurred	
EURm	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature (DPF)	-77	-84	-3	1	-80	-83
Other contracts	0	0	-1	0	-1	0
Unit-linked contracts	-155	-187	4	-3	-152	-190
Total	**-233**	**-271**	**0**	**-2**	**-233**	**-273**
Pension insurance						
Contracts with discretionary participation feature (DPF)	-346	-353	51	-114	-296	-467
Unit-linked contracts	-10	-9	-10	-1	-20	-10
Total	**-357**	**-362**	**41**	**-115**	**-315**	**-478**
Assumed reinsurance	-1	-1	0	0	-1	-1
Insurance contracts total, gross	**-590**	**-634**	**41**	**-117**	**-548**	**-750**
Reinsurers´ share	4	3	0	0	4	3
Insurance contracts total, net	**-586**	**-631**	**41**	**-117**	**-545**	**-748**

Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	-1	-17	-	-	-1	-17
Unit-linked contracts	-123	-157	-	-	-123	-157
Investment contracts, total	**-124**	**-174**	**-**	**-**	**-124**	**-174**
Life insurance, total	**-710**	**-805**	**41**	**-117**	**-669**	**-922**

Claims paid by type of benefit

EURm	2012	2011
Insurance contracts		
Life insurance		
Surrender benefits	-8	-16
Death benefits	-26	-25
Maturity benefits	-33	-35
Loss adjustment expenses	0	0
Other	-10	-9
Total	**-77**	**-84**
Life insurance, unit-linked		
Surrender benefits	-89	-121
Death benefits	-27	-27
Maturity benefits	-40	-40
Loss adjustment expenses	0	0
Total	**-155**	**-187**
Pension insurance		
Pension payments	-320	-310
Surrender benefits	-19	-38
Death benefits	-7	-5
Loss adjustment expenses	0	0
Total	**-346**	**-353**
Pension insurance, unit-linked		
Surrender benefits	-8	-8
Death benefits	-2	-2
Other	0	0
Total	**-10**	**-9**

Assumed reinsurance	-1	-1
Insurance contracts total	**-590**	**-634**
Reinsurers´ share	4	3
Insurance contracts total, net	**-586**	**-631**
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	0	-1
Loss adjustment expenses	0	-16
Total	**-1**	**-17**
Investment contracts		
Capital redemption policy, unit-linked		
Surrender benefits	-123	-157
Loss adjustment expenses	0	-1
Total	**-123**	**-157**
Investment contracts total, gross	**-124**	**-174**
Claims paid total, gross	-714	-808
Claims paid total, net	-710	-805

EURm	2012	2011
Group, total	**-3,545**	**-3,723**

4 Change in liabilities for insurance and investment contracts

P&C insurance

EURm	2012	2011
Change in unearned premium provision	-79	-106
Reinsurers' share	1	-1
Change in unearned premium provision, net	**-78**	**-107**

Life insurance

EURm	2012	2011
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	47	38
Other contracts	0	0
Unit-linked contracts	-241	117
Total	**-167**	**155**
Pension insurance		
Contracts with discretionary participation feature (DPF)	83	221
Unit-linked contracts	-229	52
Total	**-146**	**273**
Assumed reinsurance	0	0
Insurance contracts total, gross	**-313**	**428**
Reinsurers´ share	0	0
Insurance contracts total, net	**-313**	**428**
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	1	15
Unit-linked contracts	-330	-95
Investment contracts, total	**-329**	**-80**
Change in liabilities for insurance and investment contracts in total, gross	**-642**	**348**
Change in liabilities for insurance and investment contracts in total, net	**-642**	**348**
Group, total	**-720**	**241**

5 Staff costs

P&C insurance

EURm	2012	2011
Staff costs		
Wages and salaries	-381	-356
Cash-settled share-based payments	-16	-5
Pension costs		
- defined contribution plans	-37	-46
- defined benefit plans (Note 31)	-19	-19
Other social security costs	-75	-68
P&C insurance, total	**-527**	**-494**

Life insurance

EURm	2012	2011
Staff costs		
Wages and salaries	-31	-30
Cash-settled share-based payments	-3	-1
Pension costs - defined contribution plans	-5	-5
Other social security costs	-2	-2
Life insurance, total	**-42**	**-38**

Holding

EURm	2012	2011
Staff costs		
Wages and salaries	-8	-8
Cash-settled share-based payments	-7	-2
Pension costs - defined contribution plans	-3	-1
Other social security costs	-1	-1
Holding, total	**-18**	**-11**

EURm	2012	2011
Group, total	**-588**	**-543**

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

6 Other operating expenses

P&C insurance

EURm	2012	2011
IT costs	-99	-100
Other staff costs	-17	-17
Marketing expenses	-45	-44
Depreciation and amortisation	-9	-11
Rental expenses	-53	-50
Change in deferred acquisition costs	10	17
Direct insurance comissions	-184	-174
Commissions on reinsurance ceded	19	16
Other	-144	-133
P&C insurance, total	**-521**	**-497**

Life insurance

EURm	2012	2011
IT costs	-14	-14
Other staff costs	-2	-2
Marketing expenses	-4	-3
Depreciation and amortisation	-4	-4
Rental expenses	-3	-3
Direct insurance comissions	-8	-7
Comissions of reinsurance assumed	-1	-1
Commissions on reinsurance ceded	1	1
Other	-24	-20
Life insurance, total	**-58**	**-53**

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

Holding

EURm	2012	2011
IT costs	0	-1
Other staff costs	0	0
Marketing expenses	-1	-1
Depreciation and amortisation	0	0
Rental expenses	-1	-1
Other	-9	-9
Holding, total	**-13**	**-13**
Item Other includes e.g. consultancy fees and rental and other administrative expenses.		
Elimination items between segments	16	15

EURm	2012	2011
Group, total	**-576**	**-548**

7 Result analysis of P&C insurance

EURm	2012	2011
Insurance premiums earned	4,363	4,094
Claims incurred	-3,146	-3,058
Operating expenses	-748	-707
Other insurance technical income and expense	3	4
Allocated investment return transferred from the non-technical account	89	124
Technical result	**560**	**457**
Net investment income	397	353
Allocated investment return transferred to the technical account	-146	-181
Other income and expense	46	7
Operating result	**858**	**636**

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

EURm	2012	2011
Claims-adjustment expenses (Claims paid)	-271	-257
Acquisition expenses (Operating expenses)	-534	-491
Joint administrative expenses for insurance business (Operating expenses)	-244	-248
Administrative expenses pertaining to other technical operations (Operating expenses)	-30	-27
Asset management costs (Investment expenses)	-11	-9
Total	**-1,089**	**-1,032**

8 Performance analysis per class of P&C insurance

EURm	Accident and health	Motor, third party liability	Motor, other classes	Marine, air and transport	Fire and other damage to property	Third party liability	Credit insurance
Premiums written, gross							
2012	738	693	1,291	150	1,366	203	3
2011	669	681	1,207	139	1,287	198	3
Premiums earned, gross							
2012	720	694	1,249	148	1,352	203	2
2011	655	679	1,142	138	1,267	188	3
Claims incurred, gross 1)							
2012	-477	-499	-911	-66	-1,006	-96	-1
2011	-449	-521	-852	-65	-998	-100	-1
Operating expenses, gross 2)							
2012	-125	-144	-191	-26	-208	-31	0
2011	-121	-135	-183	-25	-190	-30	0
Profit/loss from ceded reinsurance							
2012	-18	5	-2	-25	-70	-34	0
2011	-11	-1	-1	-15	-40	-19	-
Technical result before investment return							
2012	**100**	**56**	**145**	**31**	**68**	**42**	**1**
2011	**75**	**22**	**107**	**33**	**40**	**39**	**2**

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2012	34	117	4,596	109	-6	4,698
2011	32	115	4,329	90	-5	4,414
Premiums earned, gross						
2012	34	116	4,519	106	-6	4,619
2011	31	116	4,219	94	-5	4,308
Claims incurred, gross [1)]						
2012	-24	-170	-3,250	-100	0	-3,350
2011	-19	-165	-3,169	-26	-1	-3,196
Operating expenses, gross [2)]						
2012	-6	-10	-742	-26	3	-764
2011	-6	-12	-702	-22	6	-718
Profit/loss from ceded reinsurance						
2012	0	99	-46	7	6	-34
2011	-	27	-60	-7	6	-61
Technical result before investment return						
2012	**3**	**35**	**481**	**-13**	**3**	**472**
2011	**6**	**-35**	**288**	**39**	**6**	**333**

1) Activity-based operating costs EURm 271 (257) have been allocated to claims incurred.

2) Includes other technical income EURm 33 (31) and other technical expenses EURm 30 (27).

9 Earnings per share

EURm	2012	2011
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	1,404	1,038
Weighted average number of shares outstanding during the period	560	561
Earnings per share (EUR per share)	2.51	1.85

10 Financial assets and liabilities

Financial assets and liabilities have been categorised in accordance with IAS 39.9. In the table are also included interest income and expenses, realised and unrealised gains and losses recognised in P/L, impairment losses and dividend income arising from those assets and liabilities. The financial assets in the table include balance sheet items Financial assets and Cash and cash equivalents.

			2012		
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	168	2	32	-	-
Financial assets designated as at fair value through p/l	70	6	3	-	0
Loans and receivables	1,142	19	0	-	-
Financial assets available-for-sale	16,511	526	75	-62	112
Financial assets, Group total	**17,891**	**554**	**111**	**-62**	**112**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	62	-	-		
Other financial liabilities	2,316	-85	10		
Financial liabilities, Group total	**2,378**	**-85**	**10**		

EURm	Carrying amount	Interest inc./exp.	Gains/ losses	Impairment losses	Dividend income
			2011		
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	179	24	-54	-	-
Financial assets designated as at fair value through p/l	206	10	0	-	1
Loans and receivables	679	25	-3	-	-
Financial assets available-for-sale	16,254	531	219	-236	93
Financial assets, Group total	**17,318**	**591**	**162**	**-236**	**94**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	283	-	-		
Other financial liabilities	2,486	-83	1		
Financial liabilities, Group total	**2,768**	**-83**	**1**		

11 Property, plant and equipment

P&C insurance

EURm	2012 Equipment	2011 Equipment
At 1 Jan.		
Cost	146	140
Accumulated depreciation	-131	-122
Net carrying amount	**16**	**19**
Opening net carrying amount	16	19
Additions	9	7
Disposals	-2	-1
Depreciation	-8	-9
Exchange differences	0	0
Closing net carrying amount	**16**	**16**
At 31 Dec.		
Cost	154	146
Accumulated depreciation	-138	-131
Net carrying amount	**16**	**16**

Life insurance

	2012			2011		
EURm	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	4	7	12	4	7	11
Accumulated depreciation	0	-5	-6	0	-5	-5
Net carrying amount	**4**	**2**	**6**	**4**	**2**	**5**
Opening net carrying amount	4	2	6	4	2	5
Additions		0	0	-	1	1
Depreciation	0	0	-1	0	0	0
Closing net carrying amount	**4**	**2**	**5**	**4**	**2**	**6**
At 31 Dec.						
Cost	4	8	12	4	7	12
Accumulated depreciation	-1	-6	-6	0	-5	-6
Net carrying amount	**4**	**2**	**5**	**4**	**2**	**6**

Holding

EURm	2012 Land and buildings	2012 Equipment	2012 Total	2011 Land and buildings	2011 Equipment	2011 Total
At 1 Jan.						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-1	-2
Net carrying amount	**1**	**3**	**4**	**1**	**4**	**5**
Opening net carrying amount	1	3	4	1	4	5
Additions	-	0	0	-	0	0
Depreciation	0	0	0	0	0	0
Closing net carrying amount	**1**	**3**	**4**	**1**	**3**	**4**
At 31 Dec.						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-2	-3
Net carrying amount	**1**	**3**	**4**	**1**	**3**	**4**

EURm	2012	2011
Group, total	**26**	**26**

Equipment in different segments comprise IT equipment and furniture.

12 Investment property

P&C insurance

EURm	2012	2011
At 1 Jan.		
Cost	34	34
Accumulated depreciation	-6	-6
Accumulated impairment losses	-2	-2
Net carrying amount	**26**	**26**
Opening net carrying amount	**26**	**26**
Additions	0	0
Disposals	-1	-1
Depreciation	-1	0
Impairment losses	2	1
Reversal of impairment losses	0	1
Exchange differences	1	-
Closing net carrying amount	**27**	**26**
At 31 Dec.		
Cost	34	34
Accumulated depreciation	-7	-6
Accumulated impairment losses	0	-2
Net carrying amount	**27**	**26**
Rental income from investment property	3	3
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	2	1
- later than one year and not later than five years	1	1
- later than five years	0	-
Total	**3**	**1**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-2	-2
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	**-3**	**-3**
Fair value of investment property at 31 Dec.	**30**	**23**

Life insurance

EURm	2012	2011
At 1 Jan.		
Cost	150	152
Accumulated depreciation	-42	-39
Accumulated impairment losses	-16	-16
Net carrying amount	**92**	**96**
Opening net carrying amount	**92**	**96**
Additions	8	2
Disposals	0	-4
Depreciation	-3	-3
Impairment losses	-2	0
Closing net carrying amount	**95**	**92**
At 31 Dec.		
Cost	158	150
Accumulated depreciation	-45	-42
Accumulated impairment losses	-17	-16
Net carrying amount	**95**	**92**
Rental income from investment property	15	15
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	6	7
- later than one year and not later than five years	11	10
- later than five years	3	5
Total	**20**	**22**
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	-8
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	**-8**	**-9**
Fair value of investment property at 31 Dec.	**112**	**105**

Holding

EURm	2012	2011
At 1 Jan.		
Cost	4	4
Accumulated depreciation	0	0
Accumulated impairment losses	0	0
Net carrying amount	**4**	**4**
Opening net carrying amount	**4**	**4**
Disposals	0	-
Closing net carrying amount	**4**	**4**
At 31 Dec.		
Cost	4	4
Accumulated depreciation	0	0
Accumulated impairment losses	0	0
Net carrying amount	**4**	**4**
Rental income from investment property	**0**	**0**
Fair value of investment property at 31 Dec.	**4**	**4.31**
Elimination items	-4	-4

EURm	2012	2011
Group, total	**122**	**118**

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

The premises in investment property for different segments are leased on market-based, irrevocable contracts. The lengths of the contracts vary from those for the time being to those for several years.

13 Intangible assets

P&C insurance

EURm	2012 Goodwill	Other intangible assets	Total
At 1 Jan.			
Cost	564	119	682
Accumulated amortisation	-	-102	-102
Net carrying amount	**564**	**17**	**580**
Opening net carrying amount	**564**	**17**	**580**
Exchange differences	22	1	22
Additions			
Acquired separately	-	6	6
Disposals	0	-1	-1
Amortisation	-	-2	-2
Closing net carrying amount	**585**	**21**	**606**
At 31 Dec.			
Cost	585	125	710
Accumulated amortisation	-	-104	-104
Net carrying amount	**585**	**21**	**606**

EURm	2011 Goodwill	Other intangible assets	Total
At 1 Jan.			
Cost	564	113	677
Accumulated amortisation	-	-100	-100
Net carrying amount	**564**	**13**	**577**
Opening net carrying amount	**564**	**13**	**577**
Exchange differences	3	0	4
Additions			
Acquired separately	-	5	5
Disposals	-4	-	-4
Amortisation	-	-2	-2
Closing net carrying amount	**564**	**17**	**580**

At 31 Dec.			
Cost	564	119	682
Accumulated amortisation	-	-102	-102
Net carrying amount	**564**	**17**	**580**

Life insurance

EURm	2012 Goodwill	2012 Other intangible assets	2012 Total	2011 Goodwill	2011 Other intangible assets	2011 Total
At 1 Jan.						
Cost	153	40	193	153	36	190
Accumulated amortisation	-	-28	-28	-	-25	-25
Net carrying amount	**153**	**12**	**165**	**153**	**12**	**165**
Opening net carrying amount	153	12	165	153	12	165
Additions	-	2	2	-	3	3
Amortisation	-	-3	-3	-	-3	-3
Closing net carrying amount	**153**	**11**	**164**	**153**	**12**	**165**
At 31 Dec.						
Cost	153	42	195	153	40	193
Accumulated amortisation	-	-31	-31	-	-28	-28
Net carrying amount	**153**	**11**	**164**	**153**	**12**	**165**

EURm	2012	2011
Group, total	**771**	**745**

Other intangible assets in all segments comprise mainly IT software.

Depreciation and impairment losses are included in the income statement item Other operating expenses.

Testing goodwill for impairment

Goodwill is tested for impairment in accordance with IAS 36 Impairment of assets. No impairment losses have been recognised based on these tests.

For the purpose of testing goodwill for impairment, Sampo determines the recoverable amount of its cash-generating units, to which goodwill has been allocated, on the basis of value in use. Sampo has defined these cash-generating units as If Group and Mandatum Life.

The recoverable amounts for If have been determined by using a discounted cash flow model. The model is based on Sampo's management's best estimates of both historical evidence and economic conditions such as volumes, margins, income and cost development. The value in use model for Mandatum Life has been fundamentally based on the embedded value model where the cash flow estimates for existing policies are based on budgets approved by the management and on historical evidence in terms of policy surrendering, death and accident frequencies etc. The derived cash flows were discounted at the pre-tax rates of the weighted average cost of capital which for If was 9.1 % and for Mandatum Life 9.5 %.

Forecasts for If, approved by the management, cover years 2013 – 2015. The cash flows beyond that have been extrapolated using a 2 % growth rate. A 2 % growth rate for years beyond 2012 has been used for the markets where Mandatum Life operates.

In Mandatum Life, the recoverable amount exceeds its carrying amount by some EURm 130. With the calculation method used, e.g. a long-term decline of several percentage points in annual investment returns could lead to a situation where the recoverable amount of the entity would equal its carrying amount.

As for the If Group, the management believes that any reasonably possible change in any of these key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

14 Investments in associates

Associates that have been accounted for by the equity method at 31 Dec. 2012

EURm

Name	Carrying amount	Fair value *)	Interest held %	Assets/ liabilities	Revenue	Profit/loss
Nordea Bank plc	6,687	6,226	21.25	677 420 / 649 204	10,236	3,126
Topdanmark A/S	352	512	25.44	8 291 / 7 612	1,253	178
Autovahinkokeskus Oy	3		35.54	9 / 1	8	1
Consulting AB Lennemark & Andersson	1		21.98	16 /1	16	1
Urzus Group AS	3		28.57	4 / -6	4	-6
Svithun Assuranse AS (Norway)	1		33	2 / 0	2	0
Watercircles Skandinavia AS (Norway)	2		27.68	3 / -4	3	-4

Associates that have been accounted for by the equity method at 31 Dec. 2011

EURm

Name	Carrying amount	Fair value *)	Interest held %	Assets/ liabilities	Revenue	Profit/loss
Nordea Bank Abp	6,253	5,141	21.26	716 204 / 690 084	9,501	2,634
Topdanmark A/S	329	379	23.59	8 033 / 7 397	1,106	93
Autovahinkokeskus Oy	3		35.54	9 / 1	7	1

Associates not accounted for by the equity method at 31 Dec. 2011 **)

EURm

Name	Assets/ liabilities	Revenue	Profit/loss
Consulting AB Lennemark & Andersson	11 / 7	15	1
Urzus Group AS	10 / 3	5	-1
Besure Forsikring Skandinavia AS	3 / 0	0	-1

*) Published price quatation

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

Changes in investments in associates

EURm	2012	2011
At beginning of year	6,593	5,699
Share of loss/profit	700	540
Additions	3	583
Disposals	-224	-250
Changes in the equity of associates	-21	18
Exchange differences	-1	2
At end of year	**7,049**	**6,593**

At 31 Dec. 2012, the carrying amount of investments in associates included goodwill EURm 1,100 (1,094), including goodwill from the Nordea acquisition EURm 978 (976).

Sampo's holding in Nordea

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

Nordea was first conslidated as an associate company from 31 Dec. 2009 with Sampo's holding of 20,05 %. In the financial year 2012, Sampo's holding in Nordea was 21.25 % with the goodwill related to the acquisitions of EURm 978.

Sampo’s share of Nordea’s loss/profit consists of the following as of 31 Dec. 2012:

EURm	2012
Share of loss/profit of the associate	664
Amortisation of the customer rlations	-35
Change in deferred tax (incl.the effect of the decrease of Sweden's tax rate to 22 %)	25
Share of the loss/profit of an associate	**653**

At the end of the financial year 2012, Nordea's market value was below its carrying amount in the Group. Sampo performed an impairment test in accordance with IAS 36 Impairment of Assets where the recoverable amount for Nordea was compared with its carrying amount in the Group.The recoverable amount was defined using a discounted cash flow model, where the cash flows were based on the public information on Nordea and Sampo's estimates of Nordea's future based on this information. Based on the test, the recoverable amount exceeded Nordea's carrying amount and no impairment losses were recognised.

15 Financial assets

Group's financial assets comprise investments in derivatives, financial assets designated as at fair value through p/l, loans and receivables, available-for-sale financial assets and investments in subsidiaries. The Holding segment includes also investments in subsidiaries.

The Group uses derivative instruments for trading and for hedging purposes. The derivatives used are foreign exchange, interest rate and equity derivatives. In P&C insurance business, fair value hedging has been applied during the financial year. In Life insurance, both fair value and cash flow hedging have been applied.

EURm	2012	2011
P&C insurance		
Derivative financial instruments	49	114
Financial assets designated as at fair value through p/l	22	155
Loans and receivables	85	83
Financial assets available-for-sale	11,045	10,402
P&C insurance, total	**11,200**	**10,754**
Life insurance		
Derivative financial instruments	60	36
Financial assets designated as at fair value through p/l	48	51
Loans and receivables	23	23
Financial assets available-for-sale	5,138	5,058
Life insurance, total	**5,269**	**5,168**
Holding		
Derivative financial instruments	59	29
Loans and receivables	1	1
Financial assets available-for-sale	599	1,066
Investments in subsidiaries	2,370	2,370
Holding, total	**3,028**	**3,465**
Elimination items between segments	-2,641	-2,642
Group, total	**16,857**	**16,745**

P&C insurance

Derivative financial instruments

	2012			2011		
		Fair value			Fair value	
EURm	Contract/ notional amount	Assets	Liabilities	Contract/ notional amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Intrerest rate swaps	50	0	1	162	19	16
Exchange traded derivatives						
Interest rate futures	163	2	-	393	0	-
Total interest rate derivatives	**213**	**2**	**1**	**555**	**19**	**16**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	2,173	37	36	11,749	94	185
Currency options, bought and sold	-	-	-	211	2	2
Total foreign exchange derivatives	**2,173**	**37**	**36**	**11,961**	**95**	**186**
Equity derivatives						
OTC derivatives						
Equity and equity index options	0	0	-	0	0	-
Total derivatives held for trading	**2,386**	**40**	**37**	**12,516**	**114**	**202**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	372	9	1	277	-	0
Total derivatives	**2,759**	**49**	**38**	**12,793**	**114**	**202**

Other financial assets

EURm	2012	2011
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	3	33
Certificates of deposit issued by banks	16	89
Other debt securities	1	33
Total debt securities	**19**	**155**
Equity securities		
Listed	2	0
Unlisted	-	-
Total	**2**	**0**
Total financial assets designated as at fair value through p/l	**22**	**155**
Loans and receivables		
Deposits with ceding undertakings	1	1
Other	83	82
Total loans and receivables	**85**	**83**
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	152	258
Certificates of deposit issued by banks	3,729	2,967
Other debt securities	5,794	5,888
Total debt securities	**9,675**	**9,113**
Equity securities		
Listed	1,240	1,145
Unlisted	130	144
Total	**1,370**	**1,289**
Total financial assets available-for-sale	**11,045**	**10,402**
Financial assets available-for-sale for P&C insurance include impairment losses EURm 323 (330).		
P&C insurance, total financial assets	**11,200**	**10,754**

Life insurance

Derivative financial instruments

	2012			2011		
		Fair value			Fair value	
EURm	Contract/ notional amount	Assests	Liabilities	Contract/ notional amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	778	19	2	1,750	21	-
Credit risk swaps	531	0	2	558	10	0
Total	**1,309**	**19**	**3**	**2,308**	**31**	**0**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	1,149	17	2	708	2	24
Currency options, bought and sold	99	1	0	203	1	1
Total foreign exchange derivatives	**1,248**	**17**	**2**	**912**	**3**	**25**
Equity derivatives						
OTC derivatives						
Equity and equity index options	**-**	**-**	**-**	**29**	**0**	**0**
Total derivatives held for trading	**2,556**	**37**	**5**	**3,248**	**35**	**25**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	575	23	-	430	-	38
Interest rate swaps	-	-	-	33	-	1
Total	**575**	**23**	**-**	**463**	**0**	**38**
Cash flow hedges						
Interest rate swaps	9	0	-	47	2	-
Total derivatives held for hedging	**584**	**23**	**-**	**510**	**2**	**38**
Total derivatives	**3,141**	**60**	**5**	**3,758**	**36**	**64**

Fair value hedges

Fair value hedging is used to hedge a proportion of foreign exchange and interest risk in available-for-sale financial assets. The interest elements of forward contracts have been excluded from hedging relationships in foreign exchange hedges, as well as the share of credit risk in interest risk hedges.

Net result from exchange derivatives designated as fair value hedges amounted to EURm 12 (-11). Net result from hedged risks in fair value hedges of available for sale financial assets amounted to EURm -11 (11).

The hedge of interest rate risk was assessed ineffective during the first quarter and the hedge accounting was terminated. The hedging result EURm 1 will be amortised with the effective interest method during the remaining 3 years of maturity of the hedged bonds. In the comparison year, the net losses from interest rate swaps designated as fair value hedges amounted to EURm -2. The net gains from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 2.

Cash flow hedges

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

At 31 Dec. 2012, the total amount of gains recognised in equity from the changes in the fair values of hedging instruments was EURm 0 (2). These gains are recognised in the income statement at the time when the hedged items affect profit or loss. The table below represents the periods when the cash flows are expected to occur and when they are expected to affect profit or loss. Any ineffectiveness is recognised in the income statement.

Other financial assets

EURm	2012	2011
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	12	11
Certificates of deposit issued by banks	35	39
Total debt securities	**47**	**50**
Listed equity securities	1	1
Total financial assets designated as at fair value through p/l	**48**	**51**
Loans and receivables		
Deposits with ceding undertakings	1	1
Loans	22	22
Total loans and receivables	**23**	**23**

Financial assets available-for-sale		
Debt securities		
Issued by public bodies	12	11
Issued by banks	1,066	1,150
Other debt securities	1,708	1,671
Total debt securities	**2,786**	**2,832**
Equity securities		
Listed	1,561	1,451
Unlisted	792	775
Total	**2,353**	**2,226**
Total financial assets available-for-sale	**5,138**	**5,058**
Financial assets available-for-sale for life insurance include impairment losses EURm 29 (173).		
Life insurance, total financial assets	**5,269**	**5,168**

Financial assets available for sale / debt securities: Debt securities available for sale include EURm 2,381 (2,494) investments in bonds and EURm 405 (338) investments in money market instruments.

Financial assets available for sale /shares and participations: Listed equity securities include EURm 589 (635) listed equities. Unlisted equity securities include EURm 752 (692) investments in capital trusts.

Holding

Derivative financial instruments

	2012			**2011**		
		Fair value			**Fair value**	
EURm	**Contract/ notional amount**	**Assets**	**Liabilities**	**Contract/ notional amount**	**Assets**	**Liabilities**
Derivatives held for trading						
Interest derivatives						
OTC-derivatives						
Interest rate swaps	800	42	-	1,050	16	-
Credit risk swaps	20	1	-	20	0	-
Total interest derivatives	**820**	**43**	**-**	**1,070**	**16**	**-**

Equity derivatives						
Exchange traded derivatives						
Equity and euqity index options	90	16	19	80	13	17
Total derivatives	**910**	**59**	**19**	**1,150**	**29**	**17**

Other financial assets

EURm	2012	2011
Loans and receivables		
Deposits	1	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	100	809
Other debt securities	475	223
Total debt securities	**575**	**1,032**
Equity securities		
Listed	1	-
Unlisted	24	34
Total	**24**	**34**
Total financial assets available-for-sale	**599**	**1,066**
Financial assets available-for-sale for Holding business include impairment losses EURm 0 (0).		
Investments in subsidiaries	2,370	2,370
Holding, total financial assets	**3,028**	**3,465**
Elimination items between segments	-2,641	-2,642

EURm	2012	2011
Group, total	**16,856**	**16,745**

16 Fair values

	2012		2011	
EURm	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Financial assets, Group				
Financial assets	16,858	16,857	16,747	16,745
Investments related to unit-linked contracts	3,834	3,834	3,053	3,053
Other assets	9	9	10	10
Cash and cash equivalents	1,029	1,034	572	572
Total	**21,730**	**21,734**	**20,383**	**20,381**
Financial liablities, Group				
Financial liabilities	2,485	2,378	2,775	2,768
Other liabilities	4	4	2	2
Total	**2,489**	**2,382**	**2,777**	**2,771**

In the table above are presented fair values and carrying amounts of financial assets and liabilities. The detailed measurement bases of financial assets and liabilities are disclosed in Group Accounting policies.

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

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

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

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

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

17 Determination and hierarchy of fair values

A large majority of Sampo Group's financial assets are valued at fair value. The valuation is based on either published price quatations or valuation techniques based on market observable inputs, where available. For a limited amount of assets the value needs to be determined using other techniques.

The financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on e.g. if the market for the instrument is active, or if the inputs used in the valuation technique are observable.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

In level 3, the measurement is based on other inputs rather than observable market data.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31 Dec. 2012				
Derivative financial instruments				
Interest rate swaps	2	62	-	64
Other interest derivatives	-	2	-	2
Foreign exchange derivatives	-	87	-	87
Equity derivatives	-	16	-	16
	2	**16**	**-**	**168**
Financial assets designated at fair value through profit or loss				
Equity securities	3	-	-	3
Debt securities	-	66	-	66
	3	**66**	**-**	**70**
Financial assets related to unit-linked insurance				
Equity securities	239	67	14	320
Debt securities	-	808	17	826
Derivative financial instruments	1,821	520	50	2,390
Mutual funds	-	16	-	16
	2,060	**1,412**	**81**	**3,553**

Financial assets available-for-sale *)				
Equity securities	1,535	-	69	1,603
Debt securities	253	12,439	73	12,764
Mutual funds	1,131	118	894	2,143
	2,918	**12,557**	**1,036**	**16,511**
Total financial assests measured at fair value	**4,984**	**14,051**	**1,117**	**20,301**
FINANCIAL LIABILITIES 31 Dec. 2012				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	39	0	39
Equity derivatives	-	-	19	19
Other derivatives	-	-	-	0
Total financial liabilities measured at fair value	**0**	**43**	**19**	**62**

*) During the financial year, debt securities EURm 7 have been transferred from level 1 to level to 2. Mutual funds EURm 34 have been transferred from level 2 to level 1.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31 Dec. 2011				
Derivative financial instruments				
Interest rate swaps	-	67	-	67
Foreign exchange derivatives	-	98	-	98
Equity derivatives	0	13	-	13
	0	**13**	**-**	**179**
Financial assets designated at fair value through profit or loss				
Equity securities	1	-	-	1
Debt securities	31	174	-	205
	32	**174**	**-**	**206**
Financial assets related to unit-linked insurance				
Equity securities	150	1	0	151
Debt securities	4	566	0	570
Derivative financial instruments	0	2	-	2
Mutual funds	1,458	519	62	2,039
	1,612	**1,087**	**63**	**2,762**

Financial assets available-for-sale				
Equity securities	1,394	-	71	1,465
Debt securities	317	12,290	99	12,706
Mutual funds	1,053	127	905	2,084
	2,764	12,417	1,074	16,254
Total financial assests measured at fair value	**4,409**	**13,690**	**1,137**	**19,401**

FINANCIAL LIABILITIES 31 Dec. 2011				
Derivative financial instruments				
Interest rate derivatives	-	1	-	1
Foreign exchange derivatives	-	265	-	265
Equity derivatives	-	17	-	17
Total financial assests measured at fair value	**-**	**282**	**-**	**282**

Sensitivity analysis of fair values

The sensitivity of financial assets and liabilites to changes in exchange rates is assessed on business area level due to differenct base currencies. In P&C insurance, 10 percentage point depreciation of all other currencies against SEK would result in an effect recognised in profit/loss of EURm 15 (9) and in an effect recognised directly in equity of EURm 11 (1). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an effect recognised in profit/loss of EURm 52 (20) and in an effect recognised directly in equity of EURm 64 (60). In Holding, 10 percentage point depreciation of all other currencies against EUR would have no impact in profit/loss, but an effect recognised in equity of EURm 3 (2). The sensitivity analysis of the Group's fair values of financial assets and liabilities in differenct market risk scenarios is presented below. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 Dec. 2012. The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes.

The debt issued by Sampo plc is not included.

		Interest rate	**Equity**	**Other financial investments**
	1 % parallel shift down	1 % parallel shift up	20 % fall in prices	20 % fall in prices
Effect recognised in profit/loss	-62	39	0	-4
Effect recognised directly in equity	171	-166	-569	-176
Total effect	**109**	**-127**	**-569**	**-180**

18 Movements in level 3 financial instruments measured at fair value

EURm	At Jan. 2012	Total gains /losses in income statement	Total gains/ losses recorded in other compre-hensive income.	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec. 2012	Gains/ losses included in p/l for financial assets 31 Dec. 2012
FINANCIAL ASSETS 2012								
Financial assets designated at fair value through profit or loss								
Debt securities	0	-	-	-	-	-	0	-
	0	**0**	**-**	**-**	**0**	**0**	**0**	**0**
Financial assets related to unit-linked insurance								
Equity securities	0	0	-	19	-6	-	13	0
Debt securities	0	1	-	17	0	-	17	1
Mutual funds	62	2	-	31	-45	0	50	2
	63	**2**	**0**	**66**	**-50**	**0**	**81**	**3**
Financial assets available-for-sale								
Equity securities	72	0	1	2	-6	-	69	-1
Debt securities	99	17	-16	4	-31	-	73	15
Mutual funds	904	4	13	168	-196	-	894	12
	1,074	**21**	**-2**	**174**	**-232**	**-**	**1,035**	**25**
Total financial assests measured at fair value	**1,137**	**23**	**-2**	**240**	**-282**	**0**	**1,117**	**28**

EURm	2012 Realised gains /losses	2012 Fair value gains and losses	2012 Total
Total gains or losses included in profir or loss for the financial year	23	5	29
Total gains or losses included in profit and loss for assets held at the end of the financial year	23	5	28

EURm	At Jan. 2011	Total gains/ losses in income statement	Total gains/ losses recorded in other compre- hensive income.	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec. 2011	Gains/ losses included in p/l for financial assets 31 Dec. 2011
FINANCIAL ASSETS 2011								
Financial assets designated at fair value through profit or loss								
Debt securities	18	8	-	-	-26	-	0	-
Financial assets related to unit-linked insurance								
Equity securities	0	-	-	0	-	-	0	-
Debt securities	0	-1	-	-	0	1	0	-1
Mutual funds	57	2	-	22	-19	-	62	2
	58	**1**	**0**	**22**	**-19**	**1**	**63**	**1**
Financial assets available-for-sale								
Equity securities	77	3	12	1	-22	0	72	-5
Debt securities	111	24	12	50	-96	-3	99	24
Mutual funds	742	14	33	250	-134	0	904	12
	930	**41**	**57**	**302**	**-252**	**-3**	**1,074**	**31**
Total financial assests measured at fair value	**1,005**	**50**	**57**	**324**	**-297**	**-2**	**1,137**	**32**

	2011		
	Realised gains /losses	Fair value gains and losses	Total
Total gains or losses included in profir or loss for the financial year	35	15	**50**
Total gains or losses included in profit and loss for assets held at the end of the financial year	25	8	**32**

19 Sensitivity analysis of level 3 financial instruments measured at fair value

	2012		2011	
EURm	Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)	Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets available-for-sale				
Equity securities	69	-14	71	-14
Debt securities	73	-3	99	-4
Mutual funds	894	-163	905	-166
Total	**1,036**	**-180**	**1,074**	**-185**

The value of financial assets regarding the debt security instruments has been tested by assuming a rise of 1 per cent unit in interest rate level in all maturities. For other financial assets, the prices were assumed to go down by 20 %. The Sampo Group bears no investment risks relatted to unit-linked insurance, so a change in assumptions regarding these assets does not affect profit or loss. On the basis of the these alternative assumptions, a possible change in interest levels would cause descend of EURm 3 (4) for the debt instruments, and EURm 177 (181) valuation loss for other instruments in the Group's other comprehensive income. The reasonably possible effect, proportionate to the Group's equity, would thus be 1.8 % (2.1).

20 Investments related to unit-linked insurance contracts

Life insurance

EURm	2012	2011
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	34	32
Certificates of deposit issued by banks	207	137
Other debt securities	585	401
Total	**826**	**570**
Equity securities		
Listed	2,702	2,181
Unlisted	9	8
Total	**2,711**	**2,190**
Total financial assets designated at fair value through p/l	281	291
Other	16	2
Investment related to unit-linked contracts, total	**3,834**	**3,053**

The historical cost of the equity securities related to unit-linked contracts was EURm 2,460 (2,157) and that of the debt securities EURm 776 (556).

21 Deferred tax assets and liabilities

Changes in deferred tax during the financial period 2012

EURm	1 Jan.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31 Dec.
Deferred tax assets					
Tax losses carried forward	19	0	0	0	18
Changes in fair values	0	0	0	0	0
Employee benefits	37	-7	0	1	31
Other deductible temporary differences	29	-28	2	2	5
Total	**85**	**-36**	**2**	**3**	**54**
Netting of deferred taxes					-10
Deferred tax assets in the balance sheet					**44**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	356	-29	0	11	337
Changes in fair values	107	-2	92	-1	197
Other taxable temporary differences	28	-10	0	1	18
Total	**491**	**-41**	**92**	**10**	**552**
Netting of deferred taxes					-10
Total deferred tax liabilities in the balance sheet					**542**

Changes in deferred tax during the financial period 2011

EURm	1 Jan.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31 Dec.
Deferred tax assets					
Tax losses carried forward	20	0	-2	0	19
Changes in fair values	0	0	0	0	0
Employee benefits	38	-2	0	0	37
Other deductible temporary differences	16	-1	0	0	15
Total	**75**	**-3**	**-2**	**0**	**71**
Netting of deferred taxes					-7
Deferred tax assets in the balance sheet					**64**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	377	-22	0	1	356
Changes in fair values	249	-2	-141	0	107
Other taxable temporary differences	20	-2	0	0	18
Total	**647**	**-27**	**-141**	**2**	**481**
Netting of deferred taxes					-7
Total deferred tax liabilities in the balance sheet					**474**

In Sampo plc, EURm 22 of deferred tax asset has not been recognised on unused tax losses. The first losses will expire in 2021.

In life insurance, EURm 4 of deferred tax asset has not been recognised on unused tax losses.

22 Taxes

EURm	2012	2011
Profit before tax	1,616	1,228
Tax calculated at parent company's tax rate	-396	-319
Different tax rates on overseas earnings	-11	0
Income not subject to tax	4	69
Expenses not allowable for tax purposes	-4	-4
Consolidation procedures and eliminations	183	73
Tax losses for which no deferred tax asset has been recognised	-6	-17
Changes in tax rates	16	7
Tax from previous years	1	2
Total	**-212**	**-189**

23 Components of other comprehensive income

EURm	2012	2011
Other comprehensive income:		
Exchange differences	48	6
Available-for-sale financial assets		
Gains/losses arising during the year	540	-559
Reclassification adjustments	-31	40
Cash flow hedges		
Gains/losses arising during the year	-1	-2
Share of associate's other comprehensive income	9	23
Income tax relating to components of other comprehensive income	-114	141
Total	**451**	**-352**

24 Tax effects relating to components of other comprehensive income

	2012			2011		
EURm	**Before-tax amount**	**Tax**	**Net-of-tax amount**	**Before-tax amount**	**Tax**	**Net-of-tax amount**
Exchange differences	48	-	48	6	-	6
Available-for-sale financial assets	509	-114	395	-520	140	-379
Cash flow hedges	-1	0	-1	-2	1	-2
Share of associate's other comprehensive income	9	-	9	23	-	23
Total	**556**	**-114**	**451**	**-516**	**141**	**-352**

25 Other assets

P&C insurance

EURm	**2012**	**2011**
Interests	126	131
Assets arising from direct insurance operations	1,098	1,014
Assets arising from reinsurance operations	79	67
Settlement receivables	3	2
Deferred acquisition costs [1)]	172	157
Assets related to Patient Insurance Pool	56	55
Other	57	54
P&C insurance, total	**1,592**	**1,479**

Other assets include non-current assets EURm 55 (57).

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

[1)] Change in deferred acquisition costs in the period

EURm	**2012**	**2011**
At 1 Jan.	157	139
Net change in the period	10	17
Exchange differences	5	1
At 31 Dec.	**172**	**157**

Life insurance

EURm	2012	2011
Interests	45	54
Receivables from policyholders	6	5
Assets arising from reinsurance operations	0	0
Settlement receivables	6	5
Taxes	19	0
Assets pledged for trading in derivatives	6	40
Other	27	29
Life insurance, total	**109**	**133**

Item Other comprise e.g. pensions paid in advance and receivables from co-operation companies.

Holding

EURm	2012	2011
Interests	36	51
Other	5	8
Holding, total	**41**	**59**

Item Other includes e.g. asset management fee receivables.

Elimination items between segments	-13	-12

EURm	2012	2011
Group, total	**1,729**	**1,659**

26 Cash and cash equivalents

P&C insurance

EURm	2012	2011
Cash at bank and in hand	145	225
Short-term deposits (max 3 months)	261	166
P&C insurance, total	**407**	**390**

Life insurance

EURm	2012	2011
Cash at bank and in hand	55	93
Short-term deposits (max 3 months)	99	-
P&C insurance, total	**154**	**93**

Holding

EURm	2012	2011
Cash	200	89
Short-term deposits (max 3 months)	273	-
Holding, total	**473**	**89**
Group, total	**1,034**	**572**

27 Liabilities from insurance and investment contracts

P&C insurance

Change in insurance liabilities

	2012			2011		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Provision for unearned premiums						
At 1 Jan.	1,972	53	1,919	1,845	53	1,792
Exchange differences	56	1	57	20	1	20
Change in provision	79	1	81	106	-1	107
At 31 Dec.	**2,107**	**55**	**2,053**	**1,972**	**53**	**1,919**

	2012			2011		
EURm	**Gross**	**Ceded**	**Net**	**Gross**	**Ceded**	**Net**
Provision for claims outstanding						
At 1 Jan.	7,576	476	7,100	7,494	457	7,037
Disposed insurance holdings	-1	0	-1	-	-	-
Exchange differences	199	12	187	34	5	29
Change in provision	-27	35	-62	48	14	34
At 31 Dec.	**7,747**	**522**	**7,225**	**7,576**	**476**	**7,100**

Liabilities from insurance contracts

EURm	**2012**	**2011**
Provision for unearned premiums	2,107	1,972
Provision for claims outstanding	7,747	7,576
Incurred and reported losses	2,050	2,037
Incurred but not reported losses (IBNR)	3,573	3,485
Provisions for claims-adjustment costs	275	269
Provisions for annuities and sickness benefits	1,849	1,785
P&C insurance total	**9,854**	**9,547**

Reinsurers' share		
Provision for unearned premiums	55	53
Provision for claims outstanding	522	476
Incurred and reported losses	401	328
Incurred but not reported losses (IBNR)	121	148
Total reinsurers' share	**577**	**528**

As the P&C insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading.

Claims cost trend of P&C insurance

The tables below show the cost trend for the claims for different years. The upper part of the tables shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet.

More information on P&C insurance's insurance liabilities in the Risk Management section of the Annual accounts.

Claims costs before reinsurance

Estimated claims cost

EURm	< 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
At the close of the claims year	5,181	2,665	2,604	2,774	2,789	2,853	3,015	3,026	3,149	3,231	3,251	
One year later	5,414	2,622	2,567	2,715	2,774	2,851	2,967	2,973	3,191	3,359		
Two years later	5,515	2,537	2,501	2,659	2,744	2,814	2,904	2,940	3,134			
Three years later	5,599	2,527	2,495	2,630	2,739	2,778	2,874	2,894				
Four years later	5,698	2,507	2,477	2,595	2,696	2,730	2,847					
Five years later	5,738	2,488	2,449	2,558	2,644	2,702						
Six years later	5,741	2,475	2,406	2,501	2,610							
Seven years later	5,831	2,488	2,369	2,475								
Eight years later	5,930	2,463	2,329									
Nine years later	5,993	2,439										
Ten years later	5,998											
Current estimate of total claims costs	5,998	2,439	2,329	2,475	2,610	2,702	2,847	2,894	3,134	3,359	3,251	34,039
Total disbursed	3,630	2,202	2,078	2,208	2,314	2,352	2,419	2,439	2,602	2,617	1,720	26,581
Provision reported in the balance sheet	**2,368**	**237**	**251**	**267**	**296**	**350**	**428**	**455**	**533**	**742**	**1,531**	**7,458**
of which established vested annuities	1,325	67	51	66	68	67	64	54	51	27	9	1,849
Other provision												14
Provision for claims-adjustment costs												275
Total provision reported in the BS												**7,747**

Claims costs after reinsurance

Estimated claims cost

EURm	< 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
At the close of the claims year	4,549	2,539	2,529	2,622	2,675	2,750	2,887	2,901	2,991	3,052	3,041	
One year later	4,769	2,487	2,491	2,556	2,649	2,741	2,853	2,866	3,040	3,132		
Two years later	4,875	2,408	2,426	2,499	2,618	2,714	2,794	2,832	2,997			
Three years later	4,938	2,397	2,419	2,478	2,621	2,679	2,765	2,801				
Four years later	5,021	2,376	2,405	2,445	2,580	2,633	2,742					
Five years later	5,053	2,358	2,376	2,408	2,534	2,606						
Six years later	5,052	2,346	2,333	2,366	2,502							
Seven years later	5,090	2,359	2,299	2,341								
Eight years later	5,207	2,339	2,260									
Nine years later	5,267	2,321										
Ten years later	5,282											
Current estimate of total claims costs	5,282	2,321	2,260	2,341	2,502	2,606	2,742	2,801	2,997	3,132	3,041	32,025
Total disbursed	2,991	2,097	2,022	2,084	2,217	2,272	2,324	2,368	2,537	2,488	1,688	25,089
Provision reported in the balance sheet	**2,291**	**224**	**238**	**257**	**285**	**334**	**418**	**434**	**459**	**4,939**	**7,587**	**6,936**
of which established vested annuities	1,325	67	51	66	68	67	64	54	51	27	9	1,849
Other provision												14
Provision for claims-adjustment costs												275
Total provision reported in the BS												**7,225**

Life insurance

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2012	4,242	7	**4,249**
Premiums	172	0	**172**
Claims paid	-425	-1	**-426**
Expense charge	-38	0	**-38**
Guaranteed interest	148	0	**148**
Bonuses	3	0	**3**
Other	-37	-1	**-38**
At 31 Dec. 2012	4,065	6	**4,071**
Reinsurers' share	-3	0	**-3**
Net liability at 31 Dec. 2012	**4,062**	**6**	**4,067**

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2011	**4,388**	**22**	**4,410**
Premiums	204	1	**206**
Claims paid	-438	-17	**-455**
Expense charge	-37	0	**-37**
Guaranteed interest	153	0	**153**
Bonuses	6	0	**6**
Other	-34	0	**-34**
At 31 Dec. 2011	4,242	7	**4,249**
Reinsurers' share	-3	0	**-3**
Net liability at 31 Dec. 2011	**4,239**	**7**	**4,245**

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2012	2,216	838	**3,054**
Premiums	421	389	**810**
Claims paid	-165	-123	**-289**
Expense charge	-32	-14	**-46**
Other	225	79	**303**
At 31 Dec. 2012	**2,665**	**1,168**	**3,833**
At 1 Jan. 2011	**2,381**	**743**	**3,124**
Premiums	339	310	**649**
Claims paid	-196	-157	**-354**
Expense charge	-31	-12	**-43**
Other	-277	-44	**-321**
At 31 Dec. 2011	**2,216**	**838**	**3,054**

The liabilities at 1 Jan. and at 31 Dec. include the future bonus reserves and the effect of the reserve for the decreased discount rate. The calculation is based on items before reinsurers' share. A more detailed specification of changes in insurance liabilities is presented in Group's Risk Management.

EURm	2012	2011
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,090	2,219
Provision for claims outstanding	1,972	2,020
Liabilities for contracts without discretionary participation feature (DPF)		
Provision for unearned premiums	0	0
Provision for claims outstanding	1	0
Total	**4,063**	**4,240**
Assumed reinsurance		
Provision for unearned premiums	1	1
Provision for claims outstanding	1	1
Total	**2**	**2**
Insurance contracts total		
Provision for unearned premiums	2,091	2,220
Provision for claims outstanding	1,975	2,022
Total	**4,065**	**4,242**

Investment contracts		
Liabilities for contracts without discretionary participation feature (DPF)		
Vakuutusmaksuvastuu	6	7
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,096	2,227
Provision for claims outstanding	1,975	2,022
Life insurance total	**4,071**	**4,249**
Reinsurers' share		
Provision for unearned premiums	0	0
Provision for claims outstanding	-3	-3
Total	**-3**	**-3**

Investment contracts do not include a provision for claims outstanding.

Liability adequacy test does not give rise to supplementary claims.

Exemption allowed in IFRS 4 Insurance contracts has been applied to investment contracts with DPF or contracts with a right to trade-off for an investment contract with DPF. These investment contracts have been valued like insurance contracts.

EURm	2012	2011
Group Total	**13,925**	**13,796**

28 Liabilities from unit-linked insurance and investment contracts

Life insurance

EURm	2012	2011
Unit-linked insurance contracts	2,665	2,216
Unit-linked investment contracts	1,168	838
Total	**3,833**	**3,054**
Elimination items between segments	-1	-

EURm	2012	2011
Group, total	**3,832**	**3,054**

29 Financial liabilities

The segment financial liabilities include derivatives, debt securities and other financial liabilities.

P&C insurance

EURm		2012	2011
Derivative financial instruments (note 15)		38	202
Subordinated debt securities			
Subordinated loans			
Euro-denominated loans	**Maturity**		
Preferred capital note, 2002 (nominal value EURm 65)	20 years	66	68
Preferred capital note, 2005 (nominal value EURm 150)	perpetual	149	149
Preferred capital note, 2011 (nominal value EURm 110)	30 years	109	109
Total subordinated debt securities		**324**	**217**
P&C insurance, total financial liabilities		**362**	**419**

The loans are issued with fixed interest rates for the first ten years, after which they become subject to variable interest rates. At that point, there is the possibility of redemption. All loans and their terms are approved by supervisory authorities and the loans are utilised for solvency purposes.

The loan issued in 2002 was issued to If's previous owners in relation to their holding in If. The loan issued in 2011 is wholly subscribed by Sampo Plc.

The loans issued in 2005 and 2011 are listed on the Luxembourg Exchange.

Life insurance

EURm	2012	2011
Derivative financial instruments (note 15)	5	64
Subordinated debt securities		
Subordinated loans	100	100
Life insurance, total	**105**	**164**

Mandatum Life issued in 2002 EURm 100 Capital Notes. The loan is perpetual and pays floating rate interest. The interest is payable only from distributable capital. The loan is repayable only with the consent of the Insurance Supervisory Authority and at the earliest on 2012 or any interest payment date after that. The loans is wholly subscribed by Sampo Plc.

Holding

EURm	2012	2011
Derivative financial instruments (note 15)	19	17
Debt securities in issue		
Commercial papers	451	652
Bonds	1,710	1,677
Total	**2,162**	**2,329**
Holding, total	**2,181**	**2,346**
Elimination items between segments	-270	-269

EURm	2012	2011
Group, total	**2,378**	**2,659**

30 Provisions

P&C insurance

EURm	2012
At 1 Jan. 2012	37
Exchange rate differences	2
Additions	26
Amounts used during the period	-7
Unused amounts reversed during the period	-3
At 31 Dec. 2012	**56**
Current (less than 1 year)	49
Non-current (more than 1 year)	7
Total	**56**

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

31 Employee benefits

Employee benefits

Sampo has defined benefit plans in P&C insurance business in Sweden and Norway.

In addition to statutory retirement pension insurance, the Group has certain voluntary defined benefit plans. The voluntary defined benefit plans are intra-Group and included in the insurance liabilities of Mandatum Life. The amount is negligible and they have no material impact on the Group profit or loss or equity.

Employee benefit obligations of P&C Insurance 31 Dec.

EURm	2008	2009	2010	2011	2012
Present value of estimated pension obligation	390	424	458	577	565
Fair value of plan assets	220	272	326	347	392
Net obligation/liability	170	152	132	230	174
Net cumulative unrecognised					
actuarial gains/losses	-94	-67	-46	-151	-113
Net pension obligation recognised in the balance sheet	**76**	**85**	**85**	**79**	**60**
Provision for social security	17	19	20	19	16
Provision for pensions 31 Dec.	**92**	**104**	**105**	**98**	**76**

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. The discount rate is based on liquid covered mortgage bonds issued by mortgage institutions. 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 are classified as defined contribution plans.

The Norwegian pension rules and regulations are undergoing a material change. As part of the efforts to gradually adapt to these changes, a significant portion of If's early retirement plan has been phased out, resulting a considerable revenue pertaining to prior-year service.

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

	Sweden 31 Dec. 2012	Sweden 31 Dec. 2011	Norway 31 Dec. 2012	Norway 31 Dec. 2011
Discount interest rate	3.50 %	3.75 %	4.00 %	2.75 %
Anticipated return	-	3.00 %	-	3.75 %
Future pay increases	3.00 %	3.00 %	3.75 %	3.75 %
Price inflation	2.00 %	2.00 %	2.25 %	2.25 %

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

Debt instruments	40 %	43 %	53 %	64 %
Equity instruments	29 %	34 %	18 %	15 %
Property	10 %	11 %	15 %	17 %
Other	21 %	12 %	14 %	4 %

	2012			2011		
EURm	**Funded plans**	**Unfunded plans**	**Total**	**Funded plans**	**Unfunded plans**	**Total**
Analysis of the employee benefit obligation						
Present value of estimated pension obligation	516	50	565	506	71	577
Fair value of plan assets	392	-	392	347	-	347
Net obligation/liability	124	50	174	159	71	230
Net cumulative unrecognised actuarial gains/losses	-105	-9	-113	-138	-13	-151
Net pension obligation recognised in the balance sheet	**19**	**41**	**60**	**21**	**58**	**79**

Recognised in Income Statement

EURm	2008	2009	2010	2011	2012
Current service cost	15	15	14	14	18
Interest cost	17	17	19	19	18
Expected rate of return on plan assets at the beginning of the year	-13	-13	-14	-16	-13
Actuarial gains (-) or losses (+) recognised during the financial year	5	5	2	1	8
Losses (+) or gains (-) on curtailments and settlements	1	1	0	1	1
Costs pertaining to prior-year service	-	-	-	-	-20
Pension costs	**26**	**26**	**22**	**19**	**11**

Analysis of the change in net liability recognised in the balance sheet

EURm	2008	2009	2010	2011	2012
Pension obligations:					
At the beginning of the year	406	390	424	458	577
Earned during the financial year	14	14	14	14	18
Interest cost	18	17	19	19	18
Actuarial gains or losses	41	-42	-19	100	-37
Losses or gains on curtailments and settlements	1	1	0	1	1
Costs pertaining to prior-year service	-	-	-	-	-20
Exchange differences on foreign plans	-79	32	35	3	29
Benefits paid	-12	11	-16	-18	-20
Defined benefit plans at 31 Dec.	**390**	**424**	**458**	**577**	**565**
Reconciliation of plan assets:					
At the beginning of the year	255	220	272	326	347
Expected return on assets	13	13	15	16	13
Actuarial gains or losses	-17	-7	2	-6	1
Contributions	21	23	24	21	28
Exchange differences on foreign plans	-44	32	23	2	18
Benefits paid	-8	-9	-11	-13	-15
Plan assets at 31 Dec.	**220**	**272**	**326**	**347**	**392**

Other short-term employee benefits

There are other short-term staff incentive programmes in the Group, the terms of which vary according to country, business area or company. Benefits are recognised in the profit or loss for the year they arise from. An estimated amount of these short-term incentives, social security costs included, for 2012 is EURm 62.

32 Other liabilities

P&C insurance

EURm	2012	2011
Liabilities arising out of direct insurance operations	149	163
Liabilities arising out of reinsurance operations	103	69
Liabilities related to Patient Insurance Pool	55	54
Tax liabilities	176	105
Prepayments and accrued income	199	177
Other	125	127
P&C insurance, total	**807**	**695**

The non-current share of other liabilities is EURm 45 (57).

Item Other includes e.g. witholding taxes, social expenses related to Workers Compensation insurance policies and employee benefits, unpaid premium taxes and other accruals.

Life insurance

EURm	2012	2011
Interests	9	9
Tax liabilities	0	7
Liabilities arising out of direct insurance operations	6	6
Liabilities arising out of reinsurance operations	5	5
Settlement liabilities	4	2
Guarantees received	122	88
Other liabilities	32	35
Life insurance, total	**177**	**151**

Item Guarantees received comprise assets accepted as guarantees required in derivative trading and securities lending. Item Other includes e.g. liabilities arising from withholding taxes and social security costs, liabilities to creditors and insurance premium advances.

Holding

EURm	2012	2011
Interests	34	52
Guarantees for trading in derivatives	78	43
Liability for dividend distribution	24	21
Other	16	10
Holding, total	**152**	**126**

Item Other includes e.g. reservations for share-based incentive programmes and other incentive salaries.

Elimination items between segments	-13	-12

EURm	2012	2011
Group, total	**1,123**	**960**

33 Contingent liabilities and commitments

P&C insurance

EURm	2012	2011
Off-balance sheet items		
Guarantees	37	43
Other irrevocable commitments	6	11
Total	**43**	**54**

Assets pledged as collateral for liabilities or contingent liabilities

	2012		2011	
EURm	Assets pledged	Liabilities/ commit-ments	Assets pledged	Liabilities/ commit-ments
Assets pledged as collateral				
Cash at balances at central banks	6	4	10	8
Investments				
- Investment securities	285	153	142	114
Total	**290**	**157**	**152**	**122**

EURm	12/2012	12/2011
Assets pledged as security for derivative contracts, carrying value		
Investment securities	40	40

The pledged assets are included in the balance sheet item Other assets.

EURm	2012	2011
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	37	41
later than one year and not later than five years	110	105
later than five years	101	120
Total	**248**	**266**
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-45	-36
- sublease payments	-	0
Total	**-45**	**-36**

The subsidiaries If P&C Insurance Ltd and If P&C Insurance Company Ltd provide insurance with mutual undertakings within the Nordic Nuclear Insurance Pool and If P&C Insurance Ltd within the Norwegian Natural Perils' Pool and the Dutch Terror Pool.

In connection with the transfer of property and casualty insurance business from the Skandia group to the If Group as of March 1, 1999, If P&C Holding Ltd and If P&C Insurance Ltd issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ.) whereby the aforementioned companies in the If Group mutually guarantee that companies in the Skandia group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia group within the property and casualty insurance business transferred to the If Group.

If P&C Insurance Holding Ltd and If P&C Insurance Ltd have separately entered into contracts with Försäkringsaktiebolaget Skandia (publ.) and Tryg-Baltica Forsikrings AS whereby Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Försäkringsaktiebolaget Skandia (publ.) and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (U.K.) Ltd. (now Marlon Insurance Company Ltd.) in favor of the Institute of London Underwriters. Marlon Insurance Company Ltd. was disposed during 2007, and the purchaser issued a guarantee in favour of If for the full amount that If may be required to pay under these guarantees.

Normal seller's guarantees have been given in connection the disposal of the subsidiary IPSC Region.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling EURm 6, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

With respect to certain IT systems If and Sampo use jointly, If P&C Insurance Holding Ltd has undertaken to indemnify Sampo for any costs caused by It that Sampo may incur in relation to the owners of the systems.

Life insurance

EURm	2012	2011
Off-balance sheet items		
Investment commitments	367	309
Acquisition of IT-software	1	1
Total	**368**	**310**

EURm	12/2012	12/2011
Assets pledged as security for derivative contracts, carrying value		
Cash and cash equivalents	6	40
The pledged assets are included in the balance sheet item Other assets.		
Lent securities		
Domestic shares		
Remaining acquisition cost	67	86
Fair value	53	73

Security lendings can be interrupted at any time and they are secured.

EURm	2012	2011
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	3	5
Total	**5**	**7**
Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec.	1	1
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-3	-3
- sublease paymentst	0	0
Total	**-3**	**-3**

Holding

EURm	2012	2011
Off-balance sheet items		
Investment commitments	1	1

EURm	2012	2011
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	1	1
later than one year and not later than five years	3	3
later than five years	-	0
Total	**4**	**5**

The Group had at the end of 2012 premises a total of 178,971 m2 (182,570) taken as a lessee. The contracts have been made mainly for 3 to 10 years.

34 Equity and reserves

Equity

The number of Sampo plc’s shares at 31 Dec. 2012 was 560,000,000, of which 558,000,000 were A-shares and 1,200,000 B-shares. There was no change in the company's share capital of EURm 98 during the financial year.

At the end of the financial year 2012, the mother company or other Group companies held no shares in the parent company.

Reserves and retained earnings

Legal reserve

The legal reserve comprises the amounts to be transferred from the distributable equity according to the articles of association or on the basis of the decision of the AGM.

Invested unrestricted equity

The reserve includes other investments of equity nature, as well as issue price of shares to an extent it is not recorded in share capital by an express decision.

Other components of equity

Other components of equity include fair value changes of financial assets available for sale and derivatives used in cash flow hedges, and exchange differences.

Changes in the reserves and retained earnings are presented in the Group's statement of changes in equity.

35 Related party disclosures

Key management personnel

The key management personnel in Sampo Group consists of the members of the Board of Directors of Sampo plc and Sampo Group's Executive Committee.

Key management compensation

EURm	2012	2011
Short-term employee benefits	6	6
Post employment benefits	3	2
Other long-term benefits	6	3
Total	**16**	**10**

Short-term employee benefits comprise salaries and other short-terms benefits, including profit-sharing bonuses accounted for for the year, and social security costs.

Post employment benefits include pension benefits under the Employees' Pensions Act (TEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for for the year (see Note 36).

Related party transactions of the key management

The related party transactions of the key management are not material nor does the key management have any loans from the Group companies.

Associates

Outstanding balances with related parties/Associate Nordea

EURm	2012	2011
Assets	1,074	1,913
Liabilities	122	165

The Group's receivables from Nordea coprise mainly long-term investments in bonds and deposits. In addition, the Group has several on-going derivative contracts related to the Group's risk management of investments and liabilities.

36 Incentive schemes

Long-term incentive schemes 2009 I- 2011 I

The Board of Directors of Sampo plc has decided on the long-term incentive schemes 2009 I - 2011 I for the management and key employees of Sampo Group. The Board has authorised the CEO to decide who will be included in the scheme, as well as the number of calculated incentive units granted for each individual used in determining the amount of the incentive reward. In the schemes, the number of calculated incentive units granted for the members of the Group Executive Committee is decided by the Board of Directors. Over 140 persons were included in the schemes at the end of year 2012.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the insurance margin (IM) and, regarding the 2011 I scheme, also on Sampo's return on the risk adjusted capital (RORAC). The value of one calculated incentive unit is the trade-weighted average price of Sampo's A-share at the time period specified in the terms of the scheme, and reduced by the starting price adjusted with the dividends per share distributed up to the payment date. The pre-dividend starting prices vary between eur 16.69 - 24.07. The maximum value of one incentive unit varies between eur 28.49 - 39.07, reduced by the dividend-adjusted starting price. The IM criteria in the scheme 2009 I has three levels. If the IM reaches 4 per cent or more, the incentive reward is paid in its entirety. If the IM is between 2 - 3.99 per cent, the payout is 50 per cent. In the case of IM staying below these benchmarks, no reward will be paid out. In the 2011 I scheme, the incentive reward depends on two benchmarks. The payout is 70 per cent, if the IM is 6 per cent or more, and 35 per cent, if the IM is between 4 - 5.99 per cent. No IM-related reward will be paid out, if the IM stays below these. In addition, the return on the risk adjusted capital is taken into account so that an incentive reward of 30 per cent is paid out, if the return is at least risk free return + 4 per cent. If the return is risk free return + 2 percent, but less than risk free return + 4 percent, the payout is 15 per cent. If the return stays below these benchmarks, no RORAC-based reward will be paid out.

Each plan has three performance periods and incentive rewards are settled in cash in three installments. In the scheme 2009 I when the reward 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 reward after taxes and other comparable charges, and to keep the shares in his/her possession for 2 years. In the 2011 I scheme, the employee shall buy Sampo A shares with 60 per cent of the net amount of reward received. The shares are subject to transfer restrictions for three years from the day of payout. A premature payment of the reward may occur in the event of changes in the group structure or in the case of employment termination on specifically determined bases. The fair value of the incentive schemes is estimated by using the Black-Scholes princing model.

		2009 I	2011 I	2011 I/2
Terms approved *)		27/08/2009	14/09/2011	14/09/2011
Granted (1,000) 31 Dec. 2009		4,392	-	-
Granted (1,000) 31 Dec. 2010		4,369	-	-
Granted (1,000) 31 Dec. 2011		3,002	4,359	-
Granted (1,000) 31 Dec. 2012		1,444	4,199	130
End of performance period I 30 %		Q2-2011	Q2-2014	Q2-2015
End of performance period II 35 %		Q2-2012	Q2-2015	Q2-2016
End of performance period III 35 %		Q2-2013	Q2-2016	Q2-2017
Payment I 30 %		9-2011	9-2014	9-2015
Payment II 35 %		9-2012	9-2015	9-2016
Payment III 35 %		9-2013	9-2016	9-2017
Price of Sampo A at terms approval date *)		16.74	18.1	18.1
Starting price **)		16.49	18.37	24.07
Dividend-adjusted starting price at 31 Dec. 2012		13.14	17.17	24.07
Sampo A - closing price 31 Dec. 2012	24.34			
Total intrinsic value, meur		13	10	0
Total debt	23			
Total cost for the financial period, meur (incl. social costs)	28			

*) Grant dates vary

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

37 Auditors' fees

EURm	2012	2011
Auditing fees	-2	-2
Other fees	-1	0
Total	**-3**	**-2**

38 Legal proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2012, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

39 Investments in subsidiaries

Name	Group holding %	Carrying - amount
P&C insurance		
If P&C Insurance Holding Ltd	100	1,886
If P&C Insurance Ltd	100	1,408
If P&C Insurance Company Ltd	100	517
If P&C Insurance AS	100	52
AS If Kinnisvarahaldus	100	0
CJSC If Insurance	100	10
If Livförsäkring Ab	100	8
Life insurance		
Mandatum Life Insurance Company Ltd	100	484
Mandatum Life Insurance Baltic SE	100	11
Other business		
If IT Services A/S	100	0
Riskienhallinta Oy	100	0
Sampo Capital Oy	100	1

The table excludes property and housing companies accounted for in the consolidated accounts.

40 Investments in shares and participations other than subsidiaries and associates

P&C insurance

	Country	No. of shares	Holding %	Carrying amount/Fair value
Listed companies				
A P Moller - Maersk	Denmark	1,125	0.03 %	6
ABB	Switzerland	3,162,541	0.14 %	49
Atlas Copco A+B	Sweden	2,394,240	0.19 %	44
BB Tools	Sweden	264,500	0.93 %	2
Be Group	Sweden	3,774,669	7.55 %	7
Clas Ohlson	Sweden	3,114,337	4.75 %	31
CTT Systems	Sweden	511,200	4.49 %	2
Eitzen Maritime	Norway	8,231,616	30.16 %	4
G&L Beijer B	Sweden	188,774	0.44 %	2
Gunnebo	Sweden	8,849,114	11.67 %	25
Hennes Mauritz B	Sweden	2,180,192	0.13 %	57
Husqvarna	Sweden	5,833,987	1.01 %	27
Husqvarna	Sweden	2,249,321	0.39 %	10
Investor	Sweden	3,794,111	0.49 %	75
Lindab Intl	Sweden	3,890,055	4.94 %	19
Nederman	Sweden	1,160,400	9.90 %	19
Nobia	Sweden	21,075,000	12.02 %	65
Nolato	Sweden	322,933	1.23 %	3
Oceanteam Shipping	Norway	1,212,684	8.04 %	1
Reservoir Exploration Tech	Norway	7,263,261	8.16 %	0
Sandvik	Sweden	3,945,780	0.31 %	48
Scania	Sweden	3,044,397	0.38 %	48
Sectra	Sweden	4,322,927	11.65 %	22
SSAB	Sweden	663,760	0.20 %	4
SSAB	Sweden	1,360,353	0.42 %	8
Statoil	Norway	1,783,700	0.06 %	34
Svedbergs i Dalstrop	Sweden	2,427,790	11.45 %	6
Teliasonera	Sweden	15,150,000	0.35 %	78
VBG Group	Sweden	540,211	3.94 %	6
Veidekke	Norway	12,111,648	9.06 %	72
Volvo	Sweden	1,287,600	0.06 %	13
Volvo	Sweden	4,409,972	0.21 %	46
Yara	Norway	596,861	0.21 %	22
Total listed companies				**856**

Other			16

Unit trusts

Aberdeen GL Asia Pacific	Luxemburg	940,169	52
Danske Invest	Finland	34,833,513	59
Danske Invest	Finland	22,375,015	32
Danske Invest	Finland	1,133,287	37
Danske Invest	Finland	179,837,934	17
DB Platinum Advisors	Luxemburg	160,000	12
PEQ Eqt III	Guernsey	6,402,551	3
PEQ Eqt IV	Guernsey	8,199,702	7
PEQ GS Loan	Cayman islands	7,796,116	11
PEQ GS Loan	Cayman islands	76,587,655	57
PEQ GS Loan	Cayman islands	21,242,240	21
Henderson Global	Great Britain	1,845,097	32
Investec Asset Mgmt	Great Britain	739,898	12
Barclays Global Investment	Irland	752,200	20
Blackrock	United States	595,000	65
Lyxor	France	220,000	6
Lyxor	France	1,000,000	24
PEQ Mandatum I	Finland	6,622,141	6
PEQ Mandatum II	Finland	1,598,700	2
PEQ Mandatum II	Finland	4,256,573	5
PEQ Private Egy mkt	Finland	3,132,520	3
State Street Global	United States	155,000	17
Total unit trusts			**499**

Total shares and participations	**1,372**

Life insurance

	Country	No. of shares	Holding %	Carrying amount/Fair value
Listed companies				
Alma Media Oyj	Finland	2,618,793	3.47 %	12
Amer Sports Oyj	Finland	4,000,000	3.38 %	45
Comptel Oyj	Finland	20,532,625	19.18 %	8
Elecster Oyj	Finland	117,000	6.43 %	1
eQ Oyj	Finland	2,053,296	5.95 %	4
Finnlines Oyj	Finland	703,500	1.50 %	5
Fortum Oyj	Finland	4,954,834	0.56 %	70
F-Secure Oyj	Finland	6,674,081	4.20 %	10
Kemira Oyj	Finland	2,741,613	1.76 %	32
Kesko Oyj	Finland	316,363	0.47 %	8
Lassila & Tikanoja Oyj	Finland	2,231,238	5.75 %	26
Metso Oyj	Finland	1,525,000	1.01 %	49
Neste Oil Oyj	Finland	1,163,989	0.45 %	11
Nokian Renkaat Oyj	Finland	971,899	0.74 %	29
Norvestia Oyj	Finland	1,789,538	12.41 %	11
Oriola KD Oyj	Finland	4,286,778	4.12 %	10
Outokumpu Oyj	Finland	25,000,000	1.72 %	20
Pöyry Oyj	Finland	2,075,287	3.47 %	6
Stora Enso Oyj	Finland	7,840,444	1.28 %	41
Suominen Oyj	Finland	22,222,222	9.04 %	8
Teleste Oyj	Finland	1,679,200	8.97 %	7
Tikkurila Oyj	Finland	2,100,000	4.76 %	31
UPM-Kymmene Oyj	Finland	9,531,219	1.81 %	84
Vaisala Oyj	Finland	766,650	4.21 %	12
Wärtsila Oyj	Finland	909,255	0.46 %	30
YIT Oyj	Finland	6,108,449	4.80 %	90
Total				**661**
Other listed companies				21
Listed companies in total				**682**
Unit trusts				
Danske Invest Emerging Asia Kasvu	Finland	765,617		25
Fourton Odysseus Kasvu	Finland	161,517		33
KJK Fund SICAV-SIF Baltic States	Finland	5,817		9
Total				**66**

Capital trusts				
Amanda III Eastern Private Equity Ky	Finland			16
Amanda IV West Ky	Finland			14
CapMan Real Estate I Ky	Finland			11
CapMan Real Estate II Ky	Finland			8
Mandatum Pääomarahasto I Ky	Finland			11
Mandatum Pääomarahasto II Ky USD	Finland			7
MB Equity Fund III Ky				8
Total				**75**
Other shares and participations				27
Domestic shares and participations in total				**850**
Other companies				
EQT IV ISS Co-investment Limited Partnership	United States	872,610	12.52 %	11
BenCo Insurance Holding B.V.	Netherlands	389,329	6.49 %	7
Ekahau Inc.	Guernsey	24,882,712	24.96 %	4
Total				**22**
Foreign unit trusts				
Aberdeen Global Asia Pacific Equity Fund	Luxemburg	1,382,572		76
Allianz RCM Europe Equity Growth W	Luxemburg	29,697		49
Brummer & Partners Nektar Fund	Swedem	59,915		16
Comgest Panda	Luxemburg	19,776		34
Danske Invest Europe High Dividend I	Luxemburg	4,193,065		41
DB X-TRACKERS DAX	Luxemburg	931,200		70
DB X-TRACKERS DJ S6 UTILITIES	Luxemburg	463,000		27
DJ STOXX 600 OPT AUTO & PART	Ireland	67,000		15
DJ STOXX 600 OPT HEALTHCARE	Ireland	135,000		19
DJ STOXX 600 OPT TELECOM	Ireland	354,402		25
Henderson Gartmore Latin America R	Great Britain	3,798,776		66
INVESTEC GSF-ASIA PACIFIC-I	Great Britain	1,076,501		17
ISHARES CORE S&P 500 INDEX FUND	United States	1,463,990		159
MFS European Value Fund Z	Luxemburg	284,433		34
MFS MER-EUROPE SM COS-I1EUR	Luxemburg	52,774		10
PROSPERITY CUB FUND	Guernsey	161,961		53
Prosperity Russia Domestic Fund	Guernsey	83,936,000		51
TECHNOLOGY SELECT SECT SPDR	United States	1,954,000		43
UNIDEUTSCHLAND XS	Germany	74,361		5
Total				**810**

Foreign unit trusts		
Activa Capital Fund II FCPR	France	7
Avenue Special Situations Fund VI (C-Feeder), L.P.	Cayman islands	22
Capman Buyout IX Fund A L.P.	Guernsey	8
Capman Buyout VIII Fund A L.P.	Guernsey	7
EQT Credit (No.1) L.P.	Guernsey	46
EQT IV (No. 1) L.P.	Guernsey	7
EQT V (No.1) L.P.	Guernsey	11
EQT VI (No.1) L.P.	Guernsey	7
Financial Credit Investment I, L.P.	Cayman islands	10
Fortress Credit Opportunities Fund II (C) L.P.	Cayman islands	71
Fortress Credit Opportunities Fund III (C) L.P.	Cayman islands	11
Fortress Life Settlement Fund (C) L.P.	Cayman islands	18
Gilde Buy-Out Fund III	Guernsey	10
Goldman Sachs Loan Partners I Offshore B, L.P.	Cayman islands	16
Goldman Sachs Loan Partners I Offshore Inv. Fund L.P.	Cayman islands	103
Goldman Sachs Petershill Fund Offshore L.P.	Cayman islands	19
Goldman Sachs Real Estate Mezzanine Partners L.P.	United States	9
Gresham IV Fund L.P.	Great Britain	7
Highbridge Liquid Loan Opportunities Fund, L.P	Cayman islands	42
Highbridge Principal Strategies - Senior Loan Fund II L.P.	Cayman islands	28
Highbridge Senior Loan Fund II	Cayman islands	16
Montagu Fund III L.P.	Great Britain	6
Mount Kellet Capital Partners (Cayman) II, L.P.	Cayman islands	36
Mount Kellet Capital Partners (Cayman), L.P.	Cayman islands	25
Oaktree PPIP Private Fund GP Ltd	Cayman islands	7
Permira Europe IV	Guernsey	9
Russia Partners II L.P.	Guernsey	7
Russia Partners II, L.P.	Cayman islands	12
Verdane Capital VII K/S	Denmark	8
Victory Park Capital Fund II (Cayman), L.P.	Cayman islands	12
Total		**594**

Other share and participations	78
Foreign shares and participations in total	**1,504**
Shares and participations in total	**2,354**

Holding

	Country	Holding %	No. of shares	Carrying amount/Fair value
Domestic other than listed companies				
Varma Mutual Pension Insurance Company	Finland	57	80.28	14
Other	Finland			4
Total domestic shares and participations				**18**
Foreign unit trusts				5
Total shares and participations				**23**

Holdings exceeding EURm 5 and holdings in listed companies exceeding five per cent specified.

The table does not include investments related to unit-linked insurance contracts.

41 Events after the balance sheet date

In the meeting of 13 Feb. 2013, the Board of Directors decided to propose at the Annual General Meeting on 18 April 2013 a dividend distribution of EUR 1.35 per share, or total EUR 756.000.000, for 2012. The dividends to be paid will be accounted for in the equity in 2013 as a deduction of retained earnings.

SAMPO PLC’S FINANCIAL STATEMENTS

Sampo plc’s income statement

EURm	Note	2012	2011
Other operating income	1	15	15
Staff expenses			
Salaries and remunerations		-15	-10
Social security costs			
Pension costs		-3	-1
Other		-1	0
Depreciation and impairment	2		
Depreciation according to plan		0	0
Other operating expenses	3	-13	-13
Operating profit		**-17**	**-10**
Financial income and expense	5		
Income from shares in Group companies		544	510
Income from other shares		229	252
Other interest and financial income			
Group companies		13	7
Other		8	6
Other investment income and expense		30	-14
Other interest income		48	67
Interest and other financial expense			
Group companies		0	-2
Other		-124	-139
Exchange result		6	5
Proft before taxes		**737**	**683**
Income taxes			
Tax from previous years		0	0
Deferred taxes		1	-1
Profit for the financial year		**737**	**682**

Sampo plc's balance sheet

EURm	Note	2012	2011
ASSETS			
Non-current assets			
Intangible assets	6	0	1
Property, plant and equipment	7		
Buildings		1	1
Equipment		1	1
Other		2	2
Investments			
Shares in Group companies	8	2,370	2,370
Receivables from Group companies	8	225	223
Shares in participating undertakings	9	5,557	5,557
Receivables from participating undertakings		-	325
Other shares and participations	10	28	38
Other receivables	11	350	484
Short-term receivables			
Deferred tax assets	19	18	17
Other receivables	12	11	12
Prepayments and accrued income	13	89	76
Cash at bank and in hand		473	89
TOTAL ASSETS		**9,126**	**9,195**
LIABILITIES			
Equity	14		
Share capital		98	98
Fair value reserve		0	2
Invested unrestricted equity		1,527	1,527
Other reserves		273	273
Retained earnings		4,158	4,142
Profit for the financial year		737	682
		6,793	**6,724**

Liabilities			
Long-term liabilities			
Bonds		1,710	1,677
Short-term liabilities			
Debt securities		451	652
Other liabilities	15	111	81
Accruals and deferred income	16	60	61
TOTAL LIABILITIES		**9,126**	**9,195**

Sampo plc's statement of cash flows

EURm	2012	2011
Profit before taxes		
Profit before taxes	737	683
Adjustments:		
Depreciation and amortisation	0	0
Unrealised gains and losses arising from valuation	1	0
Realised gains and losses on investments	-3	-3
Other adjustments	-144	-296
Adjustments total	**-145**	**-298**
Change (+/-) in assets of operating activities		
Investments *)	441	-347
Other assets	14	-5
Total	**455**	**-352**
Change (+/-) in liabilities of operating activities		
Financial liabilities	3	7
Other liabilities	43	4
Paid interests	-87	-83
Paid taxes	0	0
Total	**-41**	**-71**
Net cash from operating activities	**1,006**	**-38**
Investing activities		
Investments in group and associated undertakings	224	-4
Net investment in equipment and intangible assets	0	0
Net cash used from investing activities	**224**	**-4**

Financing activities		
Acquisition of own shares	-	-24
Dividends paid	-663	-637
Issue of debt securities	2,181	2,440
Repayments of debt securities in issue	-2,362	-1,703
Net cash used in financing activities	**-845**	**75**
Total cash flows	**385**	**33**
Cash and cash equivalents at 1 January	89	56
Cash and cash equivalents at 31 December	473	89
Net change in cash and cash equivalents	**385**	**33**

*) Investments include both investment property and financial assets.

Additional information to the statement of cash flows:

EURm	2012	2011
Interest income received	84	72
Interest expense paid	-142	-137
Dividend income received	769	762

Summary of Sampo plc’s significant accounting policies

The presentation of Sampo Plc's financial statements together with the notes has been prepared in accordance with the Finnish Accounting Act and Ordinance. The accounting principles applied to the separate financial statements of Sampo plc do not materially differ from those of the Group, prepared in accordance with the International Financial Reporting Standards (IFRSs). The financial assets are measured at fair value derived from the markets. See The accounting principles for the Group.

Notes to Sampo plc's financial statements

Notes to the income statement

1 Other operating income

EURm	2012	2011
Income from property occupied for own activities	0	0
Other	15	15
Total	**15**	**15**

2 Depreciation and impairment

EURm	2012	2011
Depreciation according to plan		
Property, plant and equipment	0	0
Intangible assets	0	0
Total	**0**	**0**

3 Other operating expenses

EURm	2012	2011
Rental expenses	-1	-1
Expense on property occupied for own activities	0	0
Other	-12	-12
Total	**-13**	**-13**

Item Other includes e.g. administration and IT expenses and fees for external services.

4 Auditors' fees

EURm	2012	2011
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.1	-0.1
Other fees	-0.1	-0.0
Total	**-0.2**	**-0.2**

5 Financial income and expense

EURm	2012	2011
Received dividends in total	773	762
Interest income in total	69	80
Interest expense in total	-124	-141
Gains on disposal in total	3	3
Losses on disposal in total	-1	0
Exchange result	6	5
Other	27	-17
Total	**753**	**693**

Notes to the assets

6 Intangible assets

	2012		2011	
EURm	IT	Othert	IT	Other
Cost at beginning of year	3	2	3	2
Accumulated amortisation at beginning of year	-3	-2	-3	-2
Amortisation according to plan during the financial year	-	0	-	0
Carrying amount at end of year	**0**	**0**	**0**	**1**

7 Property, plant and equipment

	2012		2011	
EURm	Land and buildings	Other	Land and buildings	Other
Cost at beginning of year	1	4	**1**	**4**
Additions	-	0	-	-
Disposals	-	0	-	0
Transfers	-	-	-	-
Accumulated depreciation at beginning of year	-	-1	-	-1
of which related to disposals	-	-	-	0
Depreciation according to plan during the financial year	0	0	0	0
Carrying amount at end of year	**1**	**3**	**1**	**3**

8 Receivables from Group companies

EURm	2012	2011
Cost at beginning of year	223	**145**
Additions	13	109
Disposals	-11	-32
Carrying amount at end of year	**225**	**223**

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated note 29 Financial liabilities.

9 Shares in participating undertaking

EURm	2012	2011
Cost at beginning of year	5,557	**5,304**
Additions	-	254
Carrying amount at end of year	**5,557**	**5,557**

10 Other shares and participations

	2012	Fair value changes		2011	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	24	2	0	34	3	5

Changes in property shares

EURm	2012	2011
Cost at beginning of year	4	4
Disposals	0	-
Carrying amount at end of year	**4**	**4**
Difference between current cost and carrying amount	0	0

11 Other investment receivables

	2012	Fair value changes		2011	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	350	2	1	484	0	1
Bonds	0	0	2	0	-	0
Total	**350**	**2**	**3**	**484**	**0**	**1**

12 Other receivables

EURm	2012	2011
Trading receivables	0	4
Derivatives	7	4
Other	4	4
Total	**11**	**12**

13 Prepayments and accrued income

EURm	2012	2011
Accrued interest	36	51
Derivatives	52	24
Other	1	0
Total	**89**	**76**

Notes to the liabilities

14 Movements in the equity

	Restricted equity				Unrestricted equity			
EURm	Share capital	Share premium account	Legal reserve	Fair value reserve	Invested unrestricted capita	Other reservest	Retained earnings	Total
Carrying amoun at 1 Jan. 2011	**98**	**0**	**0**	**0**	**1,527**	**273**	**4,799**	**6,696**
Dividends							-645	**-645**
Recognition of undrawn dividends							13	**13**
Financial assets available-for-sale								
- recognised in equity				4				**4**
- recognised in p/l				-2				**-2**
Acquisition of own shares							-24	**-24**
Profit for the year							682	**682**
Carrying amount at 31 Dec. 2011	**98**	**0**	**0**	**2**	**1,527**	**273**	**4,824**	**6,724**

	Restricted equity				Unrestricted equity			
EURm	Share capital	Share premium accoun	Legal reserve	Fair value reserve	Invested unrestricted capita	Other reservest	Retained earnings	Total
Carrying amount at 1 Jan. 2012	98	0	0	2	1,527	273	4,824	6,724
Dividends							-672	-672
Recognition of undrawn dividends							6	6
Financial assets available-for-sale								
- recognised in equity				0				0
- recognised in p/l				-1				-1
Profit for the year							737	737
Carrying amount at 31 Dec. 2012	**98**	**0**	**0**	**0**	**1,527**	**273**	**4,895**	**6,793**

Distributable assets

EURm	2012	2011
Parent company		
Profit for the year	737	682
Retained earnings	4,158	4,142
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Total	**6,695**	**6,624**

15 Share capital

Information on share capital is disclosed in Note 34 in the consolidated financial statements.

16 Other liabilities

EURm	2012	2011
Unredeemed dividends	24	21
Derivatives	9	17
Guarantees for derivate contracts	78	43
Other	0	0
Total	**111**	**81**

17 Accruals and deferred income

EURm	2012	2011
Deferred interest	34	52
Derivatives	11	0
Other	15	10
Total	**60**	**61**

Notes to the income taxes

18 Deferred tax assets and liabilities

EURm	2012	2011
Deferred tax assets		
Losses	18	18
Timing differences	0	0
Fair value reserve	0	-
Total	**18**	**18**
Deferred tax liabilities		
Timing differences	0	-1
Fair value reserve	0	-1
Total	-1	-1
Total net	**18**	**17**

Notes to the liabilities and commitments

19 Pension liabilities

The basic and suplementary pension insurance of Sampo plc's staff is handled through insurances in Varma Mutual Insurance Company and in Mandatum Life Insurance Company Limited.

20 Future rental commitments

EURm	2012	2011
Not more than one year	1	1
Over one year but not more than five years	3	3
Over five years	-	0
Total	**4**	**5**

21 Off-balance sheet items

EURm	2012	2011
Underwriting commitments	1	1
Off-balance sheet items total	**1**	**1**
To or on behalf of Group companies	-	-
To or on behalf of associates	-	-

Notes to the staff and management

22 Staff numbers

EURm	2012 Average during the year	2011 Average during the year
Full-time staff	51	52
Part-time staff	2	2
Temporary staff	3	2
Total	**55**	**56**

23 Management's remuneration and post-employment benefits

		2012	2011 (EUR thousand)
Managing Director	Kari Stadigh	2,454	1,566
Hallituksen jäsenet			
Björn Wahlroos		160	160
Anne Brunila		80	80
Adine Grate Axén		80	80
Mattila Veli-Matti		80	80
Eira Palin-Lehtonen		80	80
Jukka Pekkarinen		80	80
Per Arthur Sørlie		80	-
Christoffer Taxell		80	80
Matti Vuoria		100	100

Pension liability

The retirement age of the Managing Director is 60 years, when the pension benefit is 60% of the pensionable salary.

Notes to the shares held

24 Shares held as of 31 Dec, 2012

Company name	Percentage of share capital held*)	Carrying amount EURm
Group undertakings		
P&C insurance		
If Skadeförsäkring Holding AB, Stockholm Sweden	100	1,886
Life insurance		
Mandatum Life Ltd, Helsinki Finland	100	484
Other		
Sampo Capital Oy, Helsinki Finland	100	1

APPROVAL OF THE FINANCIAL STATEMENTS AND THE BOARD OF DIRECTORS' REPORT

Helsinki, 13 February 2013

Sampo plc

Board of Directors

Anne Brunila

Adine Grate Axén

Veli-Matti Mattila

Eira Palin-Lehtinen

Jukka Pekkarinen

Per Arthur Sørlie

Christoffer Taxell

Matti Vuoria

Björn Wahlroos

Chairman

Kari Stadigh

Group CEO

AUDITOR’S REPORT

(Translation)

To the Annual General Meeting of Sampo plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Sampo plc for the financial period 1.1. - 31.12.2012. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company’s balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinions based on the assignment of the Audit Committee

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 28 February 2013

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

CALENDAR AND CONTACTS

FINANCIAL INFORMATION AND ANNUAL GENERAL MEETING 2013

Sampo will publish three Interim Reports in 2013. The Interim Reports and related supplementary materials are published on Sampo's website at www.sampo.com/result. Press and stock exchange releases, the monthly updated list of shareholders and other investor information published by Sampo are available on the site as well.

Sampo plc's Annual General Meeting will be held in April.

Annual General Meeting

8 April 2013	12 April 2013	18 April 2013
The record date for the Annual General Meeting	The registration for the AGM will finish at 4 pm (CET+1)	Annual General Meeting
Shareholder who is registered on the record date for the Annual General Meeting in the company's Shareholder Register kept by Euroclear Finland Ltd has the right to participate in the General Meeting. Shareholders whose shares are registered on their personal Finnish book-entry accounts are registered in the company's Shareholder Register.	Shareholder may register for the General Meeting • On the internet at www.sampo.com/agm • By telephone to +358 10 516 0028 from Monday to Friday, 9 am-4 pm (CET+1) • By fax to +358 10 516 0719 or • By mail to the address Sampo plc, Shareholder services, Fabianinkatu 27, 00100 Helsinki, Finland.	Sampo plc's Annual General Meeting will be held on 18 April, 2013 at 2 pm, at the Helsinki Exhibition and Convention Centre, address Messuaukio 1, Helsinki. The listing of persons who have registered for the meeting will commence at 12.30 pm. Read more about the AGM on the Internet at www.sampo.com/agm.

Dividend

19 April 2013	23 April 2013	30 April 2013
Ex-dividend date	Dividend record date	Dividend payment date
After the ex-dividend date, the dividend from any shares traded is paid to the seller of the shares.	The right to the dividend is held by the shareholder who is marked in the Shareholders Register on the dividend record date.	

Interim Report

8 May 2013	7 August 2013	5 November 2013
Interim Report for the period January–March 2013	Interim Report for the period January–June 2013	Interim Report for the period January–September 2013
The Interim Reports are published on Sampo's website at www.sampo.com/result. You can subscribe to Sampo's Stock Exchange Releases and Press Releases at www.sampo.com/subscription.	The Interim Reports are published on Sampo's website at www.sampo.com/result. You can subscribe to Sampo's Stock Exchange Releases and Press Releases at www.sampo.com/subscription.	The Interim Reports are published on Sampo's website at www.sampo.com/result. You can subscribe to Sampo's Stock Exchange Releases and Press Releases at www.sampo.com/subscription.

Please note that you can find the latest information regarding events and dates at www.sampo.com/calendar.

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