SAMPO GROUP

FINANCIAL STATEMENTS 2011

Financial Statements

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Consolidated Comprehensive Income Statement, IFRS

EURm	Note	Jan–Dec 2011	Jan–Dec 2010
Insurance premiums written	1, 8	5,050	5,096
Net income from investments	2, 10, 18	260	1,148
Other operating income		32	26
Claims incurred	3, 8	-3,723	-3,533
Change in liabilities for insurance and investment contracts	4	241	-769
Staff costs	5	-543	-527
Other operating expenses	6, 8	-548	-547
Finance costs	10	-82	-96
Share of associates' profit/loss	14	541	523
Profit before taxes		**1,228**	**1,320**
Taxes	21, 22, 23	-189	-217
Profit for the period		**1,038**	**1,104**
Other comprehensive income for the period	23, 24		
Exchange differences		6	214
Available-for-sale financial assets		-520	605
Cash flow hedges		-2	-9
Share of associate's other comprehensive income		23	48
Income tax relating to components of other comprehensive income		141	-156
Other comprehensive income for the period, net of tax		**-352**	**703**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**686**	**1,807**
Profit attributable to			
Owners of the parent		1,038	1,104
Non-controlling interests		0	0
Total comprehensive income attributable to			
Owners of the parent		686	1,807
Non-controlling interests		0	0

Earnings per share (eur)	9	1.85	1.97

Consolidated Balance Sheet, IFRS

EURm	Note	Dec 2011	Dec 2010
Assets			
Property, plant and equipment	11	26	29
Investment property	12	118	122
Intangible assets	13	745	742
Investments in associates	14	6,593	5,699
Financial assets	10, 15, 16, 17, 18, 19	16,745	17,508
Investments related to unit-linked insurance contracts	10, 20	3,053	3,127
Tax assets	21	64	68
Reinsurers' share of insurance liabilities	28	532	514
Other assets	25	1,659	1,515
Cash and cash equivalents	10, 26	572	527
Total assets		**30,107**	**29,851**
Liabilities			
Liabilities for insurance and investment contracts	28	13,796	13,749
Liabilities for unit-linked insurance and investment contracts	29	3,054	3,124
Financial liabilities	10, 16, 17, 29	2,768	2,187
Tax liabilities	21	474	640
Provisions	30	37	36
Employee benefits	31	98	105
Other liabilities	32	960	1,124
Total liabilities		**21,187**	**20,965**
Equity	34		
Share capital		98	98
Reserves		1,531	1,530
Retained earnings		6,844	6,459
Other components of equity		447	799
Equity attributable to owners of the parent		**8,920**	**8,886**
Non-controlling interests		0	0
Total equity		**8,920**	**8,886**
Total equity and liabilities		**30,107**	**29,851**

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 2010	98	0	4	1,527	5,889	-200	287	9	7,613
Changes in equity									
Share-based payments					-1				-1
Recognition of undrawn dividends					10				10
Dividends					-561				-561
Share of associate's other changes in equity					19				19
Total comprehensive income for the year					1,104	262	447	-6	1,807
Equity at 31 Dec 2010	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	29	-379	-2	686
Equity at 31 Dec 2011	98	0	4	1,527	6,844	91	354	1	8,920

*) The total comprehensive income includes also the share of the associate Nordea's other comprehensive income, in accordance with the Group's share holding. As Nordea's other comprehensive income comprise mainly the currency hedging of net investments and exchange differences, the Group's share of Nordea's other comprehensive income EURm 23 (48) is also included in the Group's exchange differences in the statement of changes in equity.

**) The amount recognised in equity from available-for-sale financial assets for the period totalled EURm -409 (615). The amount transferred to p/l amounted to EURm 30 (-168).

***) The amount recognised in equity from cash flow hedges for the period totalled EURm -2 (-6).

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

	2011	2010
Operating activities		
Profit before taxes	1,228	1,320
Adjustments:		
Depreciation and amortisation	18	29
Unrealised gains and losses arising from valuation	530	-458
Realised gains and losses on investments	-130	-279
Change in liabilities for insurance and investment contracts	-95	331
Other adjustments	-885	-515
Adjustments total	**-562**	**-892**
Change (+/-) in assets of operating activities		
Investments *)	17	74
Other assets	-130	73
Total	**-113**	**148**
Change (+/-) in liabilities of operating activities		
Financial liabilities	101	-9
Other liabilities	-307	-132
Paid taxes	-241	-288
Total	**-447**	**-429**
Net cash from operating activities	**106**	**147**
Investing activities		
Investments in group and associated undertakings	-119	62
Net investment in equipment and intangible assets	-17	5
Net cash used in investing activities	**-136**	**67**
Financing activities		
Acquisition of own shares	-24	-
Dividends paid	-637	-554
Issue of debt securities	2,440	1,954
Repayments of debt securities in issue	-1,703	-1,848
Net cash used in financing activities	**75**	**-448**
Total cash flows	**46**	**-234**
Cash and cash equivalents at 1 January	524	793
Effects of exchange rate changes	2	-32
Cash and cash equivalents at 31 December	572	527
Net increase in cash and cash equivalents	**46**	**-234**

Additional information to the statement of cash flows:	2011	2010
Interest income received	697	655
Interest expense paid	-194	-187
Dividend income received	102	64

*) 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).

Summary of Significant Accounting Policies

Sampo Group has prepared the consolidated financial statements for 2011 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, 2011.

During the financial year, Sampo adopted the following new or amended standards or interpretations relating to its business. The changes had no effect on the financial statements reporting.

The amendment to IAS 32 *Financial Instruments*: Presentation – Classification of Rights Issues addressed the accounting for rights, options or warrants that are denominated in a currency other than the functional currency of the issuer.

The revised IAS 24 *Related Party Disclosure* clarified the concept of related parties.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* clarified the accounting by the entity that, after renegotiations, issues equity instruments to its creditor in order to settle all or part of its financial liability.

Amended IFRIC 14 *Prepayments of a Minimum Funding Requirement* permitted an entity to treat the benefit of certain early payments as assets.

Improvements to IFRSs 2010 – 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 9 February 2012.

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 rate
1 euro (EUR) =		
Swedish krona (SEK)	8.9126	9.0294

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, foreign exchange derivatives, equity derivatives and commodity derivatives. Derivative instruments are measured initially at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Derivatives held for trading

Derivative instruments that are not designated as hedges and embedded derivatives separated from a host contract are treated as held for trading. They are measured at fair value and the change in fair value, together with realised gains and losses and interest income and expenses, is recognised in profit or loss. If derivatives are used for hedging, but they do not qualify for hedge accounting as required by IAS 39, they are treated as held for trading.

Hedge accounting

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

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

During the financial year, fair value 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.

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

Intangible assets with finite useful lives are measured at historical cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the estimated useful life of the asset. The estimated useful lives by asset class are as follows:

- IT software 4-10 years
- Other intangible assets 3-10 "

Property, plant and equipment

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

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

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

- Residential, business premises and offices 20 - 60 years
- Industrial buildings and warehouses 30 - 60 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 the Sampo Group (the cedant) may receive compensation from another insurer (the reinsurer), if it becomes liable for paying compensation based on other insurance contracts it has issued. Such compensation received on the basis of reinsurance contracts is included in the balance sheet under 'Reinsurers' share of insurance liabilities' and 'Other assets'. The former item includes the reinsurers' share of the provisions for unearned premiums and claims outstanding in the Group's reinsured insurance contracts, while the latter includes short-term receivables from reinsurers.

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

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

P&C insurance business

Classification of insurance contracts

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

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

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

Insurance liabilities

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

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

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

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

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

Liability adequacy test

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

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

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 2012 lowered the maximum rate to 2.75 %.

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 39 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 three valid share-based incentive schemes settled in cash (the long-term incentive schemes 2008 II, 2009 I and 2011 I for executives and specialists) . 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 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 bonus units to be paid as an incentive. The effects of non-market based terms are not included in the fair value of the incentive; instead, they are taken into account in the number of those share options that are expected to be exercised during the vesting period. In this respect, the Group will update the assumption on the estimated final number of bonus 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. The new tax rate 24.5 % from 2012 on, ratified by the Finnish parliament, has been used in the calculation of deferred taxes. The taxable income for the financial year is based on the current tax rate 26 %.

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

Share capital

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

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

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

Cash and cash equivalents

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

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

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

Accounting policies requiring management judgement and key sources of estimation uncertainties

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

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

Actuarial assumptions

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

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

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

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

Determination of fair value

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

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

Impairment test

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

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

Applications in 2012

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 Group estimates that the amendment will have no influence on the Group-s financial statements reporting.

Applications in 2013 (the changes were not approved by the EU at the balance sheet date)

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 where the accumulated unrecognised losses at the balance sheet date were EURm 150. These losses will reduce the opening equity for the comparison year 2012, while the subsequent changes will be recognised in other comprehensive income.

The amendment to IFRS 7 *Financial Instruments*: Disclosures (effective for annual periods beginning on 1 Jan 2013 or after) specifies the situations when financial assets and financial liabilities need to be offset.

IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on 1 Jan 2013 or after) defines closer the concept of control as the crucial factor for consolidation.

IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on 1 Jan 2013 or after) includes requirements for disclosures regarding different involvements in other entities, such as associates and unconsolidated entities.

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.

Revised IAS 27 *Consolidated and Separate Financial Statements* (effective for annual periods beginning on 1 Jan 2013 or after) includes the requirements for separate financial statements to the extent they have not been included in the new IFRS 10.

Revised IAS 28 *Investments in Associates* (effective for annual periods beginning on 1 Jan 2013 or after) includes the requirements for using the equity method accounting for investments in associates and joint ventures.

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 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 INCOME STATEMENT BY BUSINESS SEGMENT FOR YEAR ENDED 31 DECEMBER 2010

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premius written	3,985	1,111	-	-	5,096
Net income from investments	487	645	25	-9	1,148
Other operating income	25	0	16	-15	26
Claims incurred	-2,689	-844	-	-	-3,533
Change in liabilities for insurance and investment contracts	-91	-678	-	-	-769
Staff costs	-479	-35	-13	-	-527
Other operating expenses	-501	-49	-11	15	-547
Finance costs	-29	-8	-66	6	-96
Share of associates' profit/loss	0	0	523	-	523
Profit before taxes	**707**	**142**	**474**	**-3**	**1,320**
Taxes	-189	-37	9	0	-217
Profit for the year	**518**	**105**	**483**	**-3**	**1,104**
Other comprehensive income for the year					
Exchange differences	214	0	-	-	214
Available-for-sale financial assets	286	315	4	1	605
Cash flow hedges	-	-9	-	-	-9
Share of associate's other comprehensive income	-	-	48	-	48
Income tax relating to components of other comprehensive income	-75	-80	-1	0	-156
Other comprehensive income for the year, net of tax	**425**	**226**	**51**	**1**	**703**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**943**	**332**	**534**	**-2**	**1,807**
Profit attributable to					
Owners of the parent					1,104
Non-controlling interests					0
Total comprehensive income attributable to					
Owners of the parent					1,807
Non-controlling interests					0

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 contracts	-	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**

CONSOLIDATED BALANCE SHEET BY BUSINESS SEGMENT AT 31 DECEMBER 2010

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	19	5	5	-	29
Investment property	26	96	4	-4	122
Intangible assets	577	165	0	-	742
Investments in associates	11	0	5,688	-	5,699
Financial assets	11,226	5,745	3,101	-2,563	17,508
Investments related to unit-linked insurance contracts	-	3,127	-	-	3,127
Tax assets	50	-	18	0	68
Reinsurers' share of insurance liabilities	510	4	-	-	514
Other assets	1,363	106	66	-20	1,515
Cash and cash equivalents	319	152	56	-	527
Total assets	**14,101**	**9,400**	**8,938**	**-2,587**	**29,851**
Liabilities					
Liabilities for insurance and investment contracts	9,340	4,410	-	-	13,749
Liabilities for unit-linked insurance and investment contracts	-	3,124	-	-	3,124
Financial liabilities	512	126	1,741	-191	2,187
Tax liabilities	464	176	-	-	640
Provisions	36	-	-	-	36
Employee benefits	105	-	-	-	105
Other liabilities	690	339	117	-22	1,124
Total liabilities	**11,146**	**8,174**	**1,857**	**-213**	**20,965**
Equity					
Share capital					98
Reserves					1,530
Retained earnings					6,459
Other components of equity					799
Equity attributable to parent company's equityholders					**8,886**
Non-controlling interests					0
Total equity					**8,886**
Total equity and liabilities					**29,851**

Geographical information

EURm	Finland	Sweden	Norway	Denmark	Baltic	Other	Total
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**
At 31 Dec 2010							
Revenue from external customers							
P&C insurance	827	1,167	1,451	323	125	0	3,894
Life insurance	1,051	-	-	-	60	-	1,111
Holding	42	-	-	-	-	-	42
Total	**1,919**	**1,167**	**1,451**	**323**	**185**	**0**	**5,046**
Non-current assets							
P&C insurance	108	494	13	3	14	0	632
Life insurance	266	-	-	-	1	-	267
Holding	9	5,688	-	-	-	-	5,697
Total	**383**	**6,183**	**13**	**3**	**15**	**0**	**6,596**

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.

1 INSURANCE PREMIUMS WRITTEN

P&C insurance

EURm	2011	2010
Premiums from insurance contracts		
Premiums written, direct insurance	4,324	4,105
Premiums written, assumed reinsurance	90	84
Premiums written, gross	**4,414**	**4,189**
Reinsurers' share of premiums written	-213	-204
Premiums written, net	**4,201**	**3,985**
Change in unearned premium provision	-106	-94
Reinsurers' share	-1	2
Change in unearned premium provision, net	**-107**	**-91**
Premiums earned, total	**4,094**	**3,894**

Life insurance

EURm	2011	2010
Premiums from insurance contracts		
Premiums written, direct insurance	541	648
Premiums written, assumed reinsurance	2	2
Insurance contracts total, gross	**544**	**649**
Premium revenue ceded to reinsurers on insurance contracts issued	-5	-6
Insurance contracts total, net	**538**	**643**
Investment contracts	311	468
Premiums written, net [1])	**849**	**1,111**
Group, total	**5,050**	**5,096**

[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	2011	2010
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	201	271
Premiums from unit-linked contracts	339	376
Premiums from other contracts	1	1
Total	541	648
Assumed reinsurance	2	2
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	1	1
Premiums from unit-linked contracts	310	467
Total	311	468
Insurance and investment contracts, total	854	1,117
Reinsurers' share	-5	-6
Premiums written, total	849	1,111
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	360	392
Single premiums, insurance contracts	186	256
Single premiums, investment contracts	307	468
Total	852	1,115

2 NET INCOME FROM INVESTMENTS

P&C insurance

EURm	2011	2010
Financial assets		
Derivative financial instruments		
Gains/losses	-18	28
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	3	4
Gains/losses	0	2
Equity securities		
Gains/losses	1	2
Dividend income	1	1
Total	4	9
Loans and receivables		
Interest income	21	13
Financial assets available-for-sale		
Debt securities		
Interest income	381	358
Impairment losses	3	-3
Gains/losses	32	91
Equity securities		
Gains/losses	87	66
Impairment losses	-169	-19
Dividend income	30	27
Total	363	519
Total from financial assets	370	569
Other assets		
Investment properties		
Gains/losses	1	-1
Other	-1	-1
Total from other assets	0	-2
Expense on other than financial liabilities	-7	-16
Effect of discounting annuities	-56	-58

Fee and commission expenses		
Asset management	-9	-8
P&C insurance, total	**298**	**487**

Net income from investments includes exchange differences		
Arising from insurance business	4	-4
Arising from investments	-3	29

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 47 (-143) transferred from the fair value reserve.

Life insurance

EURm	2011	2010
Financial assets		
Derivative financial instruments		
Gains/losses	-14	-7
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	8	3
Gains/losses	0	2
Equity securities		
Gains/losses	0	0
Dividend income	0	0
Total	**8**	**6**
Investments related to unit-linked contracts		
Debt securities		
Interest income	23	27
Gains/losses	-14	21
Equity securities		
Gains/losses	-296	281
Dividend income	7	2
Loans and receivables		
Interest income	1	-1
Other financial assets		
Gains/losses	-19	2
Total	**-296**	**333**

Loans and receivables		
Interest income	4	4
Gains/losses	0	0
Total	**4**	**4**
Financial assets available-for-sale		
Debt securities		
Interest income	154	151
Gains/losses	5	38
Equity securities		
Gains/losses	91	72
Impairment losses	-69	-7
Dividend income	61	42
Total	**242**	**297**
Total financial assets	**-56**	**631**
Other assets		
Investment properties		
Gains/losses	0	0
Impairment losses	-1	0
Other	6	5
Total other assets	**6**	**5**
Net fee income		
Asset management	-14	-15
Fee income	24	23
Total	**10**	**8**
Life insurance, total	**-41**	**645**
Net income from investments includes exchange differences		
Arising from investments	-17	9

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 25 (86) transferred from the fair value reserve.

Holding

EURm	2011	2010
Financial assets		
Derivative financial instruments		
Gains/losses	2	-9

Loans and receivables		
Interest income	1	1
Gains/losses	-3	20
Total	**-2**	**21**
Financial assets available-for-sale		
Debt securities		
Interest income	13	9
Gains/losses	-	1
Equity securities		
Gains/losses	3	0
Impairment losses	0	-1
Dividend income	2	2
Total	**18**	**11**
Total financial assets	**18**	**23**
Other assets		
Investment properties		
Gains/losses	0	2
Other	0	0
Total other assets	**0**	**2**
Net fee income	0	1
Holding, total	**18**	**25**
Included in gains/losses from financial assets available-for-sale is a net gain of EURm -0 (1) transferred from the fair value reserve.		
Elimination items between segments	-16	-9
Group, total	**260**	**1,148**

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

	2011			2010		
EURm	Gross	Ceded	Net	Gross	Ceded	Net
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,680	27	-1,653	-1,555	20	-1,534
Claims portfolio	-	-	0	14	-	14
Change in provision for claims outstanding (incurred and reported losses)	-841	126	-715	-782	110	-672
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-589	17	-572	-605	17	-588
Claims-adjustment costs	3	-	3	-13	-	-13
Change in claims provision for annuities	-	-	-	-9	-	-9
Total claims cost attributable to current-year operations	**-3,107**	**171**	**-2,936**	**-2,950**	**147**	**-2,803**
Claims costs attributable to prior-year operations						
Claims paid	-1,227	96	-1,130	-1,149	96	-1,053
Annuities paid	-115	0	-115	-28	-	-28
Claims portfolio	-	-	-	-5	-	-5
Change in provision for claims outstanding (incurred and reported losses)	833	-104	729	743	-103	640
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	677	-25	652	592	-33	559
Total claims cost attributable to prior-year operations	**169**	**-33**	**135**	**154**	**-40**	**113**
Insurance claims paid						
Claims paid	-2,907	124	-2,783	-2,704	116	-2,588
Annuities paid	-40	-	-40	-39	-	-39
Claims portfolio	-	-	-	9	-	9
Total claims paid	**-2,947**	**124**	**-2,823**	**-2,734**	**116**	**-2,618**
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	0	22	22	-39	7	-32
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	88	-8	80	-13	-16	-29
Change in claims provision for annuities	-82	-	-82	3	-	3
Claims-adjustment costs	3	-	3	-13	-	-13
Total change in provision for claims outstanding	**9**	**14**	**23**	**-62**	**-9**	**-71**
P&C insurance, total	-2,938	138	-2,801	-2,796	107	-2,689

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 2011 amounted to EURm 274 (281). The non-discounted value was EURm 492 (472). The changes are due to foreign exchange effects, real decrease and prolonged estimated payment pattern.

Interest rate used in calculating the technical provisions of annuities (%)	2011	2010
Sweden	0.24%	1.33%
Finland	3.15%	3.15%
Denmark	2.00%	2.00%

Life insurance

	Claims paid		Change in provision for claims outstanding		Claims incurred	
EURm	2011	2010	2011	2010	2011	2010
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature (DPF)	-84	-68	1	1	-83	-67
Other contracts	0	0	0	0	0	0
Unit-linked contracts	-187	-153	-3	-2	-190	-155
Total	**-271**	**-222**	**-2**	**-1**	**-273**	**-223**
Pension insurance						
Contracts with discretionary participation feature (DPF)	-353	-331	-114	-64	-467	-395
Unit-linked contracts	-9	-10	-1	-1	-10	-11
Total	**-362**	**-342**	**-115**	**-65**	**-478**	**-407**
Assumed reinsurance	-1	-1	0	0	-1	-1
Insurance contracts total, gross	**-634**	**-564**	**-117**	**-66**	**-750**	**-629**
Reinsurers´ share	3	4	0	0	3	4
Insurance contracts total, net	**-631**	**-560**	**-117**	**-66**	**-748**	**-626**
Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	-17	-37	-	-	-17	-37
Unit-linked contracts	-157	-181	-	-	-157	-181
Investment contracts, total	**-174**	**-218**	**-**	**-**	**-174**	**-218**
Life insurance, total	**-805**	**-778**	**-117**	**-66**	**-922**	**-844**

Claims paid by type of benefit

EURm	2011	2010
Insurance contracts		
Life insurance		
Surrender benefits	-16	-9
Death benefits	-25	-26
Maturity benefits	-35	-26
Loss adjustment expenses	0	0
Other	-9	-8
Total	**-84**	**-69**
Life insurance, unit-linked		
Surrender benefits	-121	-90
Death benefits	-27	-23
Maturity benefits	-40	-40
Loss adjustment expenses	0	-
Total	**-187**	**-153**
Pension insurance		
Pension payments	-310	-303
Surrender benefits	-38	-24
Death benefits	-5	-4
Loss adjustment expenses	0	0
Total	**-353**	**-331**
Pension insurance, unit-linked		
Pension payments	-	-2
Surrender benefits	-8	-7
Death benefits	-2	-2
Other	0	0
Total	**-9**	**-10**
Assumed reinsurance	-1	-1
Insurance contracts total, gross	-634	-564
Reinsurers´ share	3	4
Insurance contracts total, net	-631	-560

Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	-1	-23
Loss adjustment expenses	-16	-14
Total	-17	-37
Investment contracts		
Capital redemption policy, unit-linked		
Surrender benefits	-157	-178
Loss adjustment expenses	-1	-2
Total	-157	-181
Investment contracts total, gross	-174	-218
Claims paid total, gross	-808	-782
Claims paid total, net	-805	-778
Group, total	-3,723	-3,533

4 CHANGE IN LIABILITIES FOR INSURANCE AND INVESTMENT CONTRACTS

P&C insurance

EURm	2011	2010
Change in unearned premium provision	-106	-94
Reinsurers' share	-1	2
Change in unearned premium provision, net	-107	-91

Life insurance

EURm	2011	2010
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	38	16
Other contracts	0	0
Unit-linked contracts	117	-177
Total	155	-161

Pension insurance		
Contracts with discretionary participation feature (DPF)	221	32
Unit-linked contracts	52	-240
Total	273	-208
Assumed reinsurance	0	0
Insurance contracts total, gross	428	-369
Reinsurers´ share	0	0
Insurance contracts total, net	428	-369
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	15	35
Unit-linked contracts	-95	-345
Investment contracts, total	-80	-309
Change in liabilities for insurance and investment contracts in total, gross	348	-678
Change in liabilities for insurance and investment contracts in total, net	348	-678
Group, total	241	-769

5 STAFF COSTS

P&C insurance

EURm	2011	2010
Staff costs		
Wages and salaries	-356	-340
Cash-settled share-based payments	-5	-9
Pension costs		
- defined contribution plans	-46	-41
- defined benefit plans (Note 31)	-19	-22
Other social security costs	-68	-68
P&C insurance, total	-494	-479

Life insurance

EURm	2011	2010
Staff costs		
Wages and salaries	-30	-27
Cash-settled share-based payments	-1	-2
Pension costs - defined contribution plans	-5	-4
Other social security costs	-2	-3
Life insurance, total	**-38**	**-35**

Holding

EURm	2011	2010
Staff costs		
Wages and salaries	-8	-7
Cash-settled share-based payments	-2	-4
Pension costs - defined contribution plans	-1	-1
Other social security costs	-1	-1
Holding, total	**-11**	**-13**
Group, total	**-543**	**-527**

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

6 OTHER OPERATING EXPENSES

P&C insurance

EURm	2011	2010
IT costs	-100	-97
Other staff costs	-17	-16
Marketing expenses	-44	-44
Depreciation and amortisation	-11	-19
Rental expenses	-50	-50
Change in deferred acquisition costs	17	8
Direct insurance comissions	-174	-151
Commissions on reinsurance ceded	16	16
Other	-133	-149
P&C insurance, total	**-497**	**-501**

Life insurance

EURm	2011	2010
IT costs	-14	-11
Other staff costs	-2	-1
Marketing expenses	-3	-4
Depreciation and amortisation	-4	-5
Rental expenses	-3	-3
Change in deferred acquisition costs	-7	-5
Direct insurance comissions	-1	-1
Commissions on reinsurance ceded	1	2
Other	-20	-20
Life insurance, total	**-53**	**-49**

Item Other for P&C and Life Insurance includes e.g. expenses related to communication, external services and other administrative expenses. In 2010, item Other for P&C Insurance includes also the effect of dissolvement of the collective guarantee item EURm 25.

Holding

EURm	2011	2010
IT costs	-1	-1
Other staff costs	0	0
Marketing expenses	-1	-1
Depreciation and amortisation	0	0
Rental expenses	-1	-1
Other	-9	-8
Holding, total	**-13**	**-11**

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

Elimination items between segments	15	15
Group, total	**-548**	**-547**

7 RESULT ANALYSIS OF P&C INSURANCE

EURm	2011	2010
Insurance premiums earned	4,094	3,894
Claims incurred	-3,058	-2,943
Operating expenses	-707	-671
Other insurance technical income and expense	4	0
Allocated investment return transferred from the non-technical account	124	168
Technical result	**457**	**449**
Net investment income	353	516
Allocated investment return transferred to the technical account	-181	-226
Other income and expense	7	-32
Operating result	**636**	**707**

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

EURm		2011	2010
	Claims-adjustment expenses (Claims paid)	-257	-253
	Acquisition expenses (Operating expenses)	-491	-452
	Joint administrative expenses for insurance business (Operating expenses)	-248	-243
	Administrative expenses pertaining to other technical operations (Operating expenses)	-27	-24
	Asset management costs (Investment expenses)	-9	-8
Total		-1,032	-980

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							
2011	669	681	1,207	139	1,287	198	3
2010	621	662	1,106	131	1,261	180	6
Premiums earned, gross							
2011	655	679	1,142	138	1,267	188	3
2010	597	666	1,075	129	1,226	179	5
Claims incurred, gross 1)							
2011	-449	-521	-852	-65	-998	-100	-1
2010	-401	-541	-799	-98	-918	-105	0
Operating expenses, gross 2)							
2011	-121	-135	-183	-25	-190	-30	0
2010	-106	-128	-169	-25	-186	-29	0
Profit/loss from ceded reinsurance							
2011	-11	-1	-1	-15	-40	-19	-
2010	-11	0	-2	-2	-31	-30	-
Technical result before investment return							
2011	**75**	**22**	**107**	**33**	**40**	**39**	**2**
2010	**79**	**-4**	**106**	**4**	**90**	**15**	**4**

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2011	32	115	4,329	90	-5	4,414
2010	29	113	4,109	84	-4	4,189
Premiums earned, gross						
2011	31	116	4,219	94	-5	4,308
2010	27	108	4,012	88	-4	4,095
Claims incurred, gross 1)						
2011	-19	-165	-3,169	-26	-1	-3,196
2010	-16	-99	-2,977	-70	-2	-3,049
Operating expenses, gross 2)						
2011	-6	-12	-702	-22	6	-718
2010	-5	-27	-676	-10	0	-686
Profit/loss from ceded reinsurance						
2011	-	27	-60	-7	6	-61
2010	0	-19	-95	13	3	-80
Technical result before investment return						
2011	**6**	**-35**	**288**	**39**	**6**	**333**
2010	**5**	**-37**	**264**	**20**	**-3**	**281**

1) Activity-based operating costs EURm 257 (253) have been allocated to claims incurred.

2) Includes other technical income EURm 31 (25) and other technical expenses EURm 27 (24).

9 EARNINGS PER SHARE

EURm	2011	2010
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	1,038	1,104
Weighted average number of shares outstanding during the period	561	561
Earnings per share (EUR per share)	1.85	1.97

10 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities have been categorised in accordance with IAS 39.9. In the table are also included interest income and expenses, realised and unrealised gains and losses recognised in P/L, impairment losses and dividend income arising from those assets and liabilities. The financial assets in the table include balance sheet items Financial assets, Investments related to unit-linked contracts and Cash and cash equivalents.

			2011		
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	179	24	-54	-	-
Financial assets designated as at fair value through p/l	3,261	35	-328	-	9
Loans and receivables	679	25	-3	-	-
Financial assets available-for-sale	16,252	548	219	-236	93
Financial assets, group total	20,371	632	-166	-236	102
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		

			2010		
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	157	39	-27	-	-
Financial assets designated as at fair value through p/l	3,280	34	311	-	3
Loans and receivables	626	17	20	-	-
Financial assets available-for-sale	17,097	509	267	-29	72
Financial assets, group total	21,161	599	571	-29	75
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	111	-	-		
Other financial liabilities	2,077	-106	-25		
Financial liabilities, group total	2,187	-106	-25		

11 PROPERTY, PLANT AND EQUIPMENT

P&C insurance

EURm	2011 Equipment	2010 Equipment
At 1 Jan		
Cost	140	134
Accumulated depreciation	-122	-111
Net carrying amount	**19**	**23**
Opening net carrying amount	19	23
Additions	7	6
Disposals	-1	-1
Depreciation	-9	-11
Exchange differences	0	1
Closing net carrying amount	**16**	**19**
At 31 Dec		
Cost	146	140
Accumulated depreciation	-131	-122
Net carrying amount	**16**	**19**

Life insurance

	2011			2010		
EURm	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan						
Cost	4	7	11	4	6	10
Accumulated depreciation	0	-5	-5	0	-5	-5
Net carrying amount	**4**	**2**	**5**	**4**	**1**	**5**
Opening net carrying amount	4	2	5	4	1	5
Additions		1	1	-	1	1
Depreciation	0	0	0	0	0	0
Closing net carrying amount	**4**	**2**	**6**	**4**	**2**	**5**
At 31 Dec						
Cost	4	7	12	4	7	11
Accumulated depreciation	0	-5	-6	0	-5	-5
Net carrying amount	**4**	**2**	**6**	**4**	**2**	**5**

Holding

EURm	2011 Land and buildings	2011 Equipment	2011 Total	2010 Land and buildings	2010 Equipment	2010 Total
At 1 Jan						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-1	-2	-1	-1	-2
Net carrying amount	**1**	**4**	**5**	**1**	**4**	**5**
Opening net carrying amount	1	4	5	1	4	5
Additions	-	0	0	0	0	0
Depreciation	0	0	0	0	-1	-1
Closing net carrying amount	**1**	**3**	**4**	**1**	**4**	**5**
At 31 Dec						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-1	-2
Net carrying amount	**1**	**3**	**4**	**1**	**4**	**5**

	2011	2010
Group, total	26	29

Equipment in different segments comprise IT equipment and furniture.

12 INVESTMENT PROPERTY

P&C insurance

EURm	2011	2010
At 1 Jan		
Cost	34	34
Accumulated depreciation	-6	-5
Accumulated impairment losses	-2	-1
Net carrying amount	**26**	**28**
Opening net carrying amount	**26**	**28**
Additions	-	0
Disposals	0	0
Depreciation	-1	-1
Impairment losses	0	-2
Reversal of impairment losses	1	0
Exchange differences	1	0
Closing net carrying amount	**26**	**26**
At 31 Dec		
Cost	34	34
Accumulated depreciation	-6	-6
Accumulated impairment losses	-2	-2
Net carrying amount	**26**	**26**
Rental income from investment property	3	3
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	1	1
- later than one year and not later than five years	1	1
Total	1	2
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	**23**	**24**

Life insurance

EURm	2011	2010
At 1 Jan		
Cost	152	139
Accumulated depreciation	-39	-37
Accumulated impairment losses	-16	-16
Net carrying amount	**96**	**87**
Opening net carrying amount	**96**	**87**
Additions	2	13
Disposals	-4	-1
Depreciation	-3	-3
Impairment losses	0	0
Closing net carrying amount	**92**	**96**
At 31 Dec		
Cost	150	152
Accumulated depreciation	-42	-39
Accumulated impairment losses	-16	-16
Net carrying amount	**92**	**96**
Rental income from investment property	15	15
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	7	8
- later than one year and not later than five years	10	9
- later than five years	5	7
Total	**22**	**24**
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	-7
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	**-9**	**-8**
Fair value of investment property at 31 Dec	105	111

Holding

EURm	2011	2010
At 1 Jan		
Cost	4	27
Accumulated depreciation	0	0
Accumulated impairment losses	0	-17
Net carrying amount	4	10
Opening net carrying amount	4	10
Disposals	-	-6
Depreciation	-	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
Elimination items	-4	-4

	2011	2010
Group, total	118	122

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

The premises in investment property for different segments are leased on market-based, irrevocable contracts. The lengths of the contracts vary from those for the time being to those for several years.

13 INTANGIBLE ASSETS

P&C insurance

EURm	Goodwill	2011 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**

EURm	Goodwill	Customer relations	2010 Other intangible assets	Total
At 1 Jan				
Cost	506	47	107	660
Accumulated amortisation	-	-41	-99	-140
Net carrying amount	**506**	**6**	**8**	**521**
Opening net carrying amount	**506**	**6**	**8**	**521**
Exchange differences	71	0	0	72
Additions				
Acquired separately	-	-	6	6
Disposals	-13	-	-	-13
Amortisation	-	-7	-1	-8
Closing net carrying amount	**564**	**0**	**13**	**577**

At 31 Dec				
Cost	564	47	113	725
Accumulated amortisation	-	-47	-100	-148
Net carrying amount	**564**	**0**	**13**	**577**

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

Life insurance

		2011			2010	
EURm	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
At 1 Jan						
Cost	153	36	190	153	34	188
Accumulated amortisation	-	-25	-25	-	-20	-20
Net carrying amount	**153**	**12**	**165**	**153**	**14**	**167**
Opening net carrying amount	153	12	165	153	14	167
Additions	-	3	3	-	2	2
Amortisation	-	-3	-3	-	-4	-4
Closing net carrying amount	**153**	**12**	**165**	**153**	**12**	**165**
At 31 Dec						
Cost	153	40	193	153	36	190
Accumulated amortisation	-	-28	-28	-	-25	-25
Net carrying amount	**153**	**12**	**165**	**153**	**12**	**165**

	2011	2010
Group, total	745	742

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 9.8 % and for Mandatum Life 10.5 %.

Forecasts for If, approved by the management, cover years 2012–2014. The cash flows beyond that have been extrapolated using a 2 % growth rate. A 2 % growth rate for years beyond 2011 has been used for the markets where Mandatum Life operates.

Management believes that any reasonably possible change in any of these key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

14 INVESTMENTS IN ASSOCIATES

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	1,145	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

Associates that have been accounted for by the equity method at 31 Dec 2010

EURm Name	Carrying amount	Fair value*)	Interest held %	Assets/ liabilities	Revenue	Profit/ loss
Nordea Bank Abp	5,688	6,776	20.54	580,689 / 556,151	9,334	2,663
Autovahinkokeskus Oy	3		35.54	8 / 1	7	1

Associates not accounted for by the equity method at 31 Dec 2010 **)

EURm Name	Assets/ liabilities	Revenue	Profit/ loss
Consulting AB Lennemark & Andersson	10 / 6	13	1
Urzus Group AS	1 / 1	3	0
Besure Forsikring Skandinavia AS	-	-	-

*) 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	2011	2010
At beginning of year	5,699	5,172
Share of loss/profit	540	522
Additions	583	238
Disposals	-250	-205
Changes in the equity of associates	18	-29
Exchange differences	2	1
At end of year	**6,593**	**5,699**

At 31 Dec 2011, the carrying amount of investments in associates included goodwill EURm 1,094 (909), including goodwill from the Nordea acquisition EURm 976 (905).

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 2011, Sampo's holding in Nordea was 21.26 % with the goodwill related to the acquisitions of EURm 976.

Sampo´s share of Nordea's loss/profit consists of the following as of 31 Dec 2011:

EURm	2011
Share of loss/profit of the associate	560
Amortisation of the customer relations	-35
Change in deferred tax	9
Share of the loss/profit of an associate	**534**

Due to the decrease in the Nordea's market value during the financial year 2011, 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. No impairment losses were recognised based on the test, as the recovarable amount exceeded Nordea's carrying amount.

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 subsidiari

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	2011	2010
P&C insurance		
Derivative financial instruments	114	63
Financial assets designated as at fair value through p/l	155	90
Loans and receivables	83	73
Financial assets available-for-sale	10,402	10,999
P&C insurance, total	**10,754**	**11,226**
Life insurance		
Derivative financial instruments	36	58
Financial assets designated as at fair value through p/l	51	61
Loans and receivables	23	26
Financial assets available-for-sale	5,058	5,598
Life insurance, total	**5,168**	**5,745**
Holding		
Derivative financial instruments	29	36
Loans and receivables	1	1
Financial assets available-for-sale	1,066	695
Investments in subsidiaries	2,370	2,370
Holding, total	**3,465**	**3,101**
Elimination items between segments	-2,642	-2,563
Group, total	**16,745**	**17,508**

P&C insurance

DERIVATIVE FINANCIAL INSTRUMENTS

	2011			2010		
EURm	Contract/ notional amount	Assets	Fair value Liabilities	Contract/ notional amount	Assets	Fair value Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Intrerest rate swaps	162	19	16	162	5	-
Exchange traded derivatives						
Interest rate futures	393	0	-	809	3	0
Total interest rate derivatives	**555**	**19**	**16**	**970**	**8**	**0**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	11,749	94	185	3,963	54	75
Currency options, bought and sold	211	2	2	-	-	-
Total foreign exchange derivatives	**11,961**	**95**	**186**	**3,963**	**54**	**75**
Equity derivatives						
OTC derivatives						
Equity and equity index options	0	0	-	2	1	-
Total derivatives held for trading	12,516	114	202	4,935	63	75
Derivatives held for hedging						
Fair value hedges						
Currency forwards	277	-	0	189	0	0
Total derivatives	12,793	114	202	5,124	63	75

OTHER FINANCIAL ASSETS

EURm	2011	2010
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	33	70
Certificates of deposit issued by banks	89	3
Other debt securities	33	17
Total debt securities	**155**	**90**
Listed debt securities EURm 126 (90).		
Equity securities		
Listed	0	0
Unlisted	-	-
Total	**0**	**0**
Total financial assets designated as at fair value through p/l	**155**	**90**
Loans and receivables		
Deposits with ceding undertakings	1	0
Other	82	73
Total loans and receivables	**83**	**73**
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	258	427
Certificates of deposit issued by banks	2,967	1,859
Other debt securities	5,888	6,939
Total debt securities	**9,113**	**9,226**
Listed debt securities EURm 7,505 (8,247).		
Equity securities		
Listed	1,145	1,637
Unlisted	144	137
Total	**1,289**	**1,774**
Total financial assets available-for-sale	**10,402**	**10,999**
Financial assets available-for-sale for P&C insurance include impairment losses EURm 166 (179).		
P&C insurance, total financial assets	**10,754**	**11,226**

Life insurance

DERIVATIVE FINANCIAL INSTRUMENTS

	2011			2010		
	Contract/		Fair value	Contract/		Fair value
EURm	notional amount	Assets	Liabilities	notional amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	1,750	21	-	760	28	-
Credit risk swaps	558	10	0	117	0	0
Total	2,308	31	0	877	28	0
Exchange traded derivatives						
Interest futures	-	-	-	100	-	1
Interest options, bought and sold	-	-	-	300	1	1
Total	-	-	-	400	1	3
Total interest rate derivatives	2,308	31	0	1,277	30	3
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	708	2	24	1,754	24	8
Currency options, bought and sold	203	1	1	120	1	1
Total foreign exchange derivatives	912	3	25	1,874	25	9
Equity derivatives						
OTC derivatives						
Equity and equity index options	29	0	0	-	-	-
Total derivatives held for trading	3,248	35	25	3,151	54	12
Derivatives held for hedging						
Fair value hedges						
Currency forwards	430	-	38	461	-	14
Interest rate swaps	33	-	1	33	1	-
Total	463	0	38	494	1	14
Cash flow hedges						
Interest rate swaps	47	2	-	88	3	-
Total derivatives held for hedging	510	2	38	582	4	14
Total derivatives	3,758	36	64	3,733	58	26

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 gains from exchange derivatives designated as fair value hedges amounted to EURm -11 (4). Net losses from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 11 (3).

Net gains from interest rate swaps designated as fair value hedges amounted to EURm -2 (1) milj. euroa. Net losses from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 2 (-1).

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. 2011 he total amount of gains recognised in equity from the changes in the fair values of hedging instruments was EURm 2 (4). 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.

EURm	Total	Up to 1 year	1 - 2 years
From hedging instruments			
Receivable cash flows (forecast)	3	2	0
Payable cash flows (forecast)	-1	-1	0
Net	**2**	**2**	**0**

Most of the cash flows are forecast to occur during 2012.

OTHER FINANCIAL ASSETS

EURm	2011	2010
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	11	19
Certificates of deposit issued by banks	39	24
Other debt securities	-	18
Total debt securities	**50**	**61**
Listed debt securities EURm 26 (20).		
Equity securities		
Listed	1	0
Unlisted	-	-
Total	**1**	**0**
Total financial assets designated as at fair value through p/l	**51**	**61**

Loans and receivables		
Deposits with ceding undertakings	1	1
Loans	22	25
Total loans and receivables	**23**	**26**
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	11	107
Issued by banks	1,150	1,480
Other debt securities	1,671	1,655
Total debt securities	**2,832**	**3,242**
Listed debt securities EURm 2,739 (3,155).		
Equity securities		
Listed	1,451	1,738
Unlisted	775	619
Total	**2,226**	**2,357**
Total financial assets available-for-sale	**5,058**	**5,598**
Financial assets available-for-sale for life insurance include impairment losses EURm 173 (131).		
Life insurance, total financial assets	**5,168**	**5,745**

Financial assets available for sale / debt securities:

Debt securities available for sale include EURm 2,494 (2,709) investments in bonds and EURm 338 (533) investments in money market instruments.

Financial assets available for sale /shares and participations:

Listed equity securities include EURm 635 (674) quoted shares. Unlisted equity securities include EURm 692 (551) investments in capital trusts.

Holding

DERIVATIVE FINANCIAL INSTRUMENTS

	2011			2010		
	Contract/		Fair value	Contract/		Fair value
EURm	notional amount	Assets	Liabilities	notional amount	Assets	Liabilities
Derivatives held for trading						
Interest derivatives						
OTC-derivatives						
Interest rate swaps	1,050	16	-	1,075	29	-
Credit risk swaps	20	0	-	-	-	-
Total interest derivatives	**1,070**	**16**	**0**	**1,075**	**29**	**0**

Equity derivatives						
Exchange traded derivatives						
Equity and euqity index options	80	13	17	95	7	10
Total derivatives	1,150	29	17	1,170	36	10

OTHER FINANCIAL ASSETS

EURm	2011	2010
Loans and receivables		
Deposits	1	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	809	509
Other debt securities	223	151
Total debt securities	**1,032**	**659**
Listed debt securities EURm 932 (553).		
Equity securities		
Listed	-	-
Unlisted	34	36
Total	**34**	**36**
Total financial assets available-for-sale	**1,066**	**695**
Financial assets available-for-sale for Holding business include impairment losses EURm 0 (2).		
Investments in subsidiaries	2,370	2,370
Holding, total financial assets	**3,465**	**3,101**
Elimination items between segments	-2,642	-2,563
Group, total	**16,745**	**17,508**

16 FAIR VALUES

EURm	2011 Fair value	2011 Carrying amount	2010 Fair value	2010 Carrying amount
Financial assets, group				
Financial assets	16,747	16,745	17,508	17,508
Investments related to unit-linked contracts	3,053	3,053	3,127	3,127
Other assets	10	10	23	23
Cash and cash equivalents	572	572	515	527
Total	20,383	20,381	21,173	21,184
Financial liablities, group				
Financial liabilities	2,775	2,768	2,214	2,187
Other liabilities	2	2	67	67
Total	2,777	2,771	2,281	2,254

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 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	0	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	0	17	-	17
Total financial liabilities measured at fair value	**0**	**282**	**-**	**283**

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31 Dec 2010				
Derivative financial instruments				
Interest rate swaps	-	66	-	66
Other interest rate derivatives	4	1	-	5
Foreign exchange derivatives	-	79	-	79
Equity derivatives	-	8	-	8
	4	**153**	**-**	**158**
Financial assets designated at fair value through profit or loss				
Equity securities	0	-	-	0
Debt securities	78	56	18	151
	78	**56**	**18**	**151**
Financial assets related to unit-linked insurance				
Equity securities	152	6	0	159
Debt securities	31	519	0	551
Derivative financial instruments	0	14	-	14
Mutual funds	1,602	612	57	2,271
	1,785	**1,151**	**58**	**2,994**
Financial assets available-for-sale				
Equity securities	1,837	-	77	1,914
Debt securities	602	12,220	86	12,908
Mutual funds	1,252	259	767	2,278
	3,691	**12,479**	**930**	**17,099**
Total financial assests measured at fair value	**5,557**	**13,839**	**1,005**	**20,402**

FINANCIAL LIABILITIES 31 Dec 2010				
Derivative financial instruments				
Interest rate derivatives	3	0	-	2
Foreign exchange derivatives	-	23	-	23
Equity derivatives	-	75	-	75
Other derivatives	-	10	-	10
Total financial liabilities measured at fair value	3	108	-	110

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 9 and in an effect recognised directly in equity of EURm -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 20 and in an effect recognised directly in equity of EURm -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 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 2011.

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	21	-20	0	-4
Effect recognised directly in equity	213	-204	-524	-171
Total effect	**235**	**-224**	**-524**	**-175**

18 MOVEMENTS IN LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

EURm	At Jan 2011	Total gains/losses in income statement	Total gains/losses recorded in other comprehensive 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
FINANCIAL LIABILITIES 2011	-	-	-	-	-	-	-	-

EURm	2011 Realised gains	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

EURm	At Jan 2011	Total gains/losses in income statement	Total gains/losses recorded in other comprehensive 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 2010								
Financial assets designated at fair value through profit or loss								
Debt securities	16	3	-	0	-2	-	18	2
Mutual funds	1	-	-	-	-1	-	0	-
	17	3	-	-	-3	0	18	2
Financial assets related to unit-linked insurance								
Equity securities	-	0	-	0	0	-		-
Debt securities	1	-1	-	-	-	-	0	2
Mutual funds	54	2	-	26	-24	-	57	-
	54	2	0	26	-25	0	57	2
Financial assets available-for-sale								
Equity securities	75	0	0	5	-3	-	77	-1
Debt securities	93	-20	39	51	-81	3	86	-2
Mutual funds	501	6	45	293	-78	-	767	8
	669	-14	84	350	-161	3	930	5
Total financial assests measured at fair value	740	-9	84	376	-189	3	1,005	9
FINANCIAL LIABILITIES 2010	-	-	-	-	-	-	-	-

	2010		
	Realised gains	Fair value gains and losses	Total
Total gains or losses included in profir or loss for the financial year	-24	14	-9
Total gains or losses included in profit and loss for assets held at the end of the financial year	-4	13	9

19 SENSITIVITY ANALYSIS OF LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

EURm	2011 Carrying amount	2011 Effect of reasonably possible alternative assumptions (+ / -)	2010 Carrying amount	2010 Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets designated at fair value through profit or loss				
Debt securities	0	0	-	-
Mutual funds	0	0	18	0
Total	0	0	18	0
Financial assets available-for-sale				
Equity securities	71	-14	77	-15
Debt securities	99	-4	86	0
Mutual funds	905	-166	767	-128
Total	1,074	-185	930	-144
Total financial assests measured at fair value	1,074	-185	948	-144

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 descent of EURm 0 (0) for the debt instruments, and EURm 185 (144) 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 2.1 % (1.6).

20 INVESTMENTS RELATED TO UNIT-LINKED INSURANCE CONTRACTS

Life insurance

EURm	2011	2010
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	32	44
Certificates of deposit issued by banks	137	137
Other debt securities	401	370
Total	570	551
Listed debt securities EURm 473 (412).		
Equity securities		
Listed	2,181	2,426
Unlisted	8	4
Total	2,190	2,430
Total financial assets designated at fair value through p/l	291	131
Other	2	15
Investment related to unit-linked contracts, total	3,053	3,127

The historical cost of the equity securities related to unit-linked contracts was EURm 2,157 (2,096) and that of the debt securities EURm 556 (530).

21 DEFERRED TAX ASSETS AND LIABILITIES

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	1	-2	0	20
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	-1	-2	0	72
Netting of deferred taxes					-8
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	-140	0	108
Other taxable temporary differences	20	-2	0	0	18
Total	647	-26	-140	2	482
Netting of deferred taxes					-8
Total deferred tax liabilities in the balance sheet					474

In Sampo plc, EURm 16 of deferred tax asset has not been recognised on unsed tax losses.

In P&C insurance, EURm 3 of deferred tax asset has not been recognised on unused tax losses and temporary differences.

Changes in deferred tax during the financial period 2010

EURm	1 Jan	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31 Dec
Deferred tax assets					
Tax losses carried forward	5	15	0	0	20
Changes in fair values	1	0	-1	0	0
Employee benefits	34	1	0	4	38
Other deductible temporary differences	51	-18	6	-1	37
Total	91	-3	5	2	95
Netting of deferred taxes					-28
Deferred tax assets in the balance sheet					68
Deferred tax liabilities					
Depreciation differences and untaxed reserves	360	-5	0	22	377
Changes in fair values	121	4	125	0	249
Other taxable temporary differences	29	11	0	1	41
Total	510	10	125	23	667
Netting of deferred taxes					-28
Total deferred tax liabilities in the balance sheet					640

22 TAXES

EURm	2011	2010
Profit before tax	1,228	1,320
Tax calculated at parent company's tax rate	-319	-343
Different tax rates on overseas earnings	0	0
Income not subject to tax	69	55
Expenses not allowable for tax purposes	-4	-7
Consolidation procedures and eliminations	73	83
Tax losses for which no deferred tax asset has been recognised	-17	-1
Changes in tax rates	7	-
Tax from previous years	2	-3
Total	**-189**	**-217**

23 COMPONENTS OF OTHER COMPREHENSIVE INCOME

EURm	2011	2010
Other comprehensive income:		
Exchange differences	6	214
Available-for-sale financial assets		
Gains/losses arising during the year	-559	832
Reclassification adjustments	40	-227
Cash flow hedges		
Gains/losses arising during the year	-2	-9
Share of associate's other comprehensive income	23	48
Income tax relating to components of other comprehensive income	141	-156
Total	**-352**	**703**

24 TAX EFFECTS RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2011			2010		
EURm	Before-tax amount	Tax	Net-of-tax amount	Before-tax amount	Tax	Net-of-tax amount
Exchange differences	6	-	6	214	-	214
Available-for-sale financial assets	-520	140	-379	605	-158	447
Cash flow hedges	-2	1	-2	-9	2	-6
Share of associate's other comprehensive income	23	-	23	48	-	48
Total	**-516**	**141**	**-352**	**811**	**-156**	**703**

25 OTHER ASSETS

P&C insurance

EURm	2011	2010
Interests	131	140
Assets arising from direct insurance operations	1,014	939
Assets arising from reinsurance operations	67	42
Settlement receivables	2	2
Deferred acquisition costs 1)	157	139
Assets related to Patient Insurance Pool	55	55
Other	54	46
P&C insurance, total	**1,479**	**1,363**

Other assets include non-current assets EURm 57 (47).

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

1) Change in deferred acquisition costs in the period

EURm	2011	2010
At 1 Jan	**139**	**122**
Net change in the period	17	9
Exchange differences	1	8
At 31 Dec	**157**	**139**

Life insurance

EURm	2011	2010
Interests	54	60
Receivables from policyholders	5	6
Assets arising from reinsurance operations	0	0
Settlement receivables	5	6
Other	69	34
Life insurance, total	133	106

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

Holding

EURm	2011	2010
Interests	51	43
Other	8	22
Holding, total	59	66
Item Other includes e.g. asset management fee receivables.		
Elimination items between segments	-12	-20
Group, total	1,659	1,515

26 CASH AND CASH EQUIVALENTS

P&C insurance

EURm	2011	2010
Cash at bank and in hand	225	200
Short-term deposits (max 3 months)	166	119
P&C insurance, total	390	319

Life insurance

EURm	2011	2010
Cash at bank and in hand	93	86
Short-term deposits (max 3 months)	-	66
Life insurance, total	93	152

Holding

EURm	2011	2010
Cash at bank and in hand	89	56
Short-term deposits (max 3 months)	-	0
Holding, total	89	56
Group, total	572	527

27 LIABILITIES FROM INSURANCE AND INVESTMENT CONTRACTS

P&C insurance

Change in insurance liabilities

		2011			2010	
EURm	Gross	Ceded	Net	Gross	Ceded	Net
Provision for unearned premiums						
At 1 Jan	1,845	53	1,792	1,668	49	1,619
Exchange differences	20	1	21	83	2	81
Change in provision	106	-1	105	94	2	91
At 31 Dec	**1,972**	**53**	**1,919**	**1,845**	**53**	**1,792**

		2011			2010	
EURm	Gross	Ceded	Net	Gross	Ceded	Net
Provision for claims outstanding						
At 1 Jan	7,494	457	7,037	6,915	428	6,486
Unwinding of discount	-	-	-	61	-	61
Exchange differences	34	5	29	457	38	418
Change in provision	48	14	34	62	-9	71
At 31 Dec	**7,576**	**476**	**7,100**	**7,494**	**457**	**7,037**

Liabilities from insurance contracts

EURm	2011	2010
Provision for unearned premiums	1,972	1,845
Provision for claims outstanding	7,576	7,494
Incurred and reported losses	2,037	2,026
Incurred but not reported losses (IBNR)	3,485	3,555
Provisions for claims-adjustment costs	269	271
Provisions for annuities and sickness benefits	1,785	1,535
P&C insurance total	**9,547**	**9,340**
Reinsurers' share		
Provision for unearned premiums	53	53
Provision for claims outstanding	476	457
Incurred and reported losses	328	303
Incurred but not reported losses (IBNR)	148	154
Total reinsurers' share	**528**	**510**

As the P&C insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading. During the financial year, however, the exchange rate effects were minor on the insurance liabilities.

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	Total
At the close of the claims year	5,046	2,583	2,526	2,689	2,703	2,768	2,920	2,929	3,049	3,131	
One year later	5,273	2,542	2,490	2,632	2,687	2,765	2,873	2,877	3,090		
Two years later	5,369	2,461	2,425	2,578	2,658	2,729	2,812	2,847			
Three years later	5,450	2,452	2,420	2,549	2,654	2,695	2,784				
Four years later	5,545	2,432	2,403	2,515	2,612	2,648					
Five years later	5,584	2,414	2,375	2,479	2,562						
Six years later	5,585	2,400	2,334	2,424							
Seven years later	5,672	2,413	2,299								
Eight years later	5,746	2,389									
Nine years later	5,798										
Current estimate of total claims costs	5,798	2,389	2,299	2,424	2,562	2,648	2,784	2,847	3,090	3,131	29,970
Total disbursed	3,377	2,123	1,997	2,113	2,210	2,243	2,292	2,267	2,361	1,684	22,668
Provision reported in the balance sheet	**2,421**	**266**	**302**	**311**	**351**	**405**	**491**	**580**	**729**	**1,446**	**7,302**
of which established vested annuities	1,313	64	51	66	69	67	64	50	33	7	1,785
Other provision											5
Provision for claims-adjustment costs											269
Total provision reported in the BS											**7,576**

Claims costs after reinsurance

Estimated claims cost

EURm	< 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
At the close of the claims year	4,435	2,462	2,453	2,542	2,592	2,667	2,796	2,808	2,897	2,958	
One year later	4,650	2,412	2,416	2,478	2,566	2,658	2,763	2,774	2,945		
Two years later	4,753	2,336	2,354	2,423	2,536	2,631	2,705	2,741			
Three years later	4,813	2,326	2,347	2,402	2,539	2,597	2,678				
Four years later	4,892	2,305	2,333	2,370	2,500	2,552					
Five years later	4,923	2,288	2,306	2,334	2,459						
Six years later	4,922	2,276	2,264	2,300							
Seven years later	4,958	2,289	2,230								
Eight years later	5,050	2,269									
Nine years later	5,110										
Current estimate of total claims costs	5,050	2,289	2,264	2,334	2,500	2,597	2,705	2,774	2,897	2,958	28,368
Total disbursed	2,721	2,042	1,978	2,037	2,163	2,211	2,228	2,244	2,260	1,658	21,542
Provision reported in the balance sheet	**2,329**	**246**	**286**	**298**	**337**	**386**	**477**	**530**	**636**	**5,526**	**6,826**
of which established vested annuities	1,313	64	51	66	69	67	64	50	33	7	1,785
Other provision											5
Provision for claims-adjustment costs											269
Total provision reported in the BS											**7,100**

Life insurance

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

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 2010	**4,239**	**7**	**4,245**

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan 2010	**4,374**	**57**	**4,431**
Premiums	273	1	274
Claims paid	-401	-37	-438
Expense charge	-37	0	-37
Guaranteed interest	158	1	159
Bonuses	1	0	1
Other	20	0	20
At 31 Dec 2010	**4,388**	**22**	**4,410**
Reinsurers' share	-4	0	-4
Net liability at 31 Dec 2010	**4,385**	**22**	**4,406**

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

EURm	Insurance contracts	Investment contracts	Total
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
At 1 Jan 2010	1,961	398	2,359
Premiums	376	467	843
Claims paid	-163	-181	-344
Expense charge	-30	-9	-38
Other	236	68	304
At 31 Dec 2010	2,381	743	3,124

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	2011	2010
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,219	2,465
Provision for claims outstanding	2,020	1,907
Liabilities for contracts without discretionary participation feature (DPF)		
Provision for unearned premiums	0	14
Provision for claims outstanding	0	0
Total	4,240	4,386
Assumed reinsurance		
Provision for unearned premiums	1	1
Provision for claims outstanding	1	2
Total	2	3
Insurance contracts total		
Provision for unearned premiums	2,220	2,479
Provision for claims outstanding	2,022	1,909
Total	4,242	4,388

Investment contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	7	22
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,227	2,501
Provision for claims outstanding	2,022	1,909
Life insurance total	**4,249**	**4,410**
Reinsurers' share		
Provision for unearned premiums	0	0
Provision for claims outstanding	-3	-4
Total	**-3**	**-4**

Investment contracts do not include a provision for claims outstanding.

Liability adequacy test does not give rise to supplementary claims.

Exemption allowed in IFRS 4 *Insurance contracts* has been applied to investment contracts with DPF or contracts with a right to trade-off for an investment contract with DPF. These investment contracts have been valued like insurance contracts.

EURm	2011	2010
Group, total	4,558	5,058

28 LIABILITIES FROM UNIT-LINKED INSURANCE AND INVESTMENT CONTRACTS

Life insurance

EURm	2011	2010
Unit-linked insurance contracts	2,216	2,381
Unit-linked investment contracts	838	743
Total	**3,054**	**3,124**

29 FINANCIAL LIABILITIES

Financial liabilities in the segments include liabilities from derivates, dept securities in issue and other financial liabilities.

P&C insurance

EURm		2011	2010
Derivative financial instruments (Note 15)		202	75
Subordinated debt securities			
Subordinated loans			
Euro-denominated loans	Maturity		
Preferred capital note, 2001(nominal value EURm 200)	20 years	-	217
Preferred capital note, 2002 (nominal value EURm 65)	20 years	68	71
Preferred capital note, 2005 (nominal value EURm 150)	perpetual	149	149
Preferred capital note, 2011 (nominal value EURm 110)	30 years	109	-
Total subordinated debt securities		**326**	**437**
P&C insurance, total financial liabilities		**528**	**512**

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. The loans are utilised for solvency purposes.

The loan issued in 2001 was redeemed during the financial year. The loan issued in 2002 was issued to If's previous owners in relation to their holding in If. In December 2011, an new loan was issued amounting to EURm 110. The loans was wholly subscribed by Sampo Plc.

The loans issued in 2005 and 2011 are listed on the Luxembourg Exchange.

Life insurance

EURm	2011	2010
Derivative financial instruments (Note 15)	64	26
Subordinated debt securities		
Subordinated loans	100	100
Life insurance, total	**164**	**126**

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	2011	2010
Derivative financial instruments (Note 15)	17	10
Debt securities in issue		
Commercial papers	652	575
Bonds	1,677	1,026
Total	**2,329**	**1,601**
Other financial liabilities		
Pension loans	-	130
Holding, total	**2,346**	**1,741**
Elimination items between segments	-269	-191
Group, total	**2,768**	**2,187**

30 PROVISIONS

P&C insurance

EURm	2011
At 1 Jan 2011	**36**
Exchange rate differences	0
Additions	15
Amounts used during the period	-13
Unused amounts reversed during the period	-1
At 31 Dec 2011	**37**
Current (less than 1 year)	29
Non-current (more than 1 year)	8
Total	**37**

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	2011	2010
Present value of estimated pension obligation	577	458
Fair value of plan assets	347	326
Net obligation/liability	230	132
Net cumulative unrecognised actuarial gains/losses	-151	-46
Net pension obligation recognised in the balance sheet	**79**	**85**
Provision for social security	19	20
Provision for pensions 31 Dec	**98**	**105**

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

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

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

	Sweden 31 Dec 2011	Sweden 31 Dec 2010	Norway 31 Dec 2011	Norway 31 Dec 2010
Discount interest rate	3.75%	5.00%	2.75%	4.00%
Anticipated return	3.00%	4.50%	3.75%	4.75%
Future pay increases	3.00%	3.25%	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	43%	42%	64%	65%
Equity instruments	34%	39%	15%	16%
Property	11%	10%	17%	16%
Other	12%	9%	4%	3%

Analysis of the employee benefit obligation

EURm	2011 Funded plans	2011 Unfunded plans	2011 Total	2010 Funded plans	2010 Unfunded plans	2010 Total
Present value of estimated pension obligation	506	71	577	395	63	458
Fair value of plan assets	347	-	347	326	-	326
Net obligation/liability	159	71	230	69	63	132
Net cumulative unrecognised actuarial gains/losses	-138	-13	-151	-41	-5	-46
Net pension obligation recognised in the balance sheet	**21**	**58**	**79**	**27**	**58**	**85**

Recognised in Income Statement

EURm	2011	2010
Current service cost	14	14
Interest cost	19	19
Expected rate of return on plan assets at the begninning of the year	-16	-14
Actuarial gains (-) or losses (+) recognised during the financial year	1	2
Losses (+) or gains (-) on curtailments and settlements	1	0
Pension costs	**19**	**22**

Analysis of the change in net liability recognised in the balance sheet

EURm	2011	2010
Pension obligations:		
At the beginning of the year	458	424
Earned during the financial year	14	14
Interest cost	19	19
Actuarial gains or losses	100	-19
Losses or gains on curtailments and settlements	1	0
Exchange differences on foreign plans	3	35
Benefits paid	-18	-16
Defined benefit plans at 31 Dec	**577**	**458**
Reconciliation of plan assets:		
At the beginning of the year	326	272
Expected return on assets	16	15
Actuarial gains or losses	-6	2
Contributions	21	24
Exchange differences on foreign plans	2	23
Benefits paid	-13	-11
Plan assets at 31 Dec	**347**	**326**

Other short-term employee benefits

There are other short-term staff incentive schemes in the Group, the terms of which vary according to country, business area or company. Benefits are recognised in the profit or loss for the year they arise from. An estimated amount of these profit-sharing bonuses, social security costs included, for 2011 is EURm 46.

32 OTHER LIABILITIES

P&C insurance

EURm	2011	2010
Liabilities arising out of direct insurance operations	163	136
Liabilities arising out of reinsurance operations	69	45
Liabilities related to Patient Insurance Pool	54	54
Tax liabilities	105	140
Prepayments and accrued income	177	178
Other	127	137
P&C insurance, total	**695**	**690**

The non-current share of other liabilities is EURm 57 (61).

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	2011	2010
Interests	9	8
Tax liabilities	7	36
Liabilities arising out of direct insurance operations	6	4
Liabilities arising out of reinsurance operations	5	5
Settlement liabilities	2	67
Guarantees received	88	176
Other liabilities	35	42
Life insurance, total	**151**	**339**

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	2011	2010
Interests	52	47
Guarantees for trading in derivatives	43	36
Liability for dividend distribution	21	26
Other	10	8
Holding, total	**126**	**117**

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

Elimination items between segments	-12	-22
Group, total	**960**	**1,124**

33 CONTINGENT LIABILITIES AND COMMITMENTS

P&C insurance

EURm	2011	2010
Off-balance sheet items		
Guarantees	43	57
Other irrevocable commitments	11	27
Total	54	84

Assets pledged as collateral for liabilities or contingent liabilities

	2011		2010	
EURm	Assets pledged	Liabilities/ commit-ments	Assets pledged	Liabilities/ commit-ments
Assets pledged as collateral				
Cash at balances at central banks	10	8	10	8
Investments				
- Investment securities	142	114	133	111

EURm	2011	2010
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	41	32
later than one year and not later than five years	105	78
later than five years	120	101
Total	**266**	**212**
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-36	-34
- sublease payments	0	0
Total	**-36**	**-34**

The subsidiaries If P&C Insurance Ltd and If P&C Insurance Company Ltd provide insurance with mutual undertakings within the Nordic Nuclear Insurance Pool and within the Norwegian Natural Perils' Pool.

In connection with the transfer of property and casualty insurance business from the Skandia group to the If Group as of March 1, 1999, If P&C Holding Ltd and If P&C Insurance Ltd issued a guarantee for the benefit of Försäkringsaktiebolaget Skandia (publ.) whereby the aforementioned companies in the If Group mutually guarantee that companies in the Skandia group will be indemnified against any claims or actions due to guarantees or similar commitments made by companies in the Skandia group within the property and casualty insurance business transferred to the If Group.

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

If P&C Holding Ltd and If P&C Insurance Ltd have separately entered into contracts with Försäkringsaktiebolaget Skandia (publ.) and Tryg-Baltica Forsikrings AS whereby Skandia and Tryg-Baltica will be indemnified against any claims attributable to guarantees issued by Försäkringsaktiebolaget Skandia (publ.) and Vesta Forsikring AS, on behalf of Skandia Marine Insurance Company (U.K.) Ltd. (now Marlon Insurance Company Ltd.) in favor of the Institute of London Underwriters. Marlon Insurance Company Ltd. was disposed during 2007, and the purchaser issued a guarantee in favour of If for the full amount that If may be required to pay under these guarantees.

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

If P&C Holding Ltd has issued a guarantee to the benefit of Svenska Handelsbanken Ab (publ) whereby If Holdings guarantees the commitments incurred by the If P&C Insurance Ltd deriving from short term credits up to an amount of EURm 56 and for commitments deriving from derivates transaction and - on behalf of - If P&C Insurance Ltd, If P&C Insurance Company Ltd and Capital Assurance Company for those companies commitments relating to Letters of Credits issued on behalf of their insurance operations. Capital Assurance Company Inc was sold during 2008, and the purchaser issued a guarantee in favor of If for the amount that If may be required to pay under the standby letters of credit pertaining to Capital Assurance Company Inc.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling EURm 11, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

If P&C Insurance Ltd has according to a shareholders' agreement between the shareholders in Hemfosa Fastigheter AB committed to up until 30 June 2014 supply the company with a subordinated loan (shareholders' loan) up to a maximum amount of EURm 56. The whole amount was used as of December 2011.

Life insurance

EURm	2011	2010
Off-balance sheet items		
Fund commitments	338	348
Other commitments		
Acquisition of IT-software	1	2
Lended securities		
Domestic shares		
Number of shares	7,867,000	9,990,868
Remaining acquisition cost	86	112
Fair value	73	145

Security lendings can be interrupted at any time and they are secured.

EURm	2011	2010
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	2	2
later than one year and not later than five years	5	6
Total	**7**	**8**
Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec	1	0
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-3	-3
- sublease payments	0	0
Total	**-3**	**-3**

Holding

EURm	2011	2010
Off-balance sheet items		
Subscription liabilities	1	1

EURm	2011	2010
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	1
Total	5	5

The Group had at the end of 2011 premises a total of 180 598 m2 (188,589) 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. 2011 was 561,282,390, of which 560,082,390 were A-shares and 1,200,000 B-shares. Sampo plc acquired and annulled 1,282,390 treasury shares during the financial year. There was no change in the company's share capital of EURm 98 during the financial year.

At the end of the financial year 2011, the mother company or other Group companies held no shares in the parent company.

Reserves and retained earnings

Share premium reserve

The reserve included investments of equity nature and the issue price of shares to an extent it is not recorded in share capital by an express decision.

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	2011	2010
Short-term employee benefits	6	7
Post employment benefits	2	1
Other long-term benefits	3	8
Total	**10**	**16**

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	2011	2010
Assets	1,913	1,673
Liabilities	165	56

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 2008 II - 2011 I

The Board of Directors for Sampo plc has decided on the long-term incentive schemes 2008 II - 2011 I for the management and experts of the Sampo Group. The Board has authorised the CEO to decide who will be included in the scheme, as well as the number of calculated bonus units granted for each individual used in determining the amount of the performance-related bonus. In the schemes, the number of calculated bonus units granted for the members of the Group's Executive Committee is decided by the Board of Directors. Over 100 persons were included in the schemes at the end of year 2011.

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 bonus unit is the trade-weighted average price of Sampo's A-share at the time period specified in the terms of the scheme, and reduced by the starting price adjusted with the dividends per share distributed up to the payment date. The pre-dividend starting prices vary between eur 16.69 - 18.44. The maximum value of one bonus unit varies between eur 28.49 - 33.37, reduced by the dividend-adjusted starting price. The IM criteria in the schemes 2008 II and 2009 I has three levels. If the IM reaches 4 per cent or more, the bonus 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 bonus will be paid out. In the 2011 I scheme, the bonus 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 bonus 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 a bonus of 30 per cent is paid out, if the return is, in the minimum, a riskless return + 4 per cent. If the return is a riskless return + 2 percent, but less than a riskless return + 4 percent, the payout is 15 per cent. If the return stays below these benchmarks, no RORAC-based bonus will be paid out.

Each plan has three performance periods and bonuses are settled in cash in three installments. In the schemes 2008 II and 2009 I when the bonus is paid, the employee shall buy Sampo's A-shares at the first possible opportunity, taking into account the provisions on insiders, with 30 per cent of the amount of the bonus after taxes and other comparable charges, and in the scheme 2008 II to keep the shares in his/her possession for one year and in the scheme 2009 I for 2 years. In the 2011 I scheme, the employee shall authorise Sampo plc to acquire the Sampo A shares for him/her, with 60 per cent of the amount of bonus received. The shares are subject to transfer restrictions for three years from the day of payout. A premature payment of the bonuses may occur in the event of changes in the group structure or in the case of employment termination on specifically determined bases. The fair value of the incentive schemes is estimated by using the Black-Scholes princing model.

	2008 II	2009 I	2011 I
	7 May 2008	27 Aug 2009	14 Sep 2011
Terms approved *)			
Granted (1,000) 31 Dec 2008	95	-	-
Granted (1,000) 31 Dec 2009	63	4,392	-
Granted (1,000) 31 Dec 2010	32	4,369	-
Granted (1,000) 31 Dec 2011	-	3,002	4,359

	Q3-2009	Q2-2011	Q2-2014
End of performance period I 30 %	Q1-2010	Q2-2012	Q2-2015
End of performance period II 35 %	Q4-2010	Q2-2013	Q2-2016
End of performance period III 35 %	12-2009	9-2011	9-2014
Payment I 30 %	6-2010	9-2012	9-2015
Payment II 35 %	3-2011	9-2013	9-2016
Payment III 35 %			
Price of Sampo A at terms approval date *)	18.02	16.74	18,10
Starting price **)	18.44	16.49	18.37
Dividend-adjusted starting price at 31 Dec 2011	16.64	14.34	18.37

Sampo A - closing price 31 Dec 2011	19.17

Total intrinsic value, meur	0	10	1

Total debt	11
Total cost for the financial period, meur (incl. social costs)	8

*) Grant dates vary

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

37 AUDITORS' FEES

EURm	2011	2010
Auditing fees	-2	-2
Other fees	0	0
Total	**-2**	**-2**

38 LEGAL PROCEEDINGS

There are a number of legal proceedings against the Group companies outstanding on 31 Dec 2011, 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 EURm	Group holding %	Carrying amount
P&C insurance		
If P&C Insurance Holding Ltd	100%	1,886
If P&C Insurance Ltd	100%	1,356
If P&C Insurance Company Ltd	100%	498
If P&C Insurance AS	100%	50
AS If Kinnisvarahaldus	100%	0
CJSC If Insurance	100%	10
SOAO Region	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		
Oy Finnish Captive & Risk Services Ltd	100%	0
If IT Services A/S	100%	0
Riskienhallinta Oy	100%	0
Barn i Bil	100%	0
Sampo Capital Oy	100%	1

The table excludes property and housing companies accounted for in the consolidated accounts.

40 INVESTMENTS IN SHARES AND PARTICIPATIONS OTHER THAN SUBSIDIARIES AND ASSOCIATES

P&C insurance

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Listed companies				
A P Moller - Maersk	Denmark	4,396,114	0.03%	7
Eitzen Maritime	Norway	111,896,400	23.13%	3
Equinox Offshore	Singapore	210,500,002	1.24%	0
Reservoir Exploration Tech	Norway	88,990,170	8.16%	1
Statoil	Norway	3,188,647,103	0.06%	35
Veidekke	Norway	133,704,942	9.06%	60
Yara	Norway	287,656,159	0.21%	18
ABB	Switzerland	2,314,743,264	0.12%	40
Astrazeneca	Great Britain	1,330,000,000	0.04%	19
Atlas Copco A+B	Sweden	1,229,613,104	0.02%	42
BB Tools	Sweden	28,436,416	0.93%	2
Be Group	Sweden	50,000,000	7.55%	8
Clas Ohlson B	Sweden	65,600,000	4.75%	28
CTT Systems	Sweden	11,391,438	4.49%	2
G&L Beijer B	Sweden	21,195,515	0.45%	2
Gunnebo	Sweden	75,855,597	11.67%	24
Hennes Mauritz B	Sweden	1,655,072,000	0.13%	54
Husqvarna A+B	Sweden	576,343,778	1.01%	29
Investor B	Sweden	767,175,030	0.49%	55
Lindab	Sweden	78,707,820	4.94%	16
Nederman	Sweden	11,715,340	9.90%	13
Nobia	Sweden	175,293,458	11.95%	58
Nolato B	Sweden	26,307,408	1.23%	2
Sandvik	Sweden	1,186,287,175	0.34%	38
Scani B	Sweden	800,000,000	0.38%	35
Sectra B	Sweden	36,842,089	11.73%	26
SSAB A+B	Sweden	323,934,800	0.28%	13
Svedbergs B	Sweden	21,200,000	11.45%	8
Teliasonera SE	Sweden	4,330,084,781	0.30%	69
VBG	Sweden	13,694,000	3.92%	5
Volvo A+B	Sweden	2,128,420,220	0.06%	47
Total listed companies				**758**
Other				14

Unit trusts			
Sampo Japan osake K JPY	Finland	315,965,078	28
Aberdeen GL Asia Pacific	Luxemburg	940,169	42
Mand north AM enhanced inc USD	Finland	22,375,015	29
Mand US samll cap value K USD	Finland	23,330,247	34
Ishares SP500 index fund	United States	595,000	58
SPDR SP500 ETF	United States	155,000	15
Gartmore Latin America A	Luxemburg	1,845,097	31
Mand emerging Asia K	Finland	1,460,726	42
Mand europe enhanced index	Finland	34,833,513	50
db x-trackers DAX	Luxemburg	160,000	9
IShares DJ Euro Stoxx 50 ETF	Ireland	752,200	17
Lyxor ETF DJ Euro Stoxx 50	France	220,000	5
Lyxor ETF DJ Stoxx 600 Telecommunications	France	1,000,000	25
EQT IV (No. 1) Limited Partnership	Guernsey	802,893	10
EQT Northern Europe	Guernsey	940,024	7
Mandatum I	Finland	731,694	7
Mandatum II eur	Finland	152,520	1
Private Energy Market fund	Finland	306,349	3
Mandatum II USD	Finland	506,987	5
WD Power inv USD	Finland	862	0
GS Loan Partners I Debt eur	United States	2,279,780	22
GS Loan Partners I Debt eur	United States	827,872	9
GS Loan Partners I Debt eur	United States	9,000,000	66
Total unit trusts			516
Total shares and participations			1,289

Life insurance

EURm	Country	No. of shares	Holding %	Carrying amount/ Fair value
Listed companies				
Alma Media Oyj	Finland	6,537,512	8.66%	40
Amer Sports Oyj	Finland	2,354,268	1.94%	21
Comptel Oyj	Finland	20,532,625	19.18%	10
Elisa Oyj	Finland	2,191,217	1.32%	35
Finnlines Oyj	Finland	773,500	1.65%	6
Fortum Oyj	Finland	4,954,834	0.56%	82
F-Secure Oyj	Finland	4,286,981	2.70%	9
Kemira Oyj	Finland	2,741,613	1.76%	25
Konecranes Oyj	Finland	580,240	0.92%	8
Lassila & Tikanoja Oyj	Finland	2,231,238	5.75%	26
Metso Oyj	Finland	1,411,056	0.94%	40
Neste Oil Oyj	Finland	1,008,905	0.39%	8
Nokia Oyj	Finland	1,500,000	0.04%	6
Nokian Renkaat Oyj	Finland	832,344	0.64%	21
Norvestia Oyj	Finland	1,789,538	11.68%	12
Oriola KD Oyj	Finland	4,286,778	2.83%	7
Outokumpu Oyj	Finland	1,452,122	0.79%	7
Outotec Oyj	Finland	459,971	1.00%	17
Pöyry Oyj	Finland	2,075,287	3.47%	11
Stora Enso Oyj	Finland	4,250,000	0.54%	20
Suominen Yhtymä Oyj	Finland	22,222,222	9.04%	9
Teleste Oyj	Finland	1,679,200	9.23%	5
Tikkurila Oyj	Finland	2,056,195	4.66%	27
UPM-Kymmene Oyj	Finland	8,993,219	1.71%	77
Vaisala Oyj	Finland	766,650	4.21%	13
YIT Oyj	Finland	6,172,949	4.85%	76
Total				**617**
Other listed companies				21
Listed companies in total				**637**
Unit trusts				
Danske Invest Emerging Asia Kasvu	Finland	1,094,339		32
Danske Invest Japani Osake Kasvu	Finland	100,000,000		9
Fourton Odysseus Kasvu	Finland	161,358		28
KJK Fund SICAV-SIF Baltic States	Finland	7,378		10
Total				**78**

Capital trusts				
Amanda III Eastern Private Equity Ky	Finland			15
Amanda IV West Ky	Finland			10
CapMan Real Estate I Ky	Finland			11
CapMan Real Estate II Ky	Finland			7
Mandatum Pääomarahasto I Ky	Finland			11
Mandatum Pääomarahasto II Ky USD	Finland			5
MB Equity Fund III Ky	Finland			8
Total				**67**
Other shares and participations				26
Domestic shares and participations in total				**809**
Other companies				
BenCo Insurance Holding B.V.	Netherlands	389,329	6.49%	7
Ekahau Inc.	United States	20,465,356	11.10%	2
EQT IV ISS Co-investment Limited Partnership	Guernsey	872,610	12.52%	12
Total				**21**
Foreign unit trusts				
Aberdeen Global Asia Pacific Equity Fund	Great Britain	1,382,572		62
Allianz RCM Europe Equity Growth W	Luxemburg	29,319		38
Comgest Panda	Luxemburg	19,776		33
Danske Invest Europe High Dividend I	Luxemburg	4,193,065		35
db x-trackers DAX ETF	Luxemburg	931,200		54
GAM Global Rates Hedge Fund	Great Britain	50,285		7
Goldman Sachs Asset Management Liquidity Partners 2007	United States	108,973		6
Henderson Gartmore Latin America R	Great Britain	3,798,776		63
Highbridge Liquid Loan Opportunities Fund, L.P	Cayman islands	5,072,870		39
IShares S&P 500 Index Fund ETF	United States	1,463,990		143
MFS European Value Fund Z	Luxemburg	284,433		28
Nektar Bermuda Hedge Fund Class B	Bermuda	8,392		16
Powershares DB Commodity Ind ETF	United States	520,000		11
Prosperity Cub Fund	Guernsey	161,961		46
Prosperity Russia Domestic Fund	Guernsey	74,036,000		35
Source Markets DJ Stoxx 600 Optimised Healthcare ETF	Ireland	300,000		36
Source Markets DJ Stoxx 600 Optimised Telecommunications ETF	Ireland	1,120,402		85
SPDR Technology Select Sector ETF	United States	1,954,000		38
Total				**777**

Foreign unit trusts		
Access Capital L.P.	Guernsey	6
Avenue Special Situations Fund VI (C-Feeder), L.P.	Cayman islands	16
Behrman Capital III L.P.	United States	8
BOF III CV Investors LP (Gilde Buyout Fund III)	Guernsey	9
Capital Structured Solutions No. 1 LP	Guernsey	16
CapMan Buyout IX Fund L.P.	Guernsey	7
CapMan Buyout VIII (Guernsey) L.P.	Guernsey	6
EQT Credit (General Partner) L.P.	Guernsey	37
EQT IV (No. 1) Limited Partnership	Guernsey	10
EQT V (General Partner) LP	Guernsey	14
Financial Credit Investment I L.P.	Cayman islands	9
Fortress Credit Opportunities Fund II L.P.	Cayman islands	70
Fortress Credit Opportunities Fund III L.P.	Cayman islands	6
Fortress Life Settlement Fund (C) L.P.	Cayman islands	15
Goldman Sachs Loan Partners I, L.P.	Cayman islands	13
Goldman Sachs Loan Partners I, L.P. Debt EUR	Cayman islands	29
Goldman Sachs Loan Partners I, L.P. Debt USD	Cayman islands	88
Goldman Sachs Petershill Fund Offshore, L.P.	Cayman islands	21
Goldman Sachs Real Estate Mezzanine Partners (Treaty) L.P.	United States	7
Gresham IV Fund L.P.	Great Britain	5
Highbridge Senior Loan Fund II	Cayman islands	27
Montagu Fund III L.P.	Great Britain	7
Mount Kellet Capital Partners (Cayman) II, L.P.	Cayman islands	18
Mount Kellet Capital Partners (Cayman), L.P.	Cayman islands	38
Oaktree PPIP Private Fund GP Ltd	Cayman islands	7
Permira Europe IV	Guernsey	7
Russia Partners II L.P.	Cayman islands	12
VenCap 9 LLC (Preferential Equity Investors II LLC	Jersey	6
Victory Park Capital Fund II L.P	Cayman islands	9
Total		**521**

Other share and participations	100
Foreign shares and participations in total	**1,419**
Shares and participations in total	**2,227**

Holding

	Country	No. of shares	Holding %	Carrying amount/ Fair value
Domestic other than listed companies				
Keskinäinen työeläkevakuutusyhtiö Varma	Finland	57	0.80%	14
Other	Finland			5
Total domestic shares and participations				**19**
Foreign unit trusts				
Behrman Capital III L.P.				5
Other				9
Total foreign shares and participations				**14**
Total shares and participations				**34**

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 9 Feb. 2012, the Board of Directors decided to propose at the Annual General Meeting on 12 April 2012 a dividend distribution of EUR 1.20 per share, or total EUR 672.000.000, for 2011. The dividends to be paid will be accounted for in the equity in 2012 as a deduction of retained earnings.

Parent Company Income Statement

EURm	Note	2011	2010
Other operating income	1	15	17
Staff expenses			
Salaries and remunerations		-10	-11
Social security costs			
Pension costs		-1	-1
Other		0	-1
Depreciation and impairment	2		
Depreciation according to plan		0	0
Other operating expenses	3	-13	-12
Operating profit		**-10**	**-8**
Financial income and expense	5		
Income from shares in Group companies		510	540
Income from other shares		252	207
Other interest and financial income			
Group companies		7	7
Other		6	2
Other investment income and expense		-14	25
Other interest income		67	60
Interest and other financial expense			
Group companies		-2	-1
Other		-139	-116
Exchange result		5	-13
Proft before taxes		**683**	**702**
Income taxes			
Tax for the financial year		-	-
Tax from previous years		0	0
Deferred taxes		-1	9
Profit for the financial year		**682**	**710**

Parent Company Balance Sheet

EURm	Note	2011	2010
ASSETS			
Non-current assets			
Intangible assets	6	1	1
Property, plant and equipment	7		
Buildings		1	1
Equipment		1	1
Other		2	2
Investments			
Shares in Group companies	8	2,370	2,370
Receivables from Group companies	8	223	145
Shares in participating undertakings	9	5,557	5,304
Receivables from participating undertakings		325	150
Other shares and participations	10	38	40
Other receivables	11	484	365
Short-term receivables			
Deferred tax assets	19	17	18
Other receivables	12	37	56
Prepayments and accrued income	13	51	45
Cash at bank and in hand		89	56
TOTAL ASSETS		9,195	8,553

LIABILITIES			
Equity	14		
Share capital		98	98
Fair value reserve		2	0
Invested unrestricted equity		1,527	1,527
Other reserves		273	273
Retained earnings		4,142	4,088
Profit for the financial year		682	710
		6,724	6,696
Liabilities			
Long-term liabilities			
Bonds		1,677	1,026
Pension loans		-	130
Short-term liabilities			
Debt securities		652	575
Other liabilities	15	81	73
Accruals and deferred income	16	61	53
TOTAL LIABILITIES		9,195	8,553

Parent Company Statement of Cash Flows

EURm	2011	2010
Operating activities		
Profit before taxes	683	702
Adjustments:		
Depreciation and amortisation	0	0
Unrealised gains and losses arising from valuation	0	1
Realised gains and losses on investments	-3	0
Other adjustments	-296	79
Adjustments total	**-298**	**80**
Change (+/-) in assets of operating activities		
Investments *)	-347	-543
Other assets	-5	10
Total	**-352**	**-533**
Change (+/-) in liabilities of operating activities		
Financial liabilities	7	3
Other liabilities	4	52
Paid interests	-83	-143
Paid taxes	0	0
Total	**-71**	**-88**
Net cash used in operating activities	**-38**	**161**
Investing activities		
Investments in group and associated undertakings	-4	-69
Net investment in equipment and intangible assets	0	0
Net cash used in investing activities	**-4**	**-69**

Financing activities		
Acquisition of own shares	-24	-
Dividends paid	-637	-554
Issue of debt securities	2,440	1,954
Repayments of debt securities in issue	-1,703	-1,848
Net cash from financing activities	**75**	**-448**
Total cash flows	**33**	**-356**
Cash and cash equivalents at 1 January	56	412
Cash and cash equivalents at 31 December	89	56
Net change in cash and cash equivalents	**33**	**-356**

*) Investments include both investment property and financial assets.

Additional information to the statement of cash flows:

EURm	2011	2010
Interest income received	72	78
Interest expense paid	-137	-143
Dividend income received	762	747

Summary of Significant Account Policies

The presentation of Sampo Plc's financial statements together with the notes has been prepared in accordance with the Finnish Accounting Act and Ordinance. The accounting principles applied to the separate financial statements of Sampo plc do not materially differ from those of the Group, prepared in accordance with the International Financial Reporting Standards (IFRSs). The financial assets are measured at fair value derived from the markets. See The accounting principles for the Group.

Notes to the Income Statement

1 OTHER OPERATING INCOME

EURm	2011	2010
Income from property occupied for own activities	0	1
Other	15	16
Total	**15**	**17**

2 DEPRECIATION AND IMPAIRMENT

EURm	2011	2010
Depreciation according to plan		
Property, plant and equipment	0	0
Intangible assets	0	0
Total	**0**	**0**

3 OTHER OPERATING EXPENSES

EURm	2011	2010
Rental expenses	-1	-1
Expense on property occupied for own activities	0	0
Other	-12	-10
Total	**-13**	**-12**

Item Other includes e.g. administration and IT expenses and fees for external services.

4 AUDITORS' FEES

EURm	2011	2010
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.1	-0.2
Tax consulting	-	0,0
Other fees	0,0	0,0
Total	**-0.2**	**-0,3**

5 FINANCIAL INCOME AND EXPENSE

EURm	2011	2010
Received dividends in total	762	747
Interest income in total	80	69
Interest expense in total	-141	-118
Gains on disposal in total	3	0
Losses on disposal in total	0	0
Exchange result	5	-13
Other	-17	25
Total	**693**	**710**

Notes to the assets

6 INTANGIBLE ASSETS

		2011		2010
EURm	IT	Other	IT	Other
Cost at beginning of year	**3**	**2**	**3**	**2**
Accumulated amortisation at beginning of year	-3	-2	-3	-1
Amortisation according to plan during the financial year	-	0	0	0
Carrying amount at end of year	**0**	**1**	**0**	**1**

7 PROPERTY, PLANT AND EQUIPMENT

		2011		2010
EURm	Land and buildings	Other	Land and buildings	Other
Cost at beginning of year	**1**	**4**	**2**	**4**
Additions			0	0
Disposals	-	0	-	-
Transfers	-	-	-	0
Accumulated depreciation at beginning of year	-	-1	-1	-1
of which related to disposals	-	0	-	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	2011	2010
Cost at beginning of year	**145**	**122**
Additions	109	23
Disposals	-32	-
Carrying amount at end of year	**223**	**145**

Receivables are subordinated loans issued by subsidiaries. More information in the consolidated note 29 Financial liabilities.

9 SHARES IN PARTICIPATING UNDERTAKINGS

EURm	2011	2010
Cost at beginning of year	5,304	5,168
Additions	254	136
Carrying amount at end of year	5,557	5,304

10 OTHER SHARES AND PARTICIPATIONS

	2011	Fair value changes		2010	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	34	3	5	36	1	2

Changes in property shares

EURm	2011	2010
Cost at beginning of year	4	5
Disposals	-	-1
Carrying amount at end of year	4	4
Difference between current cost and carrying amount	0	0

11 OTHER INVESTMENT RECEIVABLES

	2011	Fair value changes		2010	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	484	0	1	359	-	0
Bonds	0	-	0	6	-	1
Total	**484**	**0**	**1**	**365**	**-**	**-**

12 OTHER RECEIVABLES

EURm	2011	2010
Trading receivables	4	16
Derivatives	29	36
Other	4	5
Total	**37**	**56**

13 PREPAYMENTS AND ACCRUED INCOME

EURm	2011	2010
Accrued interest	51	43
Other	0	2
Total	**51**	**45**

Notes to the liabilities

14 MOVEMENTS IN THE PARENT COMPANY'S EQUITY

			Restricted equity			Unrestricted equity		
EURm	Share capital	Share premium account	Legal reserve	Fair value reserve	Invested unrestricted capital	Other reserves	Retained earnings	Total
Carrying amount at 1 Jan 2010	98	0	0	-3	1,527	273	4,640	6,534
Dividends							-561	**-561**
Recognition of undrawn dividends							10	**10**
Financial assets available-for-sale								
- recognised in equity				2				**2**
- recognised in p/l				1				**1**
Profit for the year							710	**710**
Carrying amount at 31 Dec 2010	98	0	0	0	1,527	273	4,799	6,696

			Restricted equity			Unrestricted equity		
EURm	Share capital	Share premium account	Legal reserve	Fair value reserve	Invested unrestricted capital	Other reserves	Retained earnings	Total
Carrying amount 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

DISTRIBUTABLE ASSETS

EURm	2011	2010
Parent company		
Profit for the year	682	710
Retained earnings	4,142	4,088
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Undistributable items	-	0
Total	6,624	6,598

15 SHARE CAPITAL

Information on share capital is disclosed in Note 29 in the consolidated financial statements.

16 OTHER LIABILITIES

EURm	2011	2010
Unredeemed dividends	21	26
Derivatives	17	10
Guarantees for derivate contracts	43	36
Other	0	1
Total	81	73

17 ACCRUALS AND DEFERRED INCOME

EURm	2011	2010
Deferred interest	52	47
Other	10	7
Total	61	53

Notes to the income taxes

18 DEFERRED TAX ASSETS AND LIABILITIES

EURm	2011	2010
Deferred tax assets		
Losses	18	19
Timing differences	0	0
Fair value reserve	-	0
Total	**18**	**19**
Deferred tax liabilities		
Timing differences	-1	-1
Fair value reserve	-1	-
Total	**-2**	**-1**
Total, net	**17**	**18**

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	2011	2010
Not more than one year	1	1
Over one year but not more than five years	3	3
Over five years	0	1
Total	**5**	**5**

21 OFF-BALANCE SHEET ITEMS

EURm	2011	2010
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	2011 Average during the year	2010 Average during the year
Full-time staff	52	49
Part-time staff	2	2
Temporary staff	2	1
Total	**56**	**52**

23 MANAGEMENT'S REMUNERATION AND POST-EMPLOYMENT BENEFITS

EURm		2011	2010 (EUR thousand)
Managing Director	Kari Stadigh	1,566	2,363
Members of the Board of Directors			
Björn Wahlroos		160	160
Anne Brunila		80	80
Adine Grate Axén		80	-
Mattila Veli-Mati		80	80
Eira Palin-Lehtonen		80	80
Jukka Pekkarinen		80	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, 2011

Company name	Percentage of share capital held*)	Carrying amount EURm
Group undertakings		
P&C insurance		
If Skadeförsäkring Holding AB, Stockholm Sweden	100,00 %	1,886
Life insurance		
Mandatum Life Ltd, Helsinki Finland	100,00 %	484
Other		
Sampo Capital Oy, Helsinki Finland	100,00 %	1

Approval of the Financial Statements and the Board of Directors' Report

Helsinki, 9 February 2012

Sampo plc

Board of Directors

Anne Brunila

Adine Grate Axén

Veli-Matti Mattila

Eira Palin-Lehtinen

Jukka Pekkarinen

Christoffer Taxell

Matti Vuoria

Björn Wahlroos

Chairman

Kari Stadigh

Group CEO

Auditor's report

To the Annual General Meeting of Sampo plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Sampo plc for the financial period 1.1. - 31.12.2011. 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, February 20, 2012
Ernst & Young Oy
Authorized Public Accountant Firm
Heikki Ilkka
Authorized Public Accountant