

## Interim Report January-June 2009

### Sampo Bank Plc

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Sampo Bank Plc is a Finnish bank which is part of the Danske Bank Group. Danske Bank Group is one of the largest financial enterprises in the Nordic region. This interim report includes Sampo Bank Plc and its subsidiaries.

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## INTERIM REPORT 1.1. - 30.6.2009

### SAMPO BANK GROUP IN JANUARY - JUNE 2009

#### Changes in Group structure

3C Asset Management Ltd was merged to Sampo Bank plc end of April 2009.

#### Significant accounting policies

The group has not changed its accounting policies from those followed in Annual Report 2008. Accounting policies are explained more detailed in Notes to the Financial Statements.

#### Result

Sampo Bank Group's profit before taxes for January-June was EUR -3.0 million (114.7). Main reason for decrease in profit was increase in net impairment losses. Return on equity after tax was 0.3 per cent (9.4). Cost-to-income-ratio was 59.2 per cent (71.4).

Net interest income rose to EUR 268.4 million (256.5). The net fee and commission income decreased to EUR 89.0 million (96.3).

Sampo Bank Group's total operating costs decreased to EUR 223.7 million (284.5). This was largely due to decline in integration costs.

Net impairment losses on loans and receivables was EUR 157.3 million (-0.9). The amount of collective impairments was EUR 29.2 million and individual impairments amounted to EUR 127 million. Final write-offs were EUR 4.0 million and recoveries EUR 2.9 million. Majority of the individual impairments are derived from a limited number of corporate cases. The increase in collective impairments is mainly due to private customers, EUR 22.8 million.

#### Balance sheet

Loans and receivables to customers decreased by EUR 844.9 million from year-end 2008 and totalled EUR 20 339.3 million (21 184.3).

Deposits from customers increased by EUR 678.2 million from year-end and totalled EUR 13 684.9 million (13 006.7).

#### Capital adequacy

Sampo Bank Group's capital adequacy ratio was 14.0 per cent (10.8) and the Tier 1 ratio was 13.0 per cent (8.8). The total capital included in capital adequacy calculations amounted to EUR 2,564.1 million at the end of June (2,139.1). The Group's risk-weighted assets totalled EUR 18,250.7million (19,776.7).

Most significant change in own funds from end of June 2008 was cancellation of dividend reservation done for June 2008 Tier 1 distributable reserves. Other significant change was the redemption of two Tier 2 debenture loans, EUR 50 million in December 2008 and EUR 150 million in March 2009. Profit after taxes for January - June is included in Tier 1 distributable capital.

## CAPITAL ADEQUACY

### Sampo Bank Group

Own funds	30.6.2009	31.12.2008	30.6.2008
<b>EURm</b>			
<b>Tier 1</b> <sup>1)</sup>	2 364,1	2 363,5	1 739,1
Share capital	106,0	106,0	106,0
Legal reserve	271,1	271,1	271,1
Capital securities	350,0	350,0	350,0
Distributable capital	1 644,6	1 643,0	1 016,0
Minority interests	0,1	1,2	1,5
Intangible assets	-7,7	-7,8	-5,5
<b>Tier 2</b>	200,0	350,0	400,0
Subordinated liabilities	200,0	350,0	400,0
Other	0,0	0,0	0,0
<b>Deductions</b> <sup>2)</sup>	0,0	0,0	0,0
<b>Tier 3</b>	0,0	0,0	0,0
<b>Total capital</b>	2 564,1	2 713,5	2 139,1
<b>Risk-weighted assets (on-balance sheet and off-balance sheet)</b>	18 250,7	18 998,5	19 776,7
<b>Capital requirement ( 8% of risk-weighted assets)</b>	1 460,1	1 519,9	1 582,1
Credit and counterparty risk	1 319,3	1 360,8	1 423,7
Market risk	41,1	59,5	63,2
Operational risk	99,7	99,7	95,3
<b>Capital adequacy ratio, %</b>			
- total capital/risk-weighted assets	14,0%	14,3%	10,8%
- Tier 1 capital/risk-weighted assets	13,0%	12,4%	8,8%

Group capital adequacy ratio has been calculated in accordance with Credit Institutions Act Sect 5:44-48§ and 54-66§. For calculation of credit and operational risk's risk-weighted assets, Sampo Bank Group applies standard method.

<sup>1)</sup> Group Tier 1 includes capital securities 15 % (20 %).

<sup>2)</sup> On 16 March, 2007, the Financial Supervision Authority granted Sampo Bank an exemption, pursuant to the Act on Credit Institutions (48§,8), permitting the Bank not to deduct from its capital investments in companies whose main business area is investment activity. The redemption remains valid until 31 December, 2009.

## **Ratings**

Sampo Bank's credit ratings were downgraded in February 2009. Standard & Poor's lowered its counterparty credit ratings A+/A-1 (from AA-/A-1+) and maintained negative outlook on February 5, 2009. Moody's downgraded the long-term deposit rating to A1 (from Aa1) and changed outlook to stable on February 13, 2009. The Prime-1 short-term rating was affirmed. The announcements were simultaneous with downgrade announcements for the parent company Danske Bank A/S.

## **Administration**

Sampo Bank board members are Peter Straarup (Chairman), Sven Erik Lystbæk (Deputy chairman), Teija Andersen, Tonny Thierry Andersen, Ilkka Hallavo, Esko Mäkeläinen, Lars Stensgaard Mørch, Georg Schubiger and Risto Tornivaara. Ilkka Hallavo is the managing director of the Bank and Risto Tornivaara is his deputy.

The firm of authorised public accountants, Ernst & Young Oy, has acted as Auditor for Sampo Bank plc with Kunto Pekkala, APA, as responsible auditor.

## **Developments after the reporting period**

There are no material developments after the reporting period.

## **Outlook for the whole year**

Difficult macroeconomic conditions will have a negative effect on the bank's profitability. Low interest rates will decrease Net Interest Income and loan impairments will have a significant negative effect on full year results. Because of the uncertainty of economic development the Bank cannot give a precise estimate of the profitability.

Helsinki, 11 August 2009

SAMPO BANK PLC  
Board of Directors

## FINANCIAL HIGHLIGHTS

		1-6/2009	1-6/2008
Total income 1)	EURm	378	398
Total operating expenses	EURm	224	285
Impairment on loans and receivables	EURm	157	-1
Profit before taxes	EURm	-3	115
Cost to income ratio	%	59,2	71,4
Total assets	EURm	27 191	29 171
Equity	EURm	2 023	1 975
Return on equity	%	0,3	9,4
Capital adequacy	%	14,0	10,8
Full-time-equivalent staff, end of period		2 951	3 131

1) Total income comprises the income in the formula for the cost income ratio.

### Formulas used in calculating the financial highlights

Cost to income ratio, %: 
$$\frac{\text{staff costs} + \text{other operating expenses}}{\text{net interest income} + \text{net income from financial transactions} + \text{net fee and commission income} + \text{net income from investments} + \text{other operating income}} \times 100$$

Return on equity %: 
$$\frac{\text{profit before taxes} + / - \text{change in fair value reserve} - \text{taxes}}{\text{equity} + \text{minority interests ( average)}} \times 100$$

## CONSOLIDATED INCOME STATEMENT

EURm	Note	1-6/2009	1-6/2008	Change
<b><u>Continuing operations</u></b>				
Interest income	2	539,6	713,0	-173,3
Interest expense		-271,3	-456,4	185,2
Net trading income		-3,1	26,1	-29,2
Fee income		113,9	138,6	-24,7
Fee expenses		-24,9	-42,3	17,4
Net income from investments		1,4	1,5	-0,1
Other operating income		22,5	17,9	4,6
<b>Total operating income</b>		<b>378,1</b>	<b>398,2</b>	<b>-20,1</b>
Staff costs		-102,4	-128,2	25,8
Other operating expenses		-121,3	-156,3	35,0
<b>Total operating expenses</b>		<b>-223,7</b>	<b>-284,5</b>	<b>60,8</b>
Impairment losses on loans and receivables	1	-157,3	0,9	-158,3
<b>Profit from continuing operations before taxes</b>		<b>-3,0</b>	<b>114,7</b>	<b>-117,6</b>
Taxes		5,5	-27,9	33,4
<b>Profit from continuing operations</b>		<b>2,5</b>	<b>86,8</b>	<b>-84,2</b>
<b><u>Discontinued operations</u></b>				
<b>Profit from discontinued operations before taxes</b>		<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Taxes		0,0	0,0	0,0
<b>Profit from discontinued operations</b>		<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Profit for the period</b>		<b>2,5</b>	<b>86,8</b>	<b>-86,8</b>
<b>Attributable to</b>				
Equity holders of the parent company		2,5	86,5	
Minority interests		0,0	0,3	

## STATEMENT OF COMPREHENSIVE INCOME

EURm	1-6/2009	1-6/2008
Net gains not recognised in the income statement	0,0	0,0
Net profit for the period	2,5	86,8
Total comprehensive income for the period	2,5	86,8
Portion attributable to		
Shareholders of the Parent Company	2,5	86,5
Minority interests	0,0	0,3
<b>Total comprehensive income for the period</b>	<b>2,5</b>	<b>86,8</b>

Sampo Bank Group has no net gains that are not recognised in the income statement and should be stated under Statement of comprehensive income according to IAS 1.

## CONSOLIDATED BALANCE SHEET

EURm	Note	6/2009	12/2008
<b>Assets</b>			
Cash and balances at central banks		100,8	127,2
Trading portfolio assets		1 461,4	2 830,7
Loans and receivables	3	24 808,7	26 090,8
Investments	4	6,7	7,4
Intangible assets		7,7	7,8
Property, plant and equipment		104,1	100,1
Other assets		658,6	404,4
Tax assets		43,0	23,7
<b>Total assets</b>		<b>27 190,9</b>	<b>29 592,1</b>
<b>Liabilities</b>			
Financial liabilities at fair value through p/l		2 619,1	3 771,6
Trading portfolio liabilities		883,8	1 243,6
Amounts owed to credit institutions and customers	5	16 724,9	16 093,8
Debt securities in issue		4 422,7	5 895,1
Other liabilities	3	515,4	564,2
Tax liabilities		2,0	2,2
<b>Total liabilities</b>		<b>25 167,9</b>	<b>27 570,5</b>
<b>Equity</b>			
Share capital		106,0	106,0
Reserves		271,1	271,1
Retained earnings		1 643,2	1 508,2
Profit for the period		2,5	135,1
<b>Equity attributable to parent company/s equity holders</b>		<b>2 022,9</b>	<b>2 020,4</b>
Minority interests		0,1	1,2
<b>Total equity</b>		<b>2 023,0</b>	<b>2 021,6</b>
<b>Total equity and liabilities</b>		<b>27 190,9</b>	<b>29 592,1</b>

STATEMENT OF CHANGES IN  
EQUITY

EURm	Share capital	Legal reserve	Fair value reserve	Retained earnings	Total	Minority interest	Total
<b>Equity at 1 Jan. 2008</b>	106,0	271,1	0,6	1 510,2	1 888,0	14,4	1 902,4
Financial assets available-for-sale			0,0		0,0		0,0
- change in fair value							
- recognised in p/l			-0,6		-0,6		-0,6
Exchange rate translation differences					0,0		0,0
Total comprehensive income				86,5	86,5	0,3	86,8
<b>Total income and expenses recognised for the period</b>			-0,6	86,5	85,9	0,3	86,2
Dividend distribution				0,0	0,0	-13,2	-13,2
Share incentives				0,0	0,0		0,0
<b>Equity at 30 June 2008</b>	106,0	271,1	0,0	1 596,7	1 973,9	1,5	1 975,3
<b>Equity at 1 Jan. 2009</b>	106,0	271,1	0,0	1 643,2	2 020,4	1,2	2 021,6
Exchange rate translation differences					0,0		0,0
Total comprehensive income				2,5	2,5	0,0	2,5
<b>Total income and expenses recognised for the period</b>			0,0	2,5	2,5	0,0	2,5
Dividend distribution					0,0	-1,1	-1,1
Share incentives				0,0	0,0		0,0
<b>Equity at 30 June 2009</b>	106,0	271,1	0,0	1 645,7	2 022,9	0,1	2 023,0

## CASH FLOW STATEMENT

EURm	1-6/2009	1-6/2008
<b>Cash and cash equivalents at the beginning of the period</b>	<b>4 285</b>	<b>483</b>
Cash flows from/used in operating activities	453	2 267
Cash flows from/used in investing activities	-18	-23
Cash flows from/used in financing activities	-152	-5
<b>Cash and cash equivalents at the end of the period</b>	<b>4 569</b>	<b>2 722</b>

The cash flow statement reports cash flows during the period classified by operating, investing and financing activities. Cash flows are reported by using the indirect method. Cash flows from operating activities derive primarily from the principal revenue-producing activities. Cash flows from investments in subsidiaries and associated undertakings and those from investments in intangible assets and property, plant and equipment are presented in investing activities. Financing activities include cash flows resulting from changes in equity and borrowings in order to conduct the business. Cash and cash equivalents consist of cash and balances with central banks and loans and advances to credit institutions repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

### SIGNIFICANT ACCOUNTING POLICIES

Sampo Bank Group is part of the Danske Bank Group. The Danske Bank Group presents its consolidated accounts in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the EU and with relevant interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC). Additional requirements in accordance with Finnish Accounting Act, Finnish Act on Credit Institutions and Finnish Financial Supervision standards have also been applied when preparing the Interim Report for Sampo Bank Group.

Sampo Bank Group's interim report January - June 2009 has been prepared in accordance with IAS 34, Interim Financial Reporting, as adopted by EU.

Sampo Bank Group has not changed its significant accounting policies from those followed in Annual Report 2008, which provides a full description of the Group's significant accounting policies, except in the instances mentioned below.

#### **IAS 1 'Presentation of Financial Statements'**

The Group has implemented amendments to IAS 1, Presentation of Financial Statements. This standard requires disclosure of a statement of comprehensive income that is displayed immediately after the income statement. Comprehensive income was previously included in the statement of changes in shareholders' equity.

#### **IFRS 8 'Operating Segments'**

Sampo Bank Group has implemented the changes to IFRS 8, Operating Segments in the H1 2009 report. The standard regulates the segmentation of business units and the information to be disclosed about the individual business segments. In Sampo Bank Group the implementation results only in minor changes to the segment reporting in the financial statements.

#### **Changes in presentation:**

Valuation of zero-coupon trading instruments is presented in Net trading income. Net interest income for H12008 included EUR 4,2 million of income that in H12009 is presented in Net trading income.

The interim report has not been audited. The financial statements for 2008 are available on Sampo Bank's web site <http://www.sampobank.com>.

## SEGMENT INFORMATION

### Segment principles

IASB issued in November 2006 IFRS 8 'Operating Segments' standard that became mandatory 1.1.2009. The implementation of this standard results only in minor changes to the presentation of segment reporting in the financial statements. Markets was previously included in Banking in Finland and other functions but is now reported as individual business segment. Asset Management & Fund in Finland is named Capital according to Group policies, but consist of same business units as before. Other consists of business segments that don't exceed the limit values set in IFRS 8. Comparative figures are adjusted.

The Group consists of number of business units and resource and support functions. The Group's activities are segmented into business units according to internal reporting and organisational structure in 2009. The inter-segment pricing is based on market prices.

Inter-segment transactions are settled on an arm's-length basis. Expenses incurred centrally, including expenses incurred by support, administrative and back-office functions, are charged to the business units in accordance with their estimated proportionate share of overall activities or at market prices, if available.

Segment assets and liabilities are assets and liabilities that are used to maintain the operating activities of a segment or have come into existence as a result of such activities and that are either directly attributable to or may reasonably be allocated to a segment. A calculated portion of shareholders' equity is allocated to each segment.

In the consolidated financial statements the inter-segment transactions, assets and liabilities have been eliminated.

### Operating Segments

Banking Activities is divided into six regions: Helsinki, Greater Helsinki, Western Finland, Central Finland, Eastern Finland and Northern Finland. Banking activities also includes Corporate and Institutional Banking unit (CIB) and Public Institutions and Associations unit (PIA) as well as Sampo Finance (SF). The most specialised functions in the six regions such as Private Bank, cash management and investment services are concentrated in the finance centres whereas other functions operate in branches.

Markets is responsible for operations in the financial markets and advisory services related to markets area. Capital is responsible for Sampo Bank's Asset Management operations and mutual funds. Other activities includes primarily Group's funding and Group's support functions such as IT services, Contact Centre, product development and logistics.

OPERATING SEGMENTS - tables

JANUARY-JUNE 2008

EURm	Banking Activities	Markets	Capital	Other	Eliminations	Sampo Bank Group
Net interest income	228,2	36,5	0,4	-8,7	0,0	256,5
Other income (net)	84,6	22,9	33,1	1,1	0,0	141,7
<b>Total operating income</b>	<b>312,8</b>	<b>59,4</b>	<b>33,5</b>	<b>-7,6</b>	<b>0,0</b>	<b>398,2</b>
Total operating expenses	-261,3	-8,9	-12,4	-1,8	0,0	-284,5
Impairment losses on loans and receivables	0,9	0,0	0,0	0,0	0,0	0,9
<b>Profit before taxes</b>	<b>52,5</b>	<b>50,5</b>	<b>21,1</b>	<b>-9,4</b>	<b>0,0</b>	<b>114,7</b>

JUNE 30, 2008

<b>TOTAL ASSETS</b>	<b>32 316</b>	<b>9 446</b>	<b>68</b>	<b>9 643</b>	<b>-22 303</b>	<b>29 171</b>
of which loans and advances to credit inst. & customers	33 803	9 935	49	1 656	-21 746	23 698
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>32 316</b>	<b>9 446</b>	<b>68</b>	<b>9 643</b>	<b>-22 303</b>	<b>29 171</b>
of which liabilities to credit inst. & customers	31 094	3 318	0	1 532	-21 745	14 200

JANUARY-JUNE 2009

EURm	Banking Activities	Markets	Capital	Other	Eliminations	Sampo Bank Group
Net interest income	222,6	58,8	0,0	-13,0	0,0	268,4
Other income (net)	98,1	-8,5	21,2	-1,1	0,0	109,7
<b>Total operating income</b>	<b>320,8</b>	<b>50,4</b>	<b>21,2</b>	<b>-14,2</b>	<b>0,0</b>	<b>378,1</b>
Total operating expenses	-199,2	-10,1	-12,5	-1,8	0,0	-223,7
Impairment losses on loans and receivables	-157,3	0,0	0,0	0,0	0,0	-157,3
<b>Profit before taxes</b>	<b>-35,8</b>	<b>40,3</b>	<b>8,6</b>	<b>-16,0</b>	<b>0,0</b>	<b>-3,0</b>

JUNE 30, 2009

<b>TOTAL ASSETS</b>	<b>32 415</b>	<b>6 960</b>	<b>45</b>	<b>7 736</b>	<b>-19 965</b>	<b>27 191</b>
of which loans and advances to credit inst. & customers	33 704	9 566	71	963	-19 495	24 809
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>32 415</b>	<b>6 961</b>	<b>45</b>	<b>7 736</b>	<b>-19 965</b>	<b>27 191</b>
of which liabilities to credit inst. & customers	32 122	3 169	1	875	-19 441	16 725

In accordance with IFRSs, Sampo Bank Group is required to disclose business with a single customer that generates 10% or more of the combined revenue. The Group has no such customers.

## OTHER NOTES

### 1 IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES

EURm	Individual impairment charges	Collective impairment charges	Recoveries	Total
From loans and advances to credit institutions	0,5			0,5
From loans and advances to customers				
-impairment charges	194,3	45,5		239,8
-write-offs	4,0		2,9	1,1
-reversals	-72,9	-16,6		-89,5
From guarantees and other off-balance sheet items	15,6	0,3		15,9
-reversals	-10,6			-10,6
Total 1-6/2009	131,0	29,2	2,9	157,3
Total 1-6/2008	26,4	4,2	31,5	-0,9

### 2 NET INTEREST INCOME

EURm	1-6/2009	1-6/2008
Interest income, total	539,6	713,0
Interest expenses, total	-271,3	-456,4
<b>Net interest income</b>	<b>268,4</b>	<b>256,5</b>

### 3 LOANS AND RECEIVABLES

EURm	6/2009	12/2008
<b>Loans and receivables to credit institutions</b>		
Deposits	4 080,2	4 480,9
Other loans	389,1	425,6
<b>Total</b>	<b>4 469,3</b>	<b>4 906,5</b>
<b>Loans and receivables to customers</b>		
<b>By type of loan</b>		
Home loans	9 688,6	9 584,80
Consumer loans	1 547,7	1 525,3
Other retail loans	1 155,9	1 269,6
Finance lease assets	784,5	775,7
Money market loans	0,0	0,0
Other commercial loans	7 162,7	8 029,0
<b>Total</b>	<b>20 339,3</b>	<b>21 184,3</b>
<b>Total loans and receivables</b>	<b>24 808,7</b>	<b>26 090,8</b>

#### Allowance account breakdown

	Individual impairment charges	Collective impairment charges	Total
At January 1, 2008			
From balance sheet and off-balance sheet items	96,5	17,5	114,0
+ New allowances	183,3	9,2	192,5
- Reversals and write-offs	-132,5	-11,1	-143,6
- Write-offs debited to allowance account	-9,1		-9,1
At December 31.12.2008	138,2	15,6	153,8
From balance sheet and off-balance sheet items			
+ New allowances	200,8	46,3	247,1
- Reversals and write-offs	-71,0	-16,6	-87,6
- Write-offs debited to allowance account	-1,9		-1,9
At June 30, 2009	266,1	45,3	311,4

#### 4 INVESTMENTS

EURm	6/2009	12/2008
<b>Financial assets</b>		
Investments held-to-maturity	-	-
Financial assets available-for-sale	0,0	0,0
<b>Total</b>	<b>0,0</b>	<b>0,0</b>
<b>Other assets</b>		
Investments in associates	6,7	7,4
<b>Total</b>	<b>6,7</b>	<b>7,4</b>

#### 5 AMOUNTS OWED TO CREDIT INSTITUTIONS AND CUSTOMERS

EURm	6/2009	12/2008
<b>Amounts owed to credit institutions</b>		
Liabilities to central banks	0,2	350,8
Deposits from credit institutions	2 190,6	2 564,9
Other liabilities owed to credit institutions	849,3	171,4
<b>Total</b>	<b>3 040,1</b>	<b>3 087,1</b>
<b>Amounts owed to customers</b>		
<b>Deposits</b>		
Demand deposits	2 323,6	2 081,3
Savings accounts	2 785,7	2 375,4
Current accounts	5 452,5	4 616,6
Money market deposits	697,8	930,7
Other time deposits	2 425,3	3 002,7
<b>Total deposits</b>	<b>13 684,9</b>	<b>13 006,7</b>
<b>Other liabilities</b>		
Other liabilities	0,0	0,0
<b>Total amounts owed to customers</b>	<b>13 684,9</b>	<b>13 006,7</b>
<b>Total amounts owed to credit institutions and customers</b>	<b>16 725,0</b>	<b>16 093,8</b>

## 6 CONTINGENT LIABILITIES AND COMMITMENTS

EURm	6/2009	12/2008
<b>Off-balance sheet items</b>		
Guarantees	1 523,0	1 660,5
Undrawn loans, overdraft facilities and other commitments to lend	2 924,1	2 708,1
Other irrevocable commitments	0,0	0,0
<b>Total</b>	<b>4 447,1</b>	<b>4 368,6</b>

Sampo Bank Group is continually a party to various lawsuits. The Group does not expect the outcomes of the cases pending to have any material effect on its financial position.