

Chapter II



Board of Directors' Report

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Sampo plc – Board of Directors' Report for 2008

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

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

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

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

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

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

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

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

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

Key Figures

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

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

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

Business Areas in 2008

P&C INSURANCE

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

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

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

Key Figures

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

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

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

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

Net income from investments increased to EUR 268 million (211). Investment income includes EUR 76 million of impairment of financial assets. On 31 December 2008 total investment assets amounted to EUR 9.0 billion (10.0) of

which a record high 95 per cent (89) was invested in fixed income instruments, five per cent (10) in equity and one per cent (1) in other assets. Investment return for year 2008 was -3.1 per cent (2.6). Duration for interest bearing assets was 3.1 years (2.2).

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

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

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

LIFE INSURANCE

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

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

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

Key Figures

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

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

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

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

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

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

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

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

Sales through Sampo Bank, the main retail distribution channel, decreased significantly during the year due to the Bank's information technology related problems. Especially

private pension and loan insurance policies lagged behind the previous year and industry in general. Sales in the bank distribution channel recovered somewhat during the last quarter of the year.

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

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

HOLDING

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

Key Figures

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

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

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

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

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

Changes in Group Structure

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

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

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

Administration

ANNUAL GENERAL MEETING AND GOVERNANCE

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

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

The AGM decided to pay the following fees to the members of the Board of Directors until the close of the AGM of 2009: the Chairman of the Board will be paid EUR 160,000 per year, the Vice Chairman EUR 100,000 per year and the other members EUR 80,000 per year. An amount equivalent to 30 per cent of the annual fee will be paid in Sampo plc A shares. Board members employed by the company will not be paid a separate fee for Board work.

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

Group Quarterly Income Statement

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

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

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

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

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

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

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

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

CORPORATE RESPONSIBILITY

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

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

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

STAFF

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

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

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

MANAGEMENT INCENTIVE SCHEMES

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

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

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

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

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

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

RISK MANAGEMENT

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

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

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

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

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

Shares, Share Capital and Shareholders**SHARES AND SHARE CAPITAL**

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

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

AUTHORISATIONS GRANTED TO THE BOARD

Based on the authorisation of Annual General meeting of 2007, Sampo plc repurchased 2,393,000 A shares during the first quarter of 2008. Together with the shares acquired in 2007 Sampo plc held 6,715,000 A shares corresponding to 1.2 per cent of all shares and related votes. All in all EUR 125 million was used to repurchase these shares at an average price of EUR 18.64. On 7 May 2008 Sampo plc's Board of Directors

decided to cancel these shares. The cancellation reduced the number of Sampo A shares with the corresponding amount but had no effect on the share capital. The cancellation was entered into the Trade Register on 16 May 2008.

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

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

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

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

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

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

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

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

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

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

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

SHAREHOLDERS

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

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

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

- On 12 February 2008 Sampo plc received a disclosure according to which Exista Trading ehf. had extended the agreement of 9 August 2007 regarding 100,000 A shares in Sampo plc until 11 August 2008. The agreement, if consummated through delivery of the shares, would have resulted in Exista hf. and companies controlled by Exista hf. holding shares in Sampo plc in excess of the flagging threshold of 20 per cent of the number of shares as set forth in Chapter

2, Section 9 of the Securities Markets Act. According to the disclosure Exista hf. and its group companies held 19.98 per cent of the total number of shares and 19.82 per cent of the voting rights in the Sampo plc.

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

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

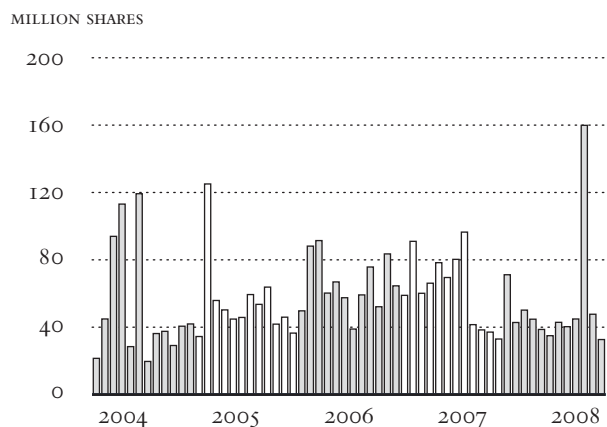
- On 22 October Sampo received a disclosure in accordance with Chapter 2 Section 9 of the Securities Market Act regarding Sampo plc's shares. The State of Finland and the entirely state-owned Solidium Oy announced an arrangement which lead to a situation in which the holding of the State of Finland decreased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

Complete disclosures are available at www.sampo.com.

Sampo's monthly share price performance 2004–2008



Sampo's monthly trading volume 2004–2008



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

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

Shareholders by Number of Shares Owned on 31 December 2008

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

Shareholders on 31 December 2008

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

*) Entirely owned by the Finnish government.

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

Increases and Decreases in Share Capital 2004–2008

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

Financial Standing

INTERNAL DIVIDENDS

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

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

RATINGS

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

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

GROUP SOLVENCY

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

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

Sampo Group Solvency

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

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

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

Outlook for 2009

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

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

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

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

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

The Most Significant Risks to Operations

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

Insurance businesses are based on the bearing of risks resulting from the randomness of insured events. Insurance risk is the risk that the cost of future insurance claims will be higher

than anticipated. During 2008, Sampo Group's business risk profile in the insurance businesses remained relatively stable.

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

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

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

Board's Dividend Proposal

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

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

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

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

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

Sampo plc

Board of Directors

{ Key Figures }

GROUP KEY FIGURES¹⁾

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

PROPERTY & CASUALTY INSURANCE^{*)}

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

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

^{**)} Based on the financial statements of If Group.

LIFE INSURANCE

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

HOLDING⁴⁾

Profit before taxes	EURm	180	95	-27	-49	106
Average number of staff		53	56	435	567	648

PER SHARE KEY FIGURES

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

Board of Directors' Report

A SHARES:		2008	2007	2006	2005	2004
Adjusted number of shares at 31 Dec. ⁴⁾	1,000	560,172	573,009	561,591	563,501	562,562
Average adjusted number of shares ⁵⁾	1,000	568,242	576,602	561,892	563,664	556,877
Weighted average number of shares, incl. dilutive potential shares ⁶⁾	1,000	569,442	576,602	575,141	574,068	562,562
Weighted average share price	EUR	15.96	21.43	16.78	11.97	8.72
Adjusted share price, high	EUR	19.3	24.79	20.74	14.95	10.24
Adjusted share price, low	EUR	11.42	17.95	13.58	9.83	7.20
Adjusted closing price	EUR	13.24	18.08	20.28	14.72	10.16
Share trading volume during accounting period	1,000	650,816	750,748	592,839	663,491	648,086
Relative share trading volume	%	114.5	130.2	105.5	117.7	116.4

B SHARES:

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

¹⁾ Sampo plc's sales gain (EURm 2,830) arising from the disposal of the share stock of Sampo Bank plc to Danske Bank A/S is included in the Group key figures for the year 2007.

The comparison average numbers of staff between the years 2004 and 2006 include the average staff number of the Banking and investment services (discontinued operations).

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

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

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

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

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

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

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

{ Calculation of the Key Figures }

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

Group Key Figures

PROFIT BEFORE TAXES

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

Property & casualty and life insurance

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

Holding

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

RETURN ON EQUITY (AT FAIR VALUES), %

+ profit before taxes
± change in fair value reserve
± change in valuation differences on investments
- tax (incl. change in deferred tax relating to valuation differences on investments) _____ x 100 %
+ total equity
± valuation differences on investments less deferred tax
(average of values on 1 Jan. and 31 Dec.)

RETURN ON ASSETS (AT FAIR VALUES), %

+ operating profit
+ interest and other financial expenses
+ calculated interest on technical provisions
± change in fair value reserve
± change in valuation differences on investments _____ x 100 %
+ balance sheet total
- technical provisions relating to unit-linked insurance
± valuation differences on investments
(average of values on 1 Jan. and 31 Dec.)

EQUITY/ASSETS RATIO (AT FAIR VALUES), %

+ total equity
± valuation differences on investments less deferred tax _____ x 100 %
+ balance sheet total
± valuation differences on investments

GROUP SOLVENCY

+ total equity	
+ sectoral items	
- intangible assets and sectoral deductibles	
- profit distribution from previous period and proposed profit distribution for current period	
own funds, total	<hr/>
- minimum requirements for own funds, total	<hr/>
group solvency	

GROUP SOLVENCY RATIO, %

own funds	<hr/>	x 100 %
minimum requirements for own funds	<hr/>	

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, %

+ claims incurred	
claims settlement expenses	<hr/>
premiums earned	<hr/>
	x 100 %

COST RATIO, %

+ operating expenses	
+ claims settlement expenses	<hr/>
premiums earned	<hr/>
	x 100 %

LOSS RATIO, %

claims incurred	<hr/>	x 100 %
vakuutusmaksutuotot	<hr/>	

LOSS RATIO EXCL. UNWINDING OF DISCOUNT, %

claims incurred before unwinding of discount	<hr/>	x 100 %
premiums earned	<hr/>	

EXPENSE RATIO, %

operating expenses	<hr/>	x 100 %
premiums earned	<hr/>	

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)

+ solvency capital	
<hr/>	
+ liabilities for insurance and investment contracts	x 100 %
- reinsurers' share of insurance liabilities	

SOLVENCY RATIO (IFRS), %

solvency capital	
<hr/>	
premiums earned from 12 months	x 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, %

+ operating expenses before change in deferred acquisition costs	
+ claims settlement expenses	
<hr/>	
expense charges	x 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	
<hr/>	
+ liabilities for insurance and investment contracts	x 100 %
- reinsurers' share of insurance liabilities	
- 75 % 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

profit for the financial period attributable to the parent company's equity holders
 ± change in fair value reserve

 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 investments
 ± deferred tax related to valuation differences on investments

 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, %

dividend per share
 _____ x 100 %
 earnings per share

EFFECTIVE DIVIDEND YIELD, %

dividend per share
 _____ x 100 %
 adjusted closing share price at 31 Dec.

PRICE/EARNINGS RATIO

adjusted closing share price at 31 Dec.

 earnings per share

MARKET CAPITALISATION

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

RELATIVE SHARE TRADING VOLUME, %

number of shares traded through the Helsinki Exchanges
 _____ x 100 %
 adjusted average number of shares