

**SAMPO BANK PLC**  
**ANNUAL REPORT AND ACCOUNTS 2008**

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## **SAMPO BANK PLC BOARD OF DIRECTORS' REPORT 2008**

### **Changes in Group structure**

Real Estate company Kiinteistö Oy Salon Örninkatu 15 was sold in February 2008 and associated company Primasoft Ltd (20 % of shares) in April 2008. ZAO Danske Bank (formerly ZAO Profibank) in Russia was sold in July 2008. Mandatum & Co Ltd and MDT Invest Ltd (formerly Mandatum Securities Ltd) were liquidated in July 2008. 3C Asset Management Ltd is now 100% owned subsidiary of Sampo Bank. Minority was bought out in October 2008. New associated company Arfin Ltd (33,3% of shares) was acquired in November 2008. Arvo Value Asset Management Ltd was merged to Sampo Bank in December 2008.

Results of Mandatum & Co Ltd, MDT Invest Ltd and ZAO Danske Bank are presented in the income statement as discontinued operations. The changes in Group structure have effect on the comparability of the numbers.

### **Changes in Accounting Policies and Presentation**

Sampo Bank Group is following generally accepted accounting policies of Danske Bank Group. Comparison figures for 2007 are not adjusted. Due to that the comparability of the periods presented in this annual report is affected. The changes and comparability are explained more detailed in Notes to the Financial Statements.

### **Result**

Sampo Bank Group's profit before taxes for 2008 was EUR 181.6 million (775.7). The amount contains the income from discontinued operations, altogether EUR 0.3 million (499.9). Return on equity after tax including discontinued operations was 6.9 per cent (44.8). Cost-to-income-ratio was 63.7 per cent (37.0).

### **Balance sheet**

Loans and receivables increased by EUR 798.0 million from year-end 2007 and totalled EUR 26,090.8 million (25,292.8).

Credit quality was satisfactory. Net impairment on loans and receivables was EUR 52.3 million (62.5).

Deposits totalled EUR 13,006.7 million (12,775.5).

### **Capital adequacy**

Sampo Bank Group's capital adequacy ratio was 14.3 per cent (15.1) at the end of 2008 and the Tier 1 ratio was 12.4 per cent (12.9). The total capital included in capital adequacy calculations amounted to EUR 2,713.5 million at the end of December (2,633.6). The Group's risk-weighted assets totalled EUR 18,998.5 million (17,404.3).

Most significant changes in own funds from the end of 2007 were the profit after tax for 2008 EUR 133.4 million that is included in distributable reserves and the redemption of the Tier 2 debenture loan of EUR 50 million in December.

## CAPITAL ADEQUACY DATA

EURm	Sampo Bank Group At 31 December		Sampo Bank plc At 31 December	
	2008	2007	2008	2007
<b>Tier 1</b> <sup>1)</sup>	2 363,5	2 239,3	2 379,0	2 150,1
Share capital	106,0	106,0	106,0	106,0
Share premium				
Reserves	271,1	271,1	261,7	261,7
Capital securities	350,0	346,5	350,0	346,5
Distributable capital	1 643,0	1 510,0	1 668,8	1 444,6
Minority interests	1,2	14,4	0,0	0,0
Intangible assets	-7,8	-8,7	-7,4	-8,7
Financial assets at fair value	0,0	0,0	0,0	0,0
<b>Tier 2</b>	350,0	394,3	350,0	394,3
Subordinated liabilities	350,0	393,8	350,0	393,8
Other	0,0	0,6	0,0	0,6
<b>Tier 3</b>	0,0	0,0	0,0	0,0
<b>Deductions</b> <sup>2)</sup>	0,0	0,0	0,0	0,0
<b>Total capital</b>	2 713,5	2 633,6	2 729,0	2 544,5
<b>Risk-weighted assets (on-balance sheet and off-balance sheet)</b>	18 998,5	17 404,3	18 534,3	16 555,5
<b>Capital requirement ( 8% of risk-weighted assets)</b>	1 519,9	1 392,3	1 482,7	1 324,4
Credit- and counterparty risk	1 360,8	1 352,1	1 324,2	1 283,1
Market risk	59,5	40,2	59,5	41,4
Operational risk	99,7	-	99,1	-
<b>Capital adequacy ratio, %</b>				
- total capital/risk-weighted assets	14,3%	15,1%	14,7%	15,4%
- Tier 1 capital/risk-weighted assets	12,4%	12,9%	12,8%	13,0%

Group's 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.

Comparison figures for 2007 have been calculated in accordance with old Credit Institutions Act Sect 9:72-81§ and an Interpretation of Financial Supervision Authority on calculation of own funds of credit institutions 3/125/125, as enabled by transitional provision possibility in Credit Institutions Act Sect.12.

<sup>1)</sup> Tier 1 includes capital securities 15 % (15 %) in Sampo Bank Group and 15 % (16 %) in Sampo Bank plc.

<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.

## **Risk management**

The main objective of risk management is to ensure that the capital base is adequate in relation to the risks arising from the business activities. In addition to the statutory capital adequacy calculation, risks in Sampo Bank Group are described and assessed internally through economic capital, which describes the amount of capital needed to bear different kind of risks. The capital requirement is well covered by equity, capital securities and debenture loans. The major risks associated with Sampo Bank Group's activities are credit risk, interest rate and liquidity risks of banking book, operational risks and various business risks such as changes in competition or customer behavior. Risk management is described in detail in the financial statements according to IFRS.

## **Ratings**

Sampo Bank plc's credit ratings did not change during 2008. Standard & Poor's Ratings Services revised its outlook on Sampo Bank plc to negative from stable on October 22, 2008. At the same time, the AA- long-term and A-1+ short-term counterparty credit ratings were affirmed. Moody's placed Aa1 long-term debt and deposit ratings of Sampo Bank plc on review for a possible downgrade on November 12, 2008. Prime-1 short-term deposit rating was affirmed at the same time. The announcements were simultaneous with similar announcements for the parent company Danske Bank A/S.

## **Administration**

Sampo Bank plc board members during 2008 have been Peter Straarup (Chairman), Sven Erik Lystbæk (Deputy chairman), Ilkka Hallavo, Teija Andersen, Tonny Thierry Andersen, Esko Mäkeläinen, Lars Stensgaard Mørch, Thomas Mitchell (until October 1, 2008), Maarit Näkyvä (until October 1, 2008), Georg Schubiger (as from October 2, 2008) and Risto Tornivaara (as from October 2, 2008).

Ilkka Hallavo is the managing director of the Bank and Maarit Näkyvä was his deputy until October 1, 2008 and Risto Tornivaara as from October 2, 2008.

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

## **Outlook for year 2009**

Decreasing interest rates and deteriorating economic conditions will have a negative impact on the bank's profitability. Because of the extent of the financial and economic turbulence, bank cannot give a meaningful estimate of the profitability within a narrow range.

## FINANCIAL HIGHLIGHTS

EUR m	IFRS 2008	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2004
Revenues	1 803	2 189	1 426	993	892	1 030
Net interest income	481	460	447	398	363	374
% of revenue	26,7	21,0	31,3	40,1	40,7	36,4
Profit before taxes <sup>1)</sup>	182	776	354	252	232	240
% of revenue	10,1	35,4	24,8	25,4	26,0	23,3
Total income <sup>2)</sup>	742	1 330	817	643	606	615
Total operating expenses <sup>3)</sup>	508	492	461	394	384	398
Cost to income ratio	63,7	37,0	56,5	61,2	63,4	64,7
Total assets	29 592	28 152	26 627	23 207	19 819	19 775
Equity	2 022	1 902	1 197	1 018	978	1 199
Return on assets, % <sup>4)</sup>	0,5	2,6	1,1	0,9	0,9	0,9
Return on equity, % <sup>4) 5)</sup>	6,9	44,8	24,5	18,5	16,6	17,9
Equity/assets ratio, % <sup>5)</sup>	6,8	6,8	4,5	4,4	5,0	5,0
Capital adequacy ratio, % <sup>6)</sup>	14,3	15,1	11,9	10,6	10,7	10,7
Impairment on loans and receivables <sup>7)</sup>	52	63	2	-3	-10	-13
Off-balance sheet items	4 369	6 157	6 746	6 878	6 066	6 066
Average number of staff	3 466	3 443	4 429	4 201	3 829	3 829

IFRS = International Financial Reporting Standards FAS = Finnish Accounting Standards

The financial highlights have been calculated as referred to in the regulations of the Finnish Financial Supervision Authority, taking into account renamed income statement and balance sheet items resulting from changes in the accounting practice.

<sup>1)</sup> Sampo Bank plc's profit from sales of its subsidiary banks in Baltics, MDT Invest plc, Mandatum & Co Ltd and ZAO Danske Bank as well as their operational result are included in the Group key figures; in the income statement they are presented as 'Discontinued operations'.

<sup>2)</sup> Total income comprises the income in the formula for the cost to income ratio.

<sup>3)</sup> Total operating expenses comprise the cost in the formula for the cost to income ratio.

<sup>4)</sup> The change in fair value reserve in 2007 has been taken into account in return on assets and return on equity. Without the change in the fair value reserve the return on equity would have been 44,79 % for 2007. The equity for 2008 does not include fair value reserve.

<sup>5)</sup> Capital securities have not been included in equity.

<sup>6)</sup> Credit Institutions Act (121/2007) according to transitional provision possibility in Sect. 12: in old law 79 and 79a.

<sup>7)</sup> Impairment on loans and receivables includes impairment losses, reversals of them, write-offs and recoveries. (-) net loss positive.

### Formulas used in calculating the financial highlights

Revenues: interest income, net income from investments, fee and commission income, net income from financial transactions and other operating income.

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

Return on assets (at fair values), %: 
$$\frac{\text{profit before taxes} + / - \text{change in fair value reserve} - \text{taxes}}{\text{average total assets}} \times 100$$

Equity/assets ratio (at fair values), %: 
$$\frac{\text{equity} + \text{minority interests}}{\text{total assets}} \times 100$$

## IFRS Financial Statements

### CONSOLIDATED INCOME STATEMENT

EURm	Note	1-12/2008	1-12/2007	Change
<b><u>Continuing operations</u></b>				
Interest income	2	1 476,0	1 147,4	328,7
Interest expense	2	-996,0	-762,7	-233,3
Net trading income	3	45,5	87,9	-42,3
Fee income	4	251,5	319,3	-67,8
Fee expenses	4	-64,9	-85,7	20,8
Net income from investments	6	-3,4	39,2	-42,5
Other operating income		32,1	70,3	-38,2
<b>Total operating income</b>		<b>740,9</b>	<b>815,6</b>	<b>-74,7</b>
Staff costs	7	-214,5	-191,9	-22,6
Other operating expenses	8	-292,8	-285,9	-6,9
<b>Total operating expenses</b>		<b>-507,3</b>	<b>-477,8</b>	<b>-29,4</b>
Impairment losses on loans and receivables	5	-52,3	-62,0	9,7
<b>Profit from continuing operations before taxes</b>		<b>181,3</b>	<b>275,8</b>	<b>-94,5</b>
Taxes		-46,4	-68,4	22,0
<b>Profit from continuing operations</b>		<b>134,9</b>	<b>207,3</b>	<b>-72,5</b>
<b><u>Discontinued operations</u></b>				
<b>Profit from discontinued operations before taxes</b>	1,2	<b>0,3</b>	<b>499,9</b>	<b>-499,6</b>
Taxes		-0,1	-7,2	7,1
<b>Profit from discontinued operations</b>		<b>0,2</b>	<b>492,8</b>	<b>-492,5</b>
<b>Profit for the period</b>		<b>135,1</b>	<b>700,1</b>	<b>-565,0</b>
<b>Attributable to</b>				
Equity holders of parent company		133,4	687,3	
Minority interests		1,7	12,8	

**CONSOLIDATED BALANCE SHEET**

EURm	Note	12/2008	12/2007
<b>Assets</b>			
Cash and balances at central banks	11	127,2	290,8
Trading portfolio assets	12	2 830,7	1 429,2
Financial assets at fair value through p/l	12	0,0	551,2
Loans and receivables	13	26 090,8	25 292,8
Investments	14	7,4	17,5
Intangible assets	16	7,8	8,7
Property, plant and equipment	17	100,1	90,2
Other assets	18	404,4	439,9
Tax assets	19	23,7	31,1
<b>Total assets</b>		<b>29 592,1</b>	<b>28 151,5</b>
<b>Liabilities</b>			
Financial liabilities at fair value through p/l	12	3 771,6	0,0
Trading portfolio liabilities		1 243,6	671,0
Amounts owed to credit institutions and customers	21	16 093,8	13 503,6
Debt securities in issue	22	5 895,1	11 064,3
Other liabilities	23	564,2	970,3
Tax liabilities	19	2,2	40,0
<b>Total liabilities</b>		<b>27 570,5</b>	<b>26 249,2</b>
<b>Equity</b>			
Share capital	28	106,0	106,0
Reserves	28	271,1	271,7
Retained earnings	28	1 643,2	1 510,2
<b>Equity attributable to parent company's equityholders</b>		<b>2 020,4</b>	<b>1 888,0</b>
Minority interests		1,2	14,4
<b>Total equity</b>		<b>2 021,6</b>	<b>1 902,4</b>
<b>Total equity and liabilities</b>		<b>29 592,1</b>	<b>28 151,5</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. 2007</b>	<b>106,0</b>	<b>271,1</b>	<b>-2,5</b>	<b>808,6</b>	<b>1.183,2</b>	<b>13,7</b>	<b>1.196,9</b>
Cash flow hedges:							
- recognised in equity during the financial year							
- recognised in p/l							
Financial assets available-for-sale							
- change in fair value			9,6		9,6		9,6
- recognised in p/l			-6,4		-6,4		-6,4
Exchange rate translation difference				-0,2	-0,2		-0,2
Danske Capital merger				14,6	14,6		
Profit for the financial year				687,3	687,3	12,8	700,1
<b>Total income and expenses recognised for the period</b>			<b>3,2</b>	<b>701,7</b>	<b>704,9</b>	<b>12,8</b>	<b>717,7</b>
Dividends						-12,2	-12,2
<b>Equity at 31 Dec. 2007</b>	<b>106,0</b>	<b>271,1</b>	<b>0,6</b>	<b>1.510,2</b>	<b>1.888,0</b>	<b>14,4</b>	<b>1.902,4</b>
Cash flow hedges:							
- recognised in equity during the financial year							
- recognised in p/l							
Financial assets available-for-sale							
- change in fair value							
- recognised in p/l			-0,6		-0,6		-0,6
Exchange rate translation difference							
Profit for the financial year				133,4	133,4	1,7	135,1
<b>Total income and expenses recognised for the period</b>	<b>0,0</b>	<b>0,0</b>	<b>-0,6</b>	<b>133,4</b>	<b>132,8</b>	<b>1,7</b>	<b>134,5</b>
Dividends						-14,9	-14,9
<b>Equity at 31 Dec. 2008</b>	<b>106,0</b>	<b>271,1</b>	<b>0,0</b>	<b>1.643,2</b>	<b>2.020,4</b>	<b>1,2</b>	<b>2.021,6</b>

**CASH FLOW STATEMENT**

EURm	2008	2007
<b>Cash and cash equivalents at the beginning of the period</b>	<b>483</b>	<b>1 815</b>
Cash flows from/used in operating activities	3 845	-2 299
Cash flows from/used in investing activities	-38	446
Cash flows from/used in financing activities	-5	521
<b>Cash and cash equivalents at the end of the period</b>	<b>4 285</b>	<b>483</b>
<b>The net cash flows of discontinued operations</b>	<b>2008</b>	<b>2007</b>
Cash flows from/used in operating activities	0	30
Cash flows from/used in investing activities	0	0
Cash flows from/used in financing activities	0	-24
<b>Net cash flows total</b>	<b>0</b>	<b>6</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 the changes in equity and borrowings in order to conduct the business. Cash and cash equivalents 2007 consist of cash and balances with central banks and loans and advances to credit institutions repayable on demand.

Cash flow statement for 2008 has been adjusted to Danske Bank Group -principles. Increase of cash is due to the new classification where below 3 month's due from credit institutions is also considered as cash. The adjustment is included in "Cash flow from/used in operating activities".

## **NOTE TO THE CASH FLOW STATEMENT**

### **Acquisitions in 2008**

On March 12, 2008 Sampo Bank plc bought the minority of Arvo Value Asset Management Ltd. Later during the year (December 31, 2008) Arvo Value Asset Management Ltd was merged to Sampo Bank plc.

On October 2, 2008 Sampo Bank plc bought the minority of 3C Asset Management Ltd. 3C Asset Management Ltd is now 100% subsidiary of Sampo Bank.

New associated company Arfin Ltd (33.3% of shares) was acquired on October 21, 2008.

### **Sales in 2008**

Real Estate company Kiinteistö Oy Salon Öminkatu 15 was sold on February 22, 2008.

On April 11, 2008 Sampo Bank plc sold Primasoft Ltd, associated company, (20% of shares).

On July 31, 2008 Sampo Bank plc sold the Russian subsidiary, ZAO Danske Bank, to Danske Bank A/S.

## NOTES TO THE FINANCIAL STATEMENTS

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sampo Bank Group is part of the Danske Bank Group. Sampo Bank Group has prepared the consolidated financial statements for 2008 in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and by Danske Bank Group. In preparing the financial statements, Sampo Bank has applied all the new or amended standards and interpretations relating to its business and effective at 31 December 2008 as the parent company. In preparing the notes to the consolidated financial statements, attention has also been paid to Finnish accounting and company legislation and applicable regulatory requirements. The introduction of the new or revised standards and interpretations in the 2008 financial year had effect on Sampo Bank's accounting principles and the information presented in the financial statements.

The Group has implemented IASB's Improvement to IAS 16 already in 2008. The Improvement specifies the accounting treatment of a company which sells a lease asset upon expiry of the lease agreement as part of its normal business activities. Upon expiry of the lease agreement, the asset must be treated as inventory. Consequently, lease assets worth EUR 1.3 million (2007: EUR 2.0 million) were transferred from tangible assets to Other assets at the end of 2008.

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

The consolidated financial statements are presented in euro (EUR), in million euros with one decimal, unless otherwise stated.

### CHANGES IN ACCOUNTING POLICIES AND PRESENTATION

A group of financial liabilities, when managed and measured on a fair value basis, may be reported at fair value by applying Fair Value Option in IAS 39. Issued CD's are classified into the category "Financial liabilities measured at fair value through profit and loss" since Q2/2008. The net change of fair values of debt securities was EUR 1.6 million of which the fair value change of issued CD's was EUR -18.1 million.

Balance sheet category 'available for sale' is no longer used and the securities were re-classified into trading.

Commitment fees are presented as part of Net interest instead of Fee income. The effect for 2008 was a decrease of EUR 4.4 million on Fee income and a corresponding increase in Net interest.

Interest on trading securities and derivatives is presented in Net interest. Net trading income for 2007 included EUR 67.7 million of income that in 2008 is presented in Net interest. Net interest income from investments (2007 EUR 2.1 million) is now presented in Net interest income.

Net income from investments for 2007 included EUR 35.9 million of income that in 2008 is presented in Net trading income.

Securities are presented in 2008 balance sheet according to the settlement date and in 2007 balance sheet according to the trade date. Profit and loss impact has been taken into account according to the trade date also in 2008.

The table below (table 1.) shows the comparative figures for continued operations after the above mentioned transitions.

SAMPO BANK GROUP EURm	PROFIT FROM CONTINUING OPERATIONS AFTER TRANSITIONS		
	1-12/2008	1-12/2007	Change
Net interest income	480,0	456,2	23,9
Net trading income	45,5	58,6	-13,1
Net fee income	186,6	229,2	-42,6
Net income from investments	-3,4	1,4	-4,7
Other operating income	32,1	70,3	-38,2
<b>Total operating income</b>	<b>740,9</b>	<b>815,6</b>	<b>-74,7</b>
Staff costs	-214,5	-191,9	-22,6
Other operating expenses	-292,8	-285,9	-6,9
<b>Total operating expenses</b>	<b>-507,3</b>	<b>-539,9</b>	<b>-29,5</b>
Impairment losses on loans and receivables	-52,3	-62,0	9,7
<b>Profit before taxes</b>	<b>181,3</b>	<b>275,8</b>	<b>-94,5</b>
Taxes	-46,4	-68,5	22,0
<b>Profit for the period</b>	<b>134,9</b>	<b>207,3</b>	<b>-72,5</b>

Table 1.

## CONSOLIDATION

### SUBSIDIARIES

The consolidated financial statements combine the financial statements of Sampo Bank 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.

The consolidated financial statements are prepared by consolidating items of the same nature and eliminating intra-group transactions, accounts, and trading profits and losses.

Undertakings acquired are included in the financial statements at the date of acquisition.

The net assets of such undertakings (assets, including identifiable intangible assets, less liabilities and contingent liabilities) are included in the financial statements at their fair value on the date of acquisition according to the purchase method.

If the cost of acquisition, including direct transaction costs, exceeds the fair value of the net assets acquired, the excess amount is recognised as goodwill. Goodwill is recognised in the functional currency of the undertaking acquired. If the fair value of the net assets exceeds the cost of acquisition (negative goodwill), the excess amount is recognised as income at the date of acquisition.

Divested undertakings are included in the financial statements until the transfer date.

### ASSOCIATES

Associated undertakings are businesses, other than subsidiaries, in which the Group has holdings and significant influence but not control. The Group generally classifies undertakings as associated undertakings if Sampo Bank plc, directly or indirectly, holds 20-50 % of the voting rights.

Holdings are recognised at cost at the time of acquisition and are subsequently measured according to the equity method. The proportionate share of the net profit and loss of the individual undertaking is included under Income from associated undertakings and based on data from financial statements with balance sheet dates that differ no more than three months from the balance sheet date of the Group.

The proportionate share of the profit and loss on transactions between associated undertakings and group undertakings is eliminated.

#### SPECIAL PURPOSE ENTITIES (SPE)

The Group applies synthetic securitisation, by which Sampo Bank plc uses credit derivatives to transfer the credit risk of a loan portfolio in its balance sheet to the market. The derivatives are treated in the consolidated financial statements like guarantees. Sea Fort Securities plc, a special purpose entity funding part of the credit risk, has been established for this purpose. The loans continue to be included in Sampo Bank plc's balance sheet.

Sampo Bank plc has no controlling power or participation in the special purpose entity's net assets, and the special purpose entity has not been consolidated.

#### FOREIGN CURRENCY TRANSLATION

The presentation currency of the consolidated financial statements is euro. The functional currency of each of the Group's units is the currency of the country in which the unit is domiciled, as most income and expenses are recognised in the currency of that country.

Transactions in foreign currency are translated at the exchange rate of the functional currency at the transaction date. Gains and losses on exchange rate differences arising between the transaction date and the settlement date are recognised in the income statement.

Monetary assets and liabilities in foreign currency are translated at the exchange rates prevailing at the balance sheet date. Exchange rate adjustments of monetary assets and liabilities arising as a result of differences in the exchange rates applying at the transaction date and at the balance sheet date are recognised in the income statement.

Non-monetary assets and liabilities in foreign currency that are subsequently revalued at fair value are translated at the exchange rates applying at the date of revaluation. Exchange rate adjustments are included in the revaluation of the fair value of an asset or liability. Other non-monetary items in foreign currency are translated at the exchange rates applying at the date of transaction.

#### TRANSLATION OF FOREIGN UNITS

Assets and liabilities of units outside Finland are translated into euro at the exchange rates applying at the balance sheet date. Income and expenses are translated at the exchange rates applying at the date of transaction. Exchange rate gains and losses arising at the translation of net investments in foreign units are recognised directly in shareholders' equity. Net investments include the net assets and goodwill of the units as well as holdings in foreign units in the form of subordinated loan capital. Exchange rate adjustments of financial liabilities to hedge net investments in foreign units are also recognised directly in shareholders' equity.

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

	Balance sheet date exchange rate	Average exchange rate
1 euro (EUR) = Russian rouble (RUB)	41.3922	36.8328

## SEGMENT REPORTING

The segment reporting in Sampo Bank Group is based on internal business areas and on the organisational structure in 2008.

Banking activities in Finland and other functions include segments private clients, corporate and institutional clients, markets operations and other as they were reported in the financial statements for 2007. The East European banking is presented in 2007 as discontinued operations and the profit from sales as well as the operational result are included in the Group results.

The inter-segment pricing is based on market prices.

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

## INTEREST AND DIVIDENDS

Interest income and expenses arising from interest-bearing financial instruments carried at amortised cost are recognised in the income statement according to the effective yield method on the basis of the cost price of the individual financial instrument. Interest includes the amortisation of fees that are an integral part of the effective yield on a financial instrument, such as origination fees, and the amortisation of any other differences between cost price and redemption price.

Interest income and expenses also includes interest on financial instruments carried at fair value.

Interest on loans and receivables subject to individual impairment is recognised on the basis of the impaired value.

## FEES AND COMMISSIONS

Fees and commissions which are an integral part of the effective interest rate of a financial instrument are deferred and treated as an adjustment to the effective interest rate. Such fees may be origination fees (including compensation for activities such as evaluating the borrower's financial condition, evaluating and registering guarantees, collateral and other securities and documentation) and commitment fees, for example. If a commitment fee expires without an entity making a loan, the fee is recognised as revenue upon expiry.

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

Fees for other financial services include fees recognised as revenue when services are provided (e.g. those charged for servicing a loan). Fees earned upon the execution of a significant act are recognised as revenue when the act is completed. Such fees are e.g. syndication fees which are recognised in profit and loss when the syndication has been completed.

## NET TRADING INCOME

Net trading income includes realised and unrealised capital gains and losses on trading portfolio assets and other securities as well as exchange rate adjustments and dividends. The effect on profit and loss of fair value hedge accounting is also recognised under Net trading income.

## FINANCIAL ASSETS AND LIABILITIES

### GENERAL

Purchases and sales of financial instruments are measured at their fair value at the settlement date. The fair value is usually the same as the transaction price. Changes in the value of financial instruments are recognised up to the settlement date.

## CLASSIFICATION

At initial recognition, financial assets are divided into the following categories:

- trading portfolio measured at fair value
- loans and receivables measured at amortised cost.

At initial recognition, financial liabilities are divided into the following categories:

- trading portfolio measured at fair value
- financial liabilities designated at fair value with value adjustment through profit and loss
- other financial liabilities measured at amortised cost.

## FINANCIAL ASSETS AND FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets and liabilities at fair value through profit of loss comprise trading portfolio assets and liabilities and financial liabilities designated as at fair value through profit and loss.

### Trading portfolio

The trading portfolio includes financial assets acquired and liabilities undertaken that the Group intends to sell or repurchase in the short term. The trading portfolio also contains financial assets and liabilities managed collectively for which a pattern of short-term profit taking exists. All derivatives, including separated embedded derivatives and derivatives designated as hedging derivatives, are part of the trading portfolio.

Assets in the trading portfolio comprise the equities, bonds and derivatives with positive fair value held by the Group's trading department. Liabilities in the trading portfolio consist of derivatives with negative fair value and obligations to deliver securities.

At initial recognition, the trading portfolio is measured at fair value, excluding transaction costs. Subsequently, the portfolio is measured at fair value with value adjustments through profit and loss.

## FAIR VALUE OPTION – FINANCIAL LIABILITIES DESIGNATED AS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss includes issued CD's (see also section "Changes in accounting policies").

Financial liabilities at fair value through profit and loss are measured at fair value. Interest income and expenses on financial instruments carried at fair value are presented in Net interest income, realised and unrealised capital gains and losses are included in Net trading income.

## DUE FROM CREDIT INSTITUTIONS AND CENTRAL BANKS

Amounts due from credit institutions and central banks comprise amounts due from other credit institutions and time deposits with central banks. Reverse transactions are recognised as amounts due from credit institutions and central banks.

Amounts due from credit institutions and central banks are measured at amortised cost, as described under Loans and receivables.

## LOANS AND RECEIVABLES

Loans and receivables consist of loans and receivables disbursed directly to borrowers and loans and receivables acquired after disbursement. Loans and receivables include conventional bank loans; finance leases; mortgages and pledges; reverse transactions, except for transactions with credit institutions and central banks.

At initial recognition, loans and receivables are measured at fair value plus transaction costs and less origination fees, and other charges. Subsequently, they are measured at amortised cost, according to the effective interest method, with the deduction of any impairment charges. The difference between initial recognition and the nominal value is amortised over the term to maturity and carried under Interest income. If fixed-rate loans and receivables and amounts due are hedged efficiently by derivatives, the fair value of the hedged interest rate risk is added to the amortised cost of the assets.

### **AMOUNTS DUE TO CREDIT INSTITUTIONS AND CENTRAL BANKS / DEPOSITS**

Amounts Due to credit institutions and central banks and Deposits include amounts received under repurchase transactions.

Amounts Due to credit institutions and central banks and Deposits are measured at amortised cost plus the fair value of the hedged interest rate risk.

### **OTHER ISSUED BONDS / SUBORDINATED DEBT**

Other issued bonds and Subordinated debt comprise the bonds issued by the Group. Subordinated debt is liabilities in the form of subordinated loan capital and other capital investments which, in case of voluntary or compulsory winding-up, will not be repaid until after the claims of ordinary creditors have been met.

Other issued bonds and Subordinated debt are measured at amortised cost plus the fair value of the hedged interest rate risk.

The yield on some issued bonds depends on an index that is not closely linked to the financial characteristics of the bonds, for example an equity index. Such embedded derivatives are separated and carried at their fair value in the trading portfolio.

### **FAIR VALUE**

The fair value of financial assets and liabilities is measured on the basis of quoted market prices of financial instruments traded in active markets. If an active market exists, fair value is based on the most recently observed market price at the balance sheet date.

If a financial instrument is quoted in a market that is not active, the Group bases its valuation on the most recent transaction price. It adjusts the price for subsequent changes in market conditions, for instance by including transactions in similar financial instruments that are motivated by normal business considerations.

If an active market does not exist, the fair value of standard and simple financial instruments, such as interest rate and currency swaps and unlisted bonds, is measured according to generally accepted measurement methods. Market-based parameters are used to measure fair value. The fair value of more complex financial instruments, such as swaptions, interest rate caps and floors, and other OTC products, is measured on the basis of internal models, many of which are based on valuation techniques generally accepted within the industry.

The results of calculations made on the basis of valuation techniques are often estimates, because exact values cannot be determined from market observations. Consequently, additional parameters, such as liquidity and counterparty risk, are sometimes used to measure fair value.

If, at the time of acquisition, a difference arises between the value of a financial instrument calculated on the basis of non-observable inputs and actual cost [day-one profit and loss] and the difference is not the result of transaction costs, the Group calibrates the model parameters to the actual cost.

### **IMPAIRMENT OF FINANCIAL ASSETS**

If objective evidence of impairment of a loan, an advance or an amount due exists, and the effect of the impairment event or events on the expected cash flow from the asset is reliably measurable, the Group determines the impairment loss individually. The impairment charge equals the difference between the carrying amount and the present value of the most likely future cash flow from the asset, including the realisation value of collateral. The present value of fixed-rate loans and receivables is calculated at the

original effective interest rate, whereas the present value of loans and receivables with a variable rate of interest is calculated at the current effective interest rate.

Objective evidence of impairment of loans and receivables exists if at least one of the following events has occurred:

- the borrower is experiencing significant financial difficulty
- the borrower's actions, such as default on interest or principal payments, lead to a breach of contract
- the Group, for reasons relating to the borrower's financial difficulty, grants to the borrower a concession that the Group would not otherwise have granted
- it becomes probable that the borrower will enter bankruptcy or another type of financial reorganisation

Loans and receivables without objective evidence of impairment are considered in an assessment of collective impairment at portfolio level. Collective impairment is calculated for groups of loans and receivables with similar credit characteristics when impairment of expected future cash flows from the group has occurred. The Group's models use downgrading of a customer's rating as an indicator of impairment. The facilities are divided into groups according to their current ratings.

The cash flows are specified by means of parameters used for the calculation of solvency requirements and historical loss data adjusted for use in the financial statements, among other things. The adjustment covers a loss identification period that, according to the Group's empirical data, is the period from the first appearance of evidence of impairment to the determination of a loss at customer level.

Collective impairment is calculated for each group as the net difference between the carrying amount of the loans and receivables of the portfolio and the present value of expected future cash flows.

If the Group becomes aware that, at the balance sheet date, deteriorations or improvements have occurred that are not fully reflected in the assessments based on the models, it adjusts the impairment charge.

Impairment charges are booked in an allowance account and set off against loans and receivables. Changes in the allowance account are recorded under Loan impairment charges in the income statement. If subsequent events show that impairment is not permanent, charges are reversed.

Loans and receivables that are considered uncollectible are written off. Write-offs are debited to the allowance account. Loans and receivables are written off once the usual collection procedure has been completed and the loss on the individual loan or advance can be calculated.

In accordance with the effective interest method, interest is recognised on the basis of the value of the loans and receivables less impairment charges.

## **HEDGE ACCOUNTING**

The Group uses derivatives to hedge the interest rate risk on fixed-rate assets and fixed-rate liabilities carried at amortised cost. Hedged risks that meet specific criteria qualify for fair value hedge accounting and are treated accordingly. The interest rate risk on the hedged assets and liabilities is recognised at fair value as a value adjustment of the hedged items through profit and loss.

If the hedge criteria cease to be met, the accumulated value adjustments of the hedged items are amortised over the term to maturity.

## **LEASES**

### **GROUP AS LESSOR**

#### **Finance leases**

Leases in which assets are leased out and substantially all the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Finance leases are recognised as receivables in the balance sheet at an amount equal to the net investment in the lease. The lease payment is allocated

between the repayment of principal and interest income. The interest income is amortised over the lease period so as to achieve a constant periodic rate of return on the remaining net investment for the lease term.

Finance leases are included in 'Loans and receivables' and interest in 'Interest income'.

### **Other leases**

Leases in which assets are leased out and the Group retains substantially all the risks and rewards of ownership are classified as operating leases. They are included in 'Property, plant and equipment' in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment, and the impairment losses are recognised on the same basis as for these items. Rental income on assets held as operating leases is recognised on a straight-line basis over the lease term in profit and loss.

## **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.

### **Other 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 and loss.

## **INTANGIBLE ASSETS**

### **GOODWILL**

Goodwill arises on the acquisition of undertakings and is calculated as the difference between the cost of an undertaking acquired and the fair value of its net assets, including contingent liabilities, at the time of acquisition.

Goodwill on associated undertakings is carried under Holdings in associated undertakings.

Goodwill is allocated to cash-generating units at the level at which management monitors its investment. Goodwill is not amortised; instead each cash-generating unit is tested for impairment at least once a year. All impairment tests are done by Danske Bank A/S. Goodwill is written down to its recoverable amount through profit and loss if the carrying amount of the net assets of the cash-generating unit exceeds the higher of the assets' fair value less costs to sell and their value in use, which equals the present value of the future cash flows expected from the unit.

### **OTHER INTANGIBLE ASSETS**

Software acquired is measured at cost, including the expenses incurred to make each software application ready for use. Software acquired is amortised over its expected useful life, which is usually three years, according to the straight-line method.

Software developed by the Group is recognised if the cost of development is reliably measurable and analyses show that the future profit from using the individual software applications exceeds cost. Cost is defined as development costs incurred to make each software application ready for use. Once the software has been developed, the cost is amortised over the expected useful life, which is usually three years, according to the straight-line method. Development costs consist primarily of direct remuneration and other

development costs that may be attributed directly. Expenses incurred in the planning phase are not included; instead such expenses are booked when incurred. Identifiable intangible assets taken over on the acquisition of undertakings are recognised at the time of acquisition at their fair value and amortised over their expected useful lives, which are usually three years, according to the straight-line method. The value of intangible assets with indefinite useful lives is not amortised, but the assets are tested for impairment at least once a year according to the principles applicable to goodwill.

Other intangible assets to be amortised are tested for impairment if indications suggest that impairment exists, and the assets are written down to their value in use. All impairment tests are done by Danske Bank A/S.

Costs attributable to the maintenance of intangible assets are expensed in the year of maintenance.

## **TANGIBLE ASSETS**

Tangible assets includes domicile property, machinery, furniture and fixtures. Machinery, furniture and fixtures cover equipment, vehicles, furniture, fixtures, leasehold improvements and lease assets.

### **DOMICILE PROPERTY**

Domicile property is real property occupied by the Group's administrative departments, branches and other service units. Real property with both domicile and investment property elements is allocated proportionally to the two categories if the elements are separately sellable. If that is not the case, such real property is classified as domicile property, unless the Group occupies less than 10% of the total floorage.

Domicile property is measured at cost plus improvements and less depreciation and impairment charges. The straight-line depreciation of the property is based on the expected scrap value and an estimated useful life of 20 to 50 years. Real property held under long-term leases is depreciated on a progressive scale.

Investment property which becomes domicile property because the Group starts using it for its own activities is recognised at its fair value at the time of reclassification. Domicile property which becomes investment property is recognised at its fair value at the time of reclassification. Any revaluation of domicile property is recognised directly in shareholders' equity.

Domicile property which, according to a publicly announced plan, the Group expects to sell within twelve months is carried as an asset held for sale. Real property taken over as part of the settlement of debt is recognised under Other assets.

### **MACHINERY, FURNITURE AND FIXTURES**

Equipment, vehicles, furniture, fixtures and leasehold improvements are recognised at cost less depreciation and impairment. Assets are depreciated over their expected useful lives, which are usually three years, according to the straight-line method. Leasehold improvements are depreciated over the term of the lease, with a maximum of ten years.

### **LEASE ASSETS**

Lease assets consist of assets, except real property, leased under operating leases with the Group as the lessor. They are measured using the same valuation technique as that applied by the Group to its other equipment, vehicles, furniture and fixtures. When, at the end of the lease period, lease assets are put up for sale, the assets are transferred to Other assets.

### **IMPAIRMENT**

Tangible assets are tested for impairment if indications suggest that impairment exists. An impaired asset is written down to its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. All impairment tests are done by Danske Bank A/S.

## 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.

## EMPLOYEE BENEFITS

### POST-EMPLOYMENT BENEFITS

Post-employment benefits include pensions and life insurance.

Sampo Bank Group does not have arranged defined benefit plans. The most significant defined contribution plan is that arranged through the Employees' Pensions Act (TyEL) 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.

### TERMINATION BENEFITS

An obligation based on termination of employment is recognised as a liability when Sampo Bank 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 Bank Group are the monetary and pension packages related to redundancy.

### SHARE-BASED PAYMENTS

The Danske Bank Group offers senior managers and selected employees' incentive programmes that consist of share options and conditional shares. Incentive payments reflect individual performance and also depend on financial results and other measures of value creation.

Issued options carry a right to buy Danske Bank shares that can be exercised between three and seven years after they are allotted provided that the employee has not resigned from the Group. The strike price of the options is computed as the average price of Danske Bank shares for 20 stock exchange days after the release of the Annual Report plus 10%.

Rights to buy Danske Bank shares under the conditional share programme are allotted as a portion of the annual bonus earned. The shares become available after three years provided that the employee has not resigned from the Group.

The fair value of the share options at the time of allotment is calculated according to a dividend-adjusted Black & Scholes formula based on the following assumptions at December 31, 2008: Share price: 179.76 (2007: 252.00). Dividend payout ratio: 3.9%. (2007: 3.1%). Rate of interest: 4.7% (2007: 4.0%), corresponding to the swap rate. Volatility: 19%. (2007: 18%). Average time of exercise: 5 years (2007: 5 years). The volatility is estimated on the basis of historical volatility.

The fair value of the conditional shares at the time of allotment is calculated as the share price less the payments made by the employees.

Intrinsic value is recognised in the year the share options and rights to conditional shares were earned, while time value is accrued over the remaining service period, corresponding to the vesting period of three years.

## INCOME TAXES

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

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

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

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

## FIDUCIARY ACTIVITIES

The fiduciary services supplied by Sampo Bank Group are discretionary asset management services, mutual fund services and securities custody services. In these activities, assets are held and placed on behalf of customers. These assets and the income arising thereon are excluded from these financial statements, as they are not asset of Sampo Bank Group.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and balances with central banks, loans and receivables to credit institutions repayable on demand and short-term deposits (less than 3 months).

Sampo Bank Group 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 ESTIMATES AND ASSESSMENTS

The preparation of the consolidated financial statements is based on the management's estimates and assessments of future events that will significantly affect the carrying amounts of assets and liabilities. The amounts most influenced by critical estimates and assessments are

- the fair value of financial instruments
- impairment charges for loans and receivables
- impairment charges for goodwill.

The estimates and assessments are based on assumptions that the management finds reasonable but that are inherently uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected future events or situations may occur. Such estimates and assessments are therefore difficult to make and will always entail uncertainty, even under stable macroeconomic conditions, when they involve transactions with customers and other counterparties. Other people may make other estimates.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

Measurements of financial instruments for which prices are quoted in an active market or which are based on generally accepted models with observable market data are not subject to material estimates.

Measurements of financial instruments that are only to a limited extent based on observable market data, such as unlisted shares and certain bonds for which there is no longer an active market, are subject to estimates. More details on this can be found from Danske Bank A/S Annual accounts for 2008.

#### MEASUREMENT OF LOANS AND RECEIVABLES

The Group makes impairment charges to account for impairment of loans and receivables that occur after initial recognition. Impairment charges are based on a combination of individual and collective impairment and are subject to a number of estimates, including assessments of the loans or portfolios of loans that are impaired, expected future cash flows and the value of collateral. More information regarding this can be found from Danske Bank A/S Annual accounts for 2008.

#### MEASUREMENT OF GOODWILL

Goodwill on acquisition is tested for impairment once a year. All impairment tests are done by Danske Bank A/S. Impairment testing requires that the management estimate future cash flows of acquired units. A number of factors affect the value of such cash flows, including discount rates and growth which depends on changes on the real economy, customer behavior, competition and other factors. Impairment charges for goodwill were not required in 2008. More details on this can be found from Danske Bank A/S Annual accounts for 2008.

#### APPLICATION OF NEW OR REVISED IFRSs AND INTERPRETATIONS

The following standards and interpretations published by the IASB related to the Group's business are taken into account:

- IFRIC 11 IFRS 2 - Group and Treasury Share transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRS 8 Operating Segments
- IAS 23 Expenses of liabilities
- IAS16 Accounting for Sale of Leasing Assets

The view of Sampo Bank's management is that the introduction of the above IFRIC interpretations will have no material effect on the Sampo Bank Group's financial statements information, P/E ratio or accounting policies.

## SEGMENT INFORMATION

The segment reporting of Sampo Bank Group is based on internal business areas and on the organisational structure in 2008.

The inter-segment pricing is based on market prices.

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

### JANUARY-DECEMBER 2008

EURm	Banking in Finland and other functions	Asset Management & Funds in Finland	Integration	Eliminations	Sampo Bank Group
Net interest income	481,7	0,8	-1,3	0,0	481,2
Other income (net)	245,4	56,1	-0,1	-40,5	261,0
<b>Total operating income</b>	<b>727,2</b>	<b>56,9</b>	<b>-1,4</b>	<b>-40,5</b>	<b>742,2</b>
Total operating expenses	-405,2	-24,7	-78,6	0,2	-508,3
Impairment losses on loans and receivables	-52,3				-52,3
<b>Profit before taxes</b>	<b>269,7</b>	<b>32,2</b>	<b>-80,0</b>	<b>-40,3</b>	<b>181,6</b>
<b>Sales profit from discontin. oper.</b>					

### DECEMBER 31, 2008

<b>TOTAL ASSETS</b>	<b>30 033,8</b>	<b>67,0</b>		<b>-508,7</b>	<b>29 592,1</b>
of which loans and advances to credit inst. & cust.	26 341,3	75,3		-325,8	26 090,8
<b>TOTAL LIABILITIES</b>	<b>27 905,6</b>	<b>31,4</b>		<b>-366,5</b>	<b>27 570,5</b>
of which liabilities to credit inst. & customers	16 402,3	0,5		-308,9	16 093,8

### JANUARY-DECEMBER 2007

EURm	Banking in Finland and other functions	Asset Management & Funds in Finland	Integration	Eliminations	Sampo Bank Group
Net interest income	387,4	1,3		1,3	390,0
Other income (net)	965,3	65,4	-0,1	-90,3	940,3
<b>Total operating income</b>	<b>1 352,7</b>	<b>66,7</b>	<b>-0,1</b>	<b>-88,9</b>	<b>1 330,3</b>
Total operating expenses	-427,1	-22,3	-49,4	6,6	-492,1
Impairment losses on loans and receivables	-62,5				-62,5
<b>Profit before taxes</b>	<b>863,1</b>	<b>44,4</b>	<b>-49,5</b>	<b>-82,3</b>	<b>775,7</b>
<b>Sales profit from discontin. oper.</b>					<b>492,6</b>

### DECEMBER 31, 2007

<b>TOTAL ASSETS</b>	<b>28 650,9</b>	<b>60,7</b>		<b>-560,1</b>	<b>28 151,5</b>
of which loans and advances to credit inst. & cust.	25 539,3	46,2		-292,7	25 292,8
<b>TOTAL LIABILITIES</b>	<b>26 672,2</b>	<b>32,7</b>		<b>-455,8</b>	<b>26 249,2</b>
of which liabilities to credit inst. & customers	13 806,6			-303,0	13 503,6

## **SAMPO BANK RISK MANAGEMENT DISCLOSURES**

### **RISK MANAGEMENT GENERAL PRINCIPLES AND GOVERNANCE**

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

The main objectives of the risk management processes are to ensure that risks are properly identified, risk measurement is independent and the capital base is adequate in relation to the risks. The risks related to the Sampo Bank Group's activities and the sufficiency of the companies' capitalization in relation to these risks is regularly evaluated.

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

Sampo Bank Group Risk Management, which is an independent unit outside the business areas, monitors Sampo Bank Group's risk position against principles and limits set by the Board of Sampo Bank plc. Risk management is also responsible for assessing the adequateness of the capital base of Sampo Bank Group against the risks taken.

It is each business areas responsibility that all the principles and limits set by the Sampo Bank plc Board of Directors or Risk Management department are followed in the business processes and decision making. Principles and practices of Risk Management in Sampo Bank Group plc are carried out consistently with risk policies of Danske Bank Group and supported by corresponding Danske Bank Group functions. Additional information on Danske Bank Group level risks and Danske Bank Group's risk approaches can be found in Danske Bank Group Annual accounts and Risk Management report for 2008.

### **CAPITAL REQUIREMENTS AND MANAGEMENT**

#### **MINIMUM REGULATORY CAPITAL**

Banking is a highly regulated business. There are formal rules for minimum capital and capital structure in capital adequacy regulation. Also banks largest exposures are limited based on capital included in the capital adequacy own funds.

Credit Institutions Act gives multiple options for methods institutions may use in capital adequacy calculation. Sampo Bank Group applies standard method for credit- and operational risks. Market risks are calculated according to regulatory approaches; internal models are not used in regulatory reporting.

Capital adequacy is reported quarterly to Financial Supervision Authority (FIN-FSA). All Sampo Bank Group companies fulfilled the regulatory minimum capital requirements during 2008. Minimum capital requirements set by capital adequacy regulation are presented in the Risk Table 1 below. As Sampo Bank Group started to apply new capital adequacy regulation as of 1.1.2008, there is no comparison figures for capital requirement on portfolio level. Total minimum regulatory capital requirement compared to 31.12.2007 has increased with EUR 127.5 million and total own funds with EUR 79.9 million.

	31.12.2008
<b>Capital requirements for credit and counterparty credit risk</b>	<b>1 361</b>
Central governments and central banks	0
Administrative bodies and non-commercial undertakings	1
Institutions	122
Corporates	673
Retail	166
Real estate	353
Past due items	14
Items belonging to regulatory high-risk categories	1
Covered bonds	3
Other items	12
Securitisation Positions	16
<b>Capital requirements for market risk</b>	<b>59</b>
General and specific risk	51
Commodity risk	8
<b>Capital requirement for operational risk</b>	<b>100</b>
<b>Total capital requirement</b>	<b>1 520</b>
<b>Total own funds</b>	<b>2 713</b>

Risk Table 1. Sampo Bank Group minimum regulatory capital requirements by portfolio, EURm

#### CAPITAL MANAGEMENT PROCESS

The basis of the Danske Bank Group's capital management practices is the regulatory framework in the Capital Requirements Directive (CRD) with the ICAAP (Internal Capital Adequacy Assessment Process) in Pillar 2.

Sampo Bank Group's ICAAP consists of evaluating all relevant risks that the Sampo Group is exposed to. Besides the Pillar I risk types – credit, market and operational risks – the bank sets capital aside for business risk as well. Liquidity risk is taken into account through stress testing.

The latest Sampo Bank Group ICAAP (Internal Capital Adequacy Assessment Process) report was prepared, approved by Sampo Bank plc Board and delivered to FIN-FSA in December 2008.

The report includes assessment of all internal and external capital requirements Sampo Bank Group must fulfil. The requirements have been stressed with to reflect severe negative development in economic environment over a 3 – 5 years time horizon. The report shows that Sampo Bank Group is well capitalized and has adequate capital buffers against possible negative changes in market environment.

#### MAIN RISK TYPES

The major risks associated with Sampo Bank Group's activities are the credit risk arising from banking, interest rates and liquidity risk. Operational and business risks are inherent in all business areas.

The banking result mainly depends on loan and deposit margins, business volumes, the size and structure of the balance sheet, the general level of interest rates, impairment losses and cost efficiency. The margin between loans and deposits in banking, with a moderate interest rate and liquidity risk profile, changes slowly. Possible sources of result fluctuations are unexpected losses in the credit and operational risk areas. In banking and investment services, the fees gathered from customer business are also an important source of earnings. Because fees are exposed to changes in business volume, profitability is mostly exposed to changes in general economic activity and customer behaviour.

## CREDIT RISK

Credit risks refer to variations in results caused by customers or counterparties failing to meet their payments obligations. Credit risks include counterparty, country and settlement risks.

Sampo Bank Group's guidelines lay down uniform principles for credit risk taking, with the aim of ensuring good quality in the credit process. Sampo Bank's Board of Directors annually approves the credit risk policy. This sets the parameters for credit risk appetite, expressed by the distribution of exposures and collateral gap by rating and other quality measures. Lending is focused on customers operating in Finland. Limits are set for risk concentrations, measured by the ratio of a customer group's nominal exposures to the Bank's total capital. The risk concentration parameters are at a clearly lower level than official norms.

Sampo Bank's board of Directors has all credit decisions authority delegated to Danske Bank Group Credit Committee, which has further delegated the authority to the Sampo Bank CEO and the management of the Sampo Bank Credit department, and to the authorised credit officers in the business areas. The amount of the authorisation varies according to customer rating, total exposure and the collateral level. All credit applications are initiated and prepared in the business area. Credit decisions are primarily based on the probability of default, exposures levels and collateral offered, maturity and acceptable risk-adjusted return on risk-adjusted capital.

### **Credit risks of corporate customers**

All major corporate customers have a customer account officer who is familiar with the customer's business and monitors its development. Customers with significant exposures are analyzed by credit analysts independent of the business area. Customers with smaller exposures are continuously assessed scoring models.

Credit risk monitoring consists of continuous monitoring of macro-economy and business sector developments, on the one hand, and monitoring of customer creditworthiness, collateral values and covenants, on the other hand. Credit risks of business areas are reviewed systematically at least once a year.

This credit review includes monitoring the appropriateness of credit decisions and implementation of action plans initiated in order to reduce the risks of the lowest rated customers. The evolution of new lending is monitored monthly against credit policy targets. Product limits are monitored daily as well as the delayed payments or arrears.

During Eastern 2008 the Bank's IT systems were migrated to Danske Bank Group systems. The Bank started to use Danske Bank Group's rating model for corporate customers. A customer will be classified as defaulted, if it has interest or loan installments over 90 days past due, its loan must be restructured resulting in an economic loss to the bank or is forced into corporate restructuring or bankruptcy. The bank's internal default data also forms the basis for loss given default estimates.

### **Credit risks of retail customers**

Retail customers are credit scored both by application scorecard and continuously monitored by behavioural scorecard. These scoring models utilize public and internal information on borrower payment behaviour e.g. education, employment and other factors as influential variables in forecasting customer creditworthiness.

Long-term loans to retail customers are mainly collateralised by housing company shares or residential real estate. Pricing of retail customer loans is risk sensitive, using probability of default, and loss given default estimates.

The all incidents of excesses, overdrafts and past due payments are monitored continuously.

### **Credit portfolio**

The figures in Risk Tables 2 to 5 show the exposures of customers of Sampo Bank Group. The internal receivables of Sampo Bank Group companies have been eliminated from these figures.

Exposures are primarily categorised according to customers or counterparties. The reporting of credit risks covers used exposure, derivative contracts, guarantees and unused amount of committed credit lines. Comparison figures for 2007 differ from the figures published in annual report 2007. This is due to adjustments, which have been done to match changed grouping and definition of exposure. In 2007 grouping institutions included only credit institutions, now group financials includes credit institutions and other financials. In 2007 maximum exposure included also non-committed facilities to private segment, which has been removed now.

	31.12.2008	31.12.2007
Retail, private persons	12 338	12 607
Retail, corporate customers	617	901
Corporate customers	9 838	9 682
Financials	7 920	6 858
Public	600	542
<b>Total</b>	<b>31 314</b>	<b>30 591</b>

Risk Table 2. Credit exposure by asset class EURm

Sampo Bank Group's outstanding exposures to customers totalled EUR 31.3 billion of which personal customers' cover 39 per cent and corporate customers 33 per cent. Compared to 2007, portfolio has increased with EUR 723 million. Largest change was in exposure to financials which has increased with EUR 1.1 billion. Figure for 2008 includes EUR 4.4 billion exposure from Danske Bank Group, which are mainly short term deposits. There was a slight decrease in exposure to private customers and slight increase in exposure to corporate counterparties. In terms of geographical area, 99 per cent of exposures were in EU countries. New lending during 2008 was concentrated into Finland.

	31.12.2008	31.12.2007
Private	12 338	12 607
Energy	211	112
Materials	1 491	1 150
Industrials	2 891	3 104
Consumer Discretionary	1 883	2 319
Consumer Staples	588	
Health Care	417	433
Information Technology	245	330
Telecommunication Services	212	52
Utilities	1 142	577
Financials	7 920	6 858
Public Institutions	600	396
Non Profit Organizations	51	952
Housing companies	1 325	1 699
<b>Total</b>	<b>31 314</b>	<b>30 591</b>

Risk Table 3. Credit exposure by industries

Sampo Bank Group credit exposure by industries is presented in Risk Table 3. Portfolio is well diversified within industries, high share of private sector is mainly housing loans covered with real estate collateral. Industry class Financials includes EUR 4.4 billion exposure from Danske Bank Group, which are mainly short term deposits.

31.12.2008	
1	703
2	5 908
3	3 976
4	5 025
5	5 416
6	4 439
7	3 553
8	1 546
9	291
10	117
11	340
<b>Total</b>	<b>31 314</b>

Risk Table 4. Credit exposure by classification EURm

Sampo Bank Group credit exposure by classification is presented in Risk Table 4. In line with Danske Bank Group credit process, Sampo Bank Group customers are classified according to risk and the classification is updated upon receipt of new information about them. The main objectives of risk classification are to rank the Sampo Bank Group's customer base according to risk and to estimate the probability of default (PD) of each customer.

In 2008, Danske Bank Group implemented a classification scale, the Master Scale, which consists of 11 grades. The grades 1 to 4 on the scale correspond to the investment-grade level of the external rating agencies, while grades 5 to 7 are sub-investment-grade levels, albeit with an acceptable credit risk. Grades 8 and 9 apply to customers who represent higher risk and therefore receive special monitoring. Grade 10 applies to doubtful and non-performing exposures for which objective evidence of impairment exists. Grade 11 applies to defaulted customers.

Credit exposure is quite normally distributed over classification classes. High amount in class 2 is explained by EUR 4.4 billion exposure from Danske Bank Group. This exposure is mainly short term deposits. As classification scale was changed for 2008, comparison figures can not be shown in corresponding classes.

Additional information on classification scales can be found in the Danske Bank Group risk management report for 2008.

31.12.2008	
Real property	12 218
Bank accounts	68
Custody accounts/securities	458
Vehicles	6
Equipment	34
Vessels/aircraft	92
Guarantees	1 009
Dues	11
Other assets	11
<b>Total</b>	<b>13 907</b>

Risk Table 5. Types of collateral

Risk Table 5 presents the amount of collateral which is allocated to agreements. All collateral is valued at the time it is pledged and regularly thereafter. Regional housing price indices are used to update latest trade prices, in calculating fair value estimates for these collateral types. Other collaterals are revalued annually. The estimation of collateral fair value will be done by competent valuator who is independent of credit process. The risk of changes in fair value is covered by similar haircuts all through Danske Bank Group.

## MARKET RISK

Market risk is defined as the risk of losses because the fair value of the Bank's assets and liabilities varies with changes in market conditions.

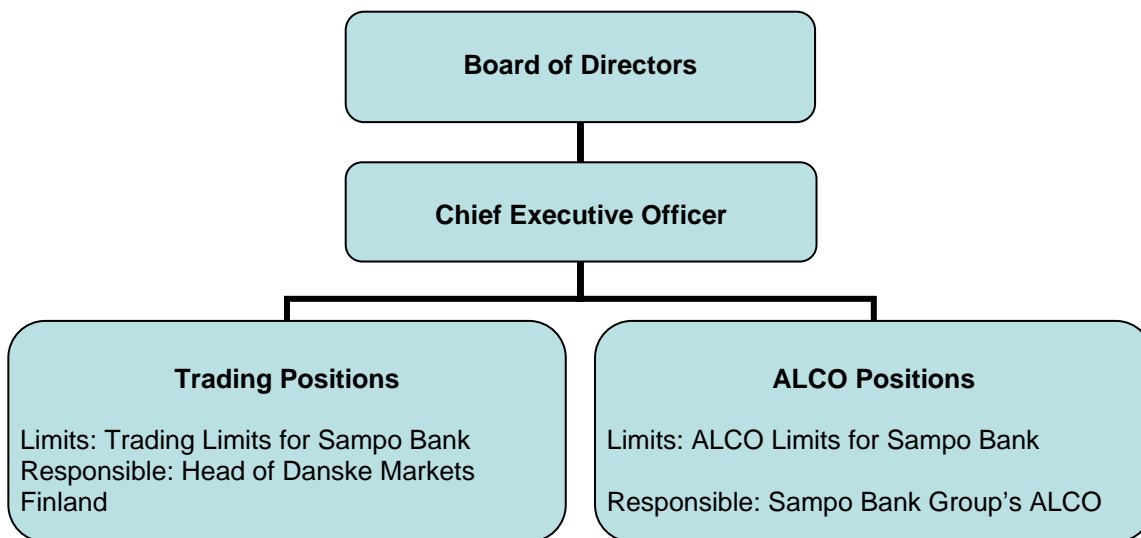
Market risk consists of the following components:

- Interest rate risk: the risk of losses caused by changes in interest rates
- Exchange rate risk: the risk of losses on foreign currency positions caused by changes in exchange rates
- Equity market risk: the risk of losses caused by changes in equity prices
- Commodity risk: the risk of losses caused by changes in commodity prices

Furthermore, Bank defines liquidity risk as part of market risk.

Sampo Bank's Board of Directors sets out the risk policy and limits for all market risk types. The Board also decides on the general principles for managing and monitoring market risks based on the guidelines and allocated market risk limits provided by the Danske Bank Group. The managements of the individual business areas are responsible for the risks the areas incur and for actively managing these risks within the limits set.

The Board of Directors delegates the market risk limits to the Chief Executive Officer of Sampo Bank. Market risk limits are allocated for trading activities and for the ALCO position. The structural interest rate risk on demand deposits is included in the ALCO position. The ALCO position is decided at regular Sampo Bank Group's ALCO meetings and trades are executed by Danske Markets Finland, which is part of the Sampo Bank Group. The chart below illustrates the limit structure and hierarchy in Sampo Bank.



Measurement, monitoring and management reporting on market risks are carried out on a daily basis. The Bank calculates current market risk using a database that is integrated with its trading systems. In addition the Bank conducts intra-day spot checks of the risks in the individual business areas. The market risks are reported to the Board of Directors on monthly basis.

### Market risk exposure

Market risks arise from the banking book positions and the trading activities. The main market risk is the interest rate risk of Sampo Bank's banking book positions, which is mainly denominated in EUR. The Bank also has a structural interest rate risk exposure in its banking activities. This risk derives from demand deposits whose interest rate has been stable at a very low level over a considerable period. This portfolio has been and is expected to remain stable. The interest rate risk in the trading activities as well as equity and commodity risks is modest. The Risk Table 6 shows Sampo Bank Group's market risk as of year end 2008 calculated according to conventional risk measures. Open currency positions are kept at very modest levels.

Financial assets and liabilities, sensitivity to market changes		Risk EURm			
		Interest rate		Equity	Commodity
		1% parallel shift down	1% parallel shift up	10% fall in prices	10% fall in prices
Assets	Cash	0	0		
	Money market	1	-1		
	Bonds	5	-5		
	Equity and funds			0	
	Loans and receivables	135	-128		
	Other financial assets				
Liabilities	Deposits	-54	52		
	Money market	-21	20		
	Senior bonds	-57	55		
	Capital notes	-7	7		
	Subordinated bonds	-1	1		
	Other financial liabilities				
Derivatives	Net	21	-21		-1
Total 2008		23	-21	0	-1
Total 2007		33	-33	0	0

Risk Table 6. Market Risks by financial assets and liabilities

The currency positions of the Bank are shown below in Risk Table 7.

Currency risk, open position EURm Banking and Investment Services	Home ccy	Foreign currency EURm										
		EUR	SEK	NOK	DKK	EEK	LVL	LTL	GBP	USD	RUB	OTHER
Total 2008	EUR		-1	0	-1	-7	-9	-14	1	0	-1	1
Total 2007	EUR		-1	1	-1	0	-15	-2	0	7	-9	0

Risk Table 7. Currency Risk exposure

## LIQUIDITY RISK

Liquidity risk is defined as the risk of losses because

- The Bank's funding costs increase disproportionately
- Lack of funding prevents the Bank from establishing new business
- Lack of funding will ultimately prevent the Bank from meeting its obligations

Taking on liquidity risks is an integral part of the Sampo Bank's business strategy. Policies define the amount of liquidity risk that Sampo Bank wishes to accept. The Board of Directors has set limits for liquidity risks. Danske Markets Finland is responsible for ensuring that Sampo Bank observes the operational liquidity risk limits. Sampo Bank has implemented a contingency plan to ensure that it is ready to respond to unfavourable liquidity situations.

Liquidity management is based on monitoring and management of the Bank's short-term and long-term liquidity risks. The management of the Bank's operational liquidity risk aims primarily at ensuring that the Bank always has a liquidity buffer that is able, in the short term, to absorb the net effects of current transactions and expected changes in liquidity. The Bank uses limits to manage operational liquidity risk. Liquidity is calculated on the basis of known future receipts and payments under current transactions.

Structural liquidity risk is managed on the basis of considerations of the Bank's long-term liquidity profile. The aim is to ensure that the Bank does not create an unnecessarily large need for funding in the future. Quantifying the structural liquidity risk is important when the Bank plans its funding activities. The structural liquidity risk is based on a breakdown by maturity of the Bank's assets, liabilities and off-balance-sheet items. The Bank bases these calculations on the contractual due dates of individual products but takes into account that some balance sheet items have maturities that make their actual due dates deviate materially

from their contractual due dates. The maturities of such items are therefore modified to provide a more accurate view of the actual behaviour. The Bank monitors its funding mix to make sure that it is well diversified in terms of financing sources.

Risk Table 8 presents Sampo Bank's financial liabilities by maturity classes based on contractual maturities. Financial liabilities without contractual maturity are included in the maturity class 'Less than 3 months'.

	Less than 3 months	3 - 12 months	1 - 5 years	5 - 10 years	Over 10 years
2008	19 387	1 963	3 767	585	242
2007	16 505	2 326	4 443	1 394	226

Risk Table 8. Maturity profile of financial liabilities based on contractual maturities, EUR million

## OPERATIONAL RISK

Operational risks are defined as the risks of losses attributable to inadequate or defective internal processes and systems, people or external events. Operational risks also include legal and reputational risks. Risks can be divided into seven main classes:

- Internal fraud
- External fraud
- Deficiencies in personnel management
- Deficiencies in practices concerning customers, products or business
- Damage to physical assets
- Business disruption and system failures
- Deficiencies in execution, delivery and process management

Operational risks are reflected, for example, in costs, claims, loss of reputation, business disruptions or false information concerning positions, risks and results. The management of operational risks enhances the efficiency of the Group's internal processes and decreases fluctuations in returns.

The business areas are responsible for organising and monitoring operational risk. The centralised functions support the business units in their own expert areas. The risk management organisation develops methods to manage operational risks and co-ordinates the risk management operations of the business units. Internal auditing assesses the adequacy and efficiency of internal control and risk management. The compliance function supports the business units in operating in compliance with regulations, and is responsible for the validity of the released financial information.

With respect to operational risks, internal loss incident data is collected systematically. Incidents with direct costs exceeding a fixed sum are reported to Group risk management. Incidents are classified into risk classes, and the event, control points and cost structure are analysed.

At Easter 2008, Sampo Bank Finland migrated to the Danske Bank Group's shared IT platform in one of the largest IT projects ever carried out in northern Europe. Operations and customer service at Sampo Bank subsequently experienced several challenges in the period until July, which caused the biggest operational risk event of the accounting period. In the second and third quarters Sampo Bank compensated the customers for the inconvenience caused by the migration with EUR 10 million uncharged fees and other compensations.

## **BUSINESS COMBINATIONS**

### **Acquisitions during the year 2008**

On March 12, 2008 Sampo Bank plc bought the minority of Arvo Value Asset Management Ltd. Later during the year (December 31, 2008) Arvo Value Asset Management Ltd was merged to Sampo Bank plc.

On October 2, 2008 Sampo Bank plc bought the minority of 3C Asset Management Ltd. 3C Asset Management Ltd is now 100% subsidiary of Sampo Bank.

New associated company Arfin Ltd (33.3% of shares) was acquired on October 21, 2008.

### **Sales during the year 2008**

Real Estate company Kiinteistö Oy Salon Örninkatu 15 was sold on February 22, 2008.

On April 11, 2008 Sampo Bank plc sold Primasoft Ltd, associated company, (20% of shares).

On July 31, 2008 Sampo Bank plc sold the Russian subsidiary, ZAO Danske Bank, to Danske Bank A/S.

## OTHER NOTES

## 1 DISCONTINUED OPERATIONS

EURm

<b><u>Income statement of subsidiary banks in Baltics</u></b>	<b>2008</b>	<b>2007</b>
Net interest income	0,0	4,7
Net income from financial transactions	0,0	1,7
Net fee and commission income	0,0	1,9
Net income from investments	0,0	0,2
Other operating income	0,0	0,1
<b>Total operating income</b>	<b>0,0</b>	<b>8,6</b>
Staff costs	0,0	-2,0
Other operating expenses	0,0	-1,9
<b>Total operating expenses</b>	<b>0,0</b>	<b>-3,9</b>
Impairment losses on loans and receivables	0,0	-0,5
<b>Sales profit</b>	<b>0,0</b>	<b>472,5</b>
<b><u>Income statement of Mandatum &amp; Co Ltd Oy</u></b>	<b>2008</b>	<b>2007</b>
Net interest income	0,0	0,3
Net income from financial transactions	0,0	0,0
Net fee and commission income	0,0	1,3
Other operating income	0,0	8,3
<b>Total operating income</b>	<b>0,0</b>	<b>9,9</b>
Staff costs	0,0	-1,0
Other operating expenses	0,0	-0,4
<b>Total operating expenses</b>	<b>0,0</b>	<b>-1,4</b>
<b>Sales profit</b>	<b>0,0</b>	<b>8,3</b>
<b><u>Income statement of MDT Invest plc</u></b>	<b>2008</b>	<b>2007</b>
Net interest income	0,0	0,3
Net income from financial transactions	0,0	0,9
Net fee and commission income	0,0	12,9
Net income from investments	0,0	0,0
Other operating income	0,0	12,2
<b>Total operating income</b>	<b>0,0</b>	<b>26,2</b>
Staff costs	0,0	-4,5
Other operating expenses	0,0	-3,3
<b>Total operating expenses</b>	<b>0,0</b>	<b>-7,9</b>
<b>Sales profit</b>	<b>0,0</b>	<b>11,8</b>
<b><u>Income statement of ZAO Danske Bank</u></b>	<b>2008</b>	<b>2007</b>
Net interest income	1,1	0,1
Net income from financial transactions	0,1	1,4
Net fee and commission income	0,1	0,0
Net income from investments	0,0	0,0
Other operating income	0,0	0,0
<b>Total operating income</b>	<b>1,2</b>	<b>1,5</b>
Staff costs	-0,5	-0,6
Other operating expenses	-0,5	-0,5
<b>Total operating expenses</b>	<b>-1,0</b>	<b>-1,1</b>
Impairment losses on loans and receivables	0,0	0,0
<b>Sales profit</b>	<b>0,2</b>	<b>0,5</b>

**2 NET INTEREST INCOME**

	<b>2008</b>	<b>2007</b>
EURm		
<b>Interest income</b>		
Loans and receivables	1 451,6	1 158,3
Other interest income	25,8	2,2
Total	1 477,5	1 160,5
<b>Interest expenses</b>		
Amounts owed to credit institutions and customers	-551,7	-314,7
Debt securities in issue	-442,4	-454,0
Other interest expenses	-2,2	-1,7
Total	-996,2	-770,5
<b>Net interest income</b>	<b>481,2</b>	<b>390,0</b>
Net interest income, total		
In net interest income	481,2	390,0
In net income from financial transactions	0,0	67,7
In net income from investments	0,0	2,1
Total	<b>481,2</b>	<b>459,9</b>

Included within interest income is EURm 1.1 (EURm 0.7) interest income accrued on impaired financial assets.

Interest on trading securities and derivatives and Net interest income from investments is presented in Net interest income in 2008.

**3 NET INCOME FROM FINANCIAL TRANSACTIONS**

	<b>2008</b>	<b>2007</b>
EURm		
<b>Trading assets/liabilities</b>		
Debt securities and interest rate derivatives		
Interest income	0,0	38,5
Gains/losses	16,8	6,0
Equity securities and equity derivatives		
Gains/losses	0,8	4,9
Dividend income	0,4	0,2
Other		
Gains/losses	36,1	5,9
Total	54,1	55,5
<b>Financial assets/liabilities designated as at fair value through p/l</b>		
Debt securities		
Interest income	0,0	29,3
Gains/losses	-18,1	-7,7
Total	-18,1	21,6
<b>Foreign exchange dealing</b>		
Gains/losses	15,6	15,7
<b>Gains/losses from hedge accounting</b>		
<b>Fair value hedging</b>		
Change in fair value of hedging derivative instruments, net	107,2	-5,8
Hedging assets	-57,1	8,6
Hedging liabilities	164,3	-14,4
Change in fair value of hedged items, net	-113,2	4,7
Assets	54,4	-8,3
Liabilities	-167,6	13,0
<b>Total</b>	<b>-6,0</b>	<b>-1,1</b>
<b>Net income from financial transactions, total</b>	<b>45,6</b>	<b>91,8</b>

**4 FEE AND COMMISSION INCOME AND EXPENSES**

EURm	2008	2007
<b>Fee and commission income</b>		
Lending	31,9	44,8
Borrowing	8,8	20,7
Payment transactions	41,6	52,3
Asset management	123,9	151,4
Guarantees	9,9	12,9
Other	35,4	55,7
Total	251,6	337,8
<b>Fee and commission expenses</b>	-64,9	-88,0
<b>NET fee and commission income</b>	<b>186,7</b>	<b>249,9</b>

Fee and commission income from financial assets and liabilities EURm 82.3 (EURm 117.9) and fee and commission expenses EURm 14.3 (EURm 14.3).

**5 IMPAIRMENT ON LOANS AND RECEIVABLES**

EURm	2008	2007
<b>Loans and receivables</b>		
Impairment losses	-70,6	-77,5
Reversal of impairment losses and recoveries of loan receivables previously written off	18,3	15,0
Total	-52,3	-62,5
<b>Impairment on loans and receivables, total</b>	<b>-52,3</b>	<b>-62,5</b>

**6 NET INCOME FROM INVESTMENTS**

EURm	2008	2007
<b>Financial assets</b>		
<b>Investment securities held-to-maturity</b>		
Debt securities		
Interest income	0,0	0,2
<b>Financial asset available-for-sale</b>		
Debt securities		
Interest income	0,0	1,9
Gains/losses	0,0	0,0
Equity securities		
* Gains/losses	0,0	480,5
Dividend income	0,0	23,7

\* Included in 2007 gains/losses is a net gain of EURm 6,4 transferred from the fair value reserve. No fair value reserve in 2008.

**Other assets**

Investment property		
Gains/losses	0,0	0,0
Other	0,0	0,0
Associates	-3,4	1,4
<b>Net income from investments, total</b>	<b>-3,4</b>	<b>507,7</b>

**7 STAFF COSTS**

EURm	2008	2007
<b>Staff costs</b>		
Wages and salaries	-156,8	-139,0
Equity-settled share-based payments	0,0	0,0
Cash-settled share-based payments	-8,7	-20,6
Pension costs - defined contribution plans	-33,6	-25,2
Other social security costs	-15,9	-15,1
<b>Staff costs, total</b>	<b>-215,0</b>	<b>-199,9</b>

**8 OTHER OPERATING EXPENSES**

EURm	2008	2007
IT costs	-94,8	-97,8
Other staff costs	-22,0	-7,5
Marketing expenses	-21,9	-17,7
Postage and telephone expenses	-13,9	-10,0
Depreciation and amortisation	-35,3	-65,6
Rental expenses	-42,8	-27,5
Other	-62,5	-66,1
<b>Other operating expenses, total</b>	<b>-293,3</b>	<b>-292,2</b>

Other expenses includes auditing and supervision fees, insurance and memberships fees.

**9 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, impairment losses and dividend income arising from those assets and liabilities

EURm	Carrying amount	Interest inc./exp.	2008 Gains/ losses	Impairment losses	Dividend income
<b>FINANCIAL ASSETS</b>					
<b>Financial assets at fair value through p/l</b>					
Trading assets and derivative financial instruments	2 830,7	21,4	40,3	-	-
Financial assets designated as at fair value through p/l	-	-	-	-	-
<b>Investment securities held-to-maturity</b>	0,0	0,0	0,0	0,0	0,0
<b>Loans and receivables</b>	21 184,3	1 262,9	37,7	52,3	-
<b>Financial assets available-for-sale</b>	-	-	-	-	-
<b>Other financial assets</b>	5 041,1	179,5	-	-	-
<b>Financial assets total</b>	<b>29 056,1</b>	<b>1 463,8</b>	<b>78,0</b>	<b>52,3</b>	<b>0,0</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Financial liabilities at fair value through p/l</b>					
Trading liabilities and derivative financial instruments	1 243,6	-	-	-	-
Debt securities at fair value	3 771,6	-124,2	-18,1	-	-
<b>Other financial liabilities</b>	21 988,9	-878,9	-29,9	-	-
<b>Financial liabilities, total</b>	<b>27 004,1</b>	<b>-1 003,1</b>	<b>-48,0</b>	<b>0,0</b>	<b>0,0</b>

FINANCIAL ASSETS	Carrying amount	Interest inc./exp.	2007	Impairment losses	Dividend income
			Gains/ losses		
<b>Financial assets at fair value through p/l</b>					
Trading assets and derivative financial instruments	1 429,2	39,4	6,0	-	0,2
Financial assets designated as at fair value through p/l	551,2	29,3	-7,7	-	-
<b>Investment securities held-to-maturity</b>	0,0	0,2	-	-	-
<b>Loans and receivables</b>	25 583,7	1 158,3	-	62,5	-
<b>Financial assets available-for-sale</b>	6,4	1,9	480,6	-	23,7
<b>Financial assets total</b>	<b>27 570,5</b>	<b>1 229,0</b>	<b>478,9</b>	<b>62,5</b>	<b>23,9</b>
<b>FINANCIAL LIABILITIES</b>					
<b>Financial liabilities at fair value through p/l</b>					
Trading liabilities and derivative financial instruments	671,0	-0,9	-	-	-
<b>Other financial liabilities</b>	24 567,9	-768,7	-	-	-
<b>Financial liabilities, total</b>	<b>25 238,9</b>	<b>-769,6</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>

#### 10 FAIR VALUES

EURm	2008		2007	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Financial assets</b>				
Cash and balances at central banks	127,2	127,2	290,8	290,8
Trading assets and derivative financial instruments	2 830,7	2 830,7	1 429,2	1 429,2
Financial assets designated as at fair value through p/l	0,0	0,0	551,2	551,2
Loans and receivables	21 105,4	21 184,3	25 269,5	25 292,8
Investments	7,4	7,4	6,4	6,4
Other financial assets	4 906,5	4 906,5		
<b>Total financial assets</b>	<b>28 977,2</b>	<b>29 056,1</b>	<b>27 547,2</b>	<b>27 570,5</b>
<b>Financial liabilities</b>				
Trading liabilities and derivative financial instruments	1 243,6	1 243,6	671,0	671,0
Amounts owed to credit institutions and customers	15 866,2	16 093,8	13 473,8	13 503,6
Financial liabilities designated as at fair value through p/l	3 771,6	3 771,6		
Debt securities in issue	5 551,8	5 895,1	11 048,2	11 064,3
<b>Total financial liabilities</b>	<b>26 433,2</b>	<b>27 004,1</b>	<b>25 193,0</b>	<b>25 238,9</b>

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

Measurements of financial instruments for which prices are quoted in an active market of which are based on generally accepted models with observable market data are not subject to material estimates. Measurements of financial instruments that are only to a limited extent based on observable market data, such as unlisted shares and certain bonds for which there is no longer an active market, are subject to estimates.

#### 11 CASH AND BALANCES AT CENTRAL BANKS

EURm	2008	2007
	Cash	25,2
Balances with central banks	102,0	264,0
<b>Total</b>	<b>127,2</b>	<b>290,8</b>

**12 FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH P/L**

EURm	2008		2007	
	Assets	Liabilities	Assets	Liabilities
Assets/liabilities held for trading	1 572,8	0,0	912,2	78,2
Derivative financial instruments	1 257,9	1 243,6	516,9	592,7
Financial assets/liabilities designated as at fair value through p/l	0,0	3 771,6	551,2	-
<b>Total</b>	<b>2 830,7</b>	<b>5 015,2</b>	<b>1 980,4</b>	<b>671,0</b>

**ASSETS HELD FOR TRADING**

	2008	2007
<b>Debt securities</b>		
Treasury bills and other eligible bills	1 187,8	781,0
Other debt securities	378,6	125,7
Issued by public bodies	26,4	18,0
Government bonds	6,1	5,4
Other	20,3	12,5
Certificates of deposit issued by banks	15,4	49,7
Other debt securities	336,8	58,0
<b>Total debt securities</b>	<b>1 566,4</b>	<b>906,7</b>
Exchange traded debt securities EURm 1 529.1 (EURm 638.3) and other EURm 37.3 (EURm 268,4).		
<b>Equity securities</b>		
- listed	1,0	0,0
- unlisted	5,4	5,6
<b>Total equity securities</b>	<b>6,4</b>	<b>5,6</b>
<b>Total assets held for trading</b>	<b>1 572,8</b>	<b>912,2</b>

Assets pledged as collateral for liabilities or contingent liabilities presented in note 25.

**DERIVATIVE FINANCIAL INSTRUMENTS**

EURm	Contract/ notional amount	2008		2007	
		Fair value		Fair value	
		Assets	Liabilities	Assets	Liabilities
<b>Derivatives held for trading</b>					
<b>Interest rate derivatives</b>					
OTC derivatives					
Interest rate swaps	11 774,3	329,0	285,2	19 531,8	143,9
Cross-currency interest rate swaps	663,6	160,2	145,7	350,0	17,2
Forward rate agreements	144,9	0,6	1,0	6 159,5	2,0
Interest rate options, bought and sold	1 845,2	30,1	29,9	5 179,4	21,7
Total OTC derivatives	14 428,0	519,9	461,8	31 220,8	184,7
<u>Exchange traded derivatives</u>					
Interest rate futures	261,1	7,5	12,0	212,4	0,2
Interest rate options, bought and sold		37,8	40,2		
Total exchange traded derivatives	261,1	45,3	52,2	212,4	0,2
<b>Total interest rate derivatives</b>	<b>14 689,1</b>	<b>565,2</b>	<b>514,0</b>	<b>31 433,2</b>	<b>184,9</b>
<b>Foreign exchange derivatives</b>					
<u>OTC derivatives</u>					
Forward foreign exchange contracts	5 248,1	338,1	336,0	5 067,5	55,7
Currency options, bought and sold	198,2	17,7	17,7	673,3	8,5
Total OTC derivatives	5 446,3	355,8	353,7	5 740,8	64,2
<b>Total foreign exchange derivatives</b>	<b>5 446,3</b>	<b>355,8</b>	<b>353,7</b>	<b>5 740,8</b>	<b>64,2</b>

<b>Equity derivatives</b>						
<u>OTC derivatives</u>						
Equity and equity index options, bought and sold	1 243,0	58,2	61,0	2 049,2	99,2	101,2
Total OTC derivatives	1 243,0	58,2	61,0	2 049,2	99,2	101,2
<u>Exchange traded derivatives</u>						
Equity index futures	0,0	0,0	0,0			
Total exchange trade derivatives	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total equity derivatives</b>	<b>1 243,0</b>	<b>58,2</b>	<b>61,0</b>	<b>2 049,2</b>	<b>99,2</b>	<b>101,2</b>
<b>Other derivatives</b>						
<u>OTC derivatives</u>						
Commodity forwards	208,2	41,7	32,5	1 864,9	62,8	133,8
Total OTC derivatives	208,2	41,7	32,5	1 864,9	62,8	133,8
<u>Exchange traded derivatives</u>						
Commodity futures	1 008,8	175,9	176,5	578,9	73,8	37,4
Total exchange trade derivatives	1 008,8	175,9	176,5	578,9	73,8	37,4
<b>Total commodity derivatives</b>	<b>1 217,0</b>	<b>217,6</b>	<b>209,0</b>	<b>2 443,7</b>	<b>136,6</b>	<b>171,2</b>
<b>Total derivatives held for trading</b>	<b>22 595,4</b>	<b>1 196,8</b>	<b>1 137,7</b>	<b>41 666,9</b>	<b>406,9</b>	<b>521,5</b>
<b>Derivatives held for hedging</b>						
<b>Derivatives designated as fair value hedges</b>						
<u>Interest rate derivatives</u>						
Interest rate swaps	4 480,0	61,0	71,0	4 238,0	21,7	32,2
Cross-currency interest rate swaps	320,0	0,0	35,0	377,4	88,3	39,1
Total interest rate derivatives	4 800,0	61,0	106,0	4 615,4	110,1	71,3
<u>Foreign exchange derivatives</u>						
Currency options, bought and sold	0,0	0,0	0,0			
<u>Equity derivatives</u>						
Equity and equity index options, bought and sold	0,0	0,0	0,0			
<b>Total derivatives designated as fair value hedges</b>	<b>4 800,0</b>	<b>61,0</b>	<b>106,0</b>	<b>4 615,4</b>	<b>110,1</b>	<b>71,3</b>
<b>Derivatives designated as cash flow hedges</b>						
<u>Interest rate derivatives</u>						
Interest rate swaps	-	-	-	-	-	-
<b>Total derivatives designated as cash flow hedges</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total derivatives held for hedging</b>	<b>4 800,0</b>	<b>61,0</b>	<b>106,0</b>	<b>4 615,4</b>	<b>110,1</b>	<b>71,3</b>
<b>Total derivative financial instruments</b>	<b>27 395,4</b>	<b>1 257,8</b>	<b>1 243,7</b>	<b>46 282,3</b>	<b>516,9</b>	<b>592,7</b>

The Group uses derivative instruments for trading and for hedging purposes. The derivatives used are foreign exchange, interest rate, equity, commodity and credit derivatives. Derivatives held for trading relate primarily to customer business and, to a lesser degree to proprietary trading. Derivatives held for hedging purposes are used for hedging loans and liabilities.

Interest rate and interest rate and cross currency interest rate swaps are designated as fair value hedges, using them as hedges against changes in market interest rates and foreign exchange rates.

#### FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH P/L

EURm	2008	2007
<b>Debt securities</b>		
Treasury bills and other eligible bills	0,0	542,8
Other debt securities	0,0	8,4
Government bonds	0,0	8,4
<b>Total debt securities</b>	<b>0,0</b>	<b>551,2</b>

All debt securities are exchange traded.

**13 LOANS AND RECEIVABLES**

EURm	2008	2007
<b>Loans and advances to credit institutions</b>		
<b>By type of loan</b>		
Deposits	4 480,9	4 525,3
Repayable on demand	2 260,3	191,7
Other than repayable on demand	2 220,6	4 333,6
Other loans	425,6	197,4
<b>Total</b>	<b>4 906,5</b>	<b>4 722,7</b>
<b>Loans and advances to customers</b>		
<b>By type of loan</b>		
Home loans	9 584,80	9 679,9
Consumer loans	1 525,3	998,2
Other retail loans	1 269,6	1 794,8
Finance lease assets 1)	775,7	648,4
Money market loans	0,0	18,1
Other commercial loans	8 170,1	7 541,1
Allowance for impairment 2)	-141,1	-110,4
<b>Total</b>	<b>21 184,3</b>	<b>20 570,1</b>
<b>Total loans and receivables</b>	<b>26 090,8</b>	<b>25 292,8</b>

**1) Finance lease assets included in loans**

Maturities for finance lease assets		
not later than one year	214,4	184,6
later than one year and not later than five years	552,2	459,2
later than five years	97,7	88,5
<b>Gross investments in the finance lease</b>	<b>864,3</b>	<b>732,3</b>
Present value of minimum lease payments receivable		
not later than one year	180,4	155,0
later than one year and not later than five years	499,0	413,4
later than five years	89,9	80,0
Unearned finance income	95,0	83,9
<b>Gross investments in the finance lease</b>	<b>864,3</b>	<b>732,3</b>
Accumulated impairment losses	6,4	0,3

Finance lease assets comprise IT and office automation equipment, cars and transport equipment, manufacturing equipment and factory, office and business property.

**2) Movements in allowance account**

	2008	2007
Balance at beginning of year	110,4	22,2
+ New allowances	48,4	104,3
- Reversals and write-offs	-17,7	-16,0
Balance at end of year	141,1	110,4

Bank presents loans and receivables as gross basis. Impairment is shown at allowance account.

**14 INVESTMENTS**

Investments comprise investments in financial assets, property and associates.

EURm	2008	2007
Investments held-to-maturity	0,0	0,0
Securities available-for-sale	0,0	6,4
Investment property	-	-
Investments in associates (Note 14)	7,4	11,1
<b>Total</b>	<b>7,4</b>	<b>17,5</b>

<b>Financial assets</b>	<b>2008</b>	<b>2007</b>
<b>Investments held-to-maturity</b>		
Treasury bills and other eligible bills	-	-
Other debt securities	0,0	0,0
Issued by public bodies		
Government bonds	0,0	0,0
Other debt securities	0,0	0,0
<b>Total debt securities</b>	<b>0,0</b>	<b>0,0</b>
All debt securities are exchange traded.		
<b>Total investments held-to-maturity</b>	<b>0,0</b>	<b>0,0</b>
<b>Securities available-for-sale</b>		
<b>Debt securities</b>		
Treasury bills and other eligible bills	0,0	0,0
Other debt securities	0,0	0,0
Government bonds	-	-
<b>Total debt securities</b>	<b>0,0</b>	<b>0,0</b>
<b>Equity securities</b>		
- listed	-	-
- unlisted	0,0	6,4
<b>Total</b>	<b>0,0</b>	<b>6,4</b>
<b>Total securities available-for-sale</b>	<b>0,0</b>	<b>6,4</b>
<b>Total investment securities</b>	<b>0,0</b>	<b>6,4</b>
<b>Investment property</b>		-
<b>Investments in associates</b>	7,4	11,1
<b>TOTAL INVESTMENTS</b>	<b>7,4</b>	<b>17,5</b>

Investments in financial assets were EURm 0.0 (EURm 6.4)  
and in other assets EURm 7.4 (EURm 11.1).

## 15 INVESTMENTS IN ASSOCIATES

EURm	<b>2008</b>	<b>2007</b>
At beginning of year	11,1	12,6
Share of loss/profit	-3,4	1,4
Disposals	-0,3	-2,9
At end of year	7,4	11,1

## Associates that have been accounted for by the equity method at 31 Dec. 2008

Name	Carrying amount	Fair value*)	% Interest held	Assets/liabilities	Revenue	Profit/loss	
MB Equity Fund Ky	0	0	20,91	0/0	1	1	
Automatia Pankkiautomaatit Oy	7	7	33,33	386/363	61	3	
Arfin Oy	0	0	33,33	39/39	0,5	0	
Tapio Technologies Oy	0	0	20,00	2/1	1,0	0	31.3.2008

\*) If there is a published price quotation

## Associates that have been accounted for by the equity method at 31 Dec. 2007

Name	Carrying amount	Fair value*)	% Interest held	Assets/liabilities	Revenue	Profit/loss
MB Equity Fund Ky	0	0	20,91	0/0	0	0
Automatia Pankkiautomaatit Oy	5	5	33,33	364/342	65	4
Primasoft Oy	0	0	20,00	55/42	62	5

## Associates not accounted for by the equity method at 31 Dec. 2007

Name	Assets	Liabilities	Revenue	Profit/loss	
Tapio Technologies Oy	1,4	1	1	0	31.3.2007

## 16 INTANGIBLE ASSETS

	2008			2007		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
EURm						
<b>At 1 January</b>						
Cost	4,9	169,3	174,1	5,5	199,7	205,2
Accumulated amortisation		-165,4	-165,4		-140,5	-140,5
<b>Net carrying amount</b>	<b>4,9</b>	<b>3,9</b>	<b>8,7</b>	<b>5,5</b>	<b>59,2</b>	<b>64,7</b>
<b>Opening net carrying amount</b>	<b>4,9</b>	<b>3,9</b>	<b>8,8</b>	<b>5,5</b>	<b>59,2</b>	<b>64,7</b>
Additions	7,4	0,4	7,8		9,9	9,9
Disposals			0,0	-0,6	-40,3	-40,9
Amortisation charge	-4,9	-3,9	-8,8		-24,9	-24,9
<b>Closing net carrying amount</b>	<b>7,4</b>	<b>0,4</b>	<b>7,8</b>	<b>4,9</b>	<b>3,9</b>	<b>8,7</b>
<b>At 31 December</b>						
Cost	12,3	169,6	182,0	4,9	169,3	174,1
Accumulated amortisation	-4,9	-169,3	-174,2		-165,4	-165,4
<b>Net carrying amount at 31 December</b>	<b>7,4</b>	<b>0,4</b>	<b>7,8</b>	<b>4,9</b>	<b>3,9</b>	<b>8,7</b>
<b>Total intangible assets</b>	<b>7,4</b>	<b>0,4</b>	<b>7,8</b>	<b>4,9</b>	<b>3,9</b>	<b>8,7</b>

Other intangible assets comprise mainly IT software. In 2007 goodwill consists of acquisition cost of banking licence of ZAO Danske Bank. In 2008 goodwill consists mainly of Arvo Value Asset Management Ltd and 3C Asset Management Ltd.

In 2008 goodwill is tested for impairment by Danske Bank A/S. Impairment testing conducted did not indicate that goodwill and rights to names should be written down. Sensitivity analyses involving separate changes in the required rate of return and growth estimates did not produce results that affected this conclusion.

**17 PROPERTY, PLANT AND EQUIPMENT**

EURm	2008			2007		
	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
<b>At 1 January</b>						
Cost	3,6	87,6	91,2	11,2	79,4	90,6
Accumulated depreciation	-1,6	-64,5	-66,1	-1,6	-58,6	-60,2
Accumulated impairment losses	0,0	0,0	0,0	0,0	0,0	0,0
<b>Net carrying amount</b>	<b>2,0</b>	<b>23,1</b>	<b>25,1</b>	<b>9,6</b>	<b>20,8</b>	<b>30,4</b>
Opening net carrying amount	2,0	23,1	25,1	9,6	20,8	30,4
Additions	0,0	6,9	6,9	0,0	9,2	9,2
Disposals	0,0	-0,7	-0,7	-7,6	-1,1	-8,6
Impairment losses recognised	-0,4	0,0	-0,4	0,0	0,0	0,0
Depreciations	0,0	-7,5	-7,5		-5,9	-5,9
<b>Closing net carrying amount</b>	<b>1,6</b>	<b>21,9</b>	<b>23,5</b>	<b>2,0</b>	<b>23,1</b>	<b>25,1</b>
<b>At 31 December</b>						
Cost	3,6	93,9	97,5	3,6	87,6	91,2
Accumulated depreciation	-1,6	-72,0	-73,6	-1,6	-64,5	-66,1
Accumulated impairment losses	-0,4	0,0	-0,4	0,0	0,0	0,0
<b>Net carrying amount</b>	<b>1,6</b>	<b>21,9</b>	<b>23,5</b>	<b>2,0</b>	<b>23,1</b>	<b>25,1</b>
<b>Assets provided under operating lease contracts</b>			<b>76,6</b>			<b>65,1</b>
<b>Minimum lease payments under non-cancellable operating leases</b>						
not later than one year			18,8			14,8
later than one year and not later than five years			19,4			15,6
<b>Total</b>			<b>38,2</b>			<b>30,4</b>
<b>Total property, plant and equipment</b>	<b>1,6</b>	<b>21,9</b>	<b>100,1</b>	<b>2,0</b>	<b>23,1</b>	<b>90,2</b>

Equipment comprise IT equipment and furniture.

**18 OTHER ASSETS**

EURm	2008	2007
<b>Other assets</b>		
Accrued interest	133,5	224,2
Items in transit	0,0	0,3
Other	270,8	215,4
<b>Total</b>	<b>404,4</b>	<b>439,9</b>

Item Other includes i.e. sales and fee receivables and receivables from security transactions.

**19 DEFERRED TAX ASSETS AND LIABILITIES****Changes in deferred tax during the financial year 2008**

EURm	At 1 Jan. 2008	Recognised in p/l account	Recognised in equity	At 31 Dec. 2008
<b>Deferred tax assets</b>				
Other deductible temporary differences	31,1	9,2		40,2
<b>Total deferred tax assets</b>	<b>31,1</b>	<b>9,2</b>	<b>0,0</b>	<b>40,2</b>
<b>Deferred tax liabilities</b>				
Depreciation differences and untaxed reserves	26,1	8,9		35,1
Changes in fair values	0,2		-0,2	0,0
Other taxable temporary differences		0,0		0,0
<b>Total deferred tax liabilities</b>	<b>26,3</b>	<b>9,0</b>	<b>-0,2</b>	<b>35,1</b>
<b>Deferred tax assets (-)/ tax liabilities (+), net</b>	<b>-4,8</b>	<b>-0,2</b>	<b>-0,2</b>	<b>-5,1</b>

If a deferred tax asset and a deferred tax liability relate to income taxes levied by the same taxation entity and the company has a legally enforceable right to set off current tax assets against current tax liabilities, deferred taxes have been offset.

Other tax assets EURm 16,37.

Other tax liabilities EURm 0,0.

### Changes in deferred tax during the financial year 2007

EURm	At 1 Jan. 2007	Recognised in p/l account	Recognised in equity At 31 Dec. 2007	
<b>Deferred tax assets</b>				
Other deductible temporary differences	19,6	12,4	-1,0	31,1
<b>Total deferred tax assets</b>	<b>19,6</b>	<b>12,4</b>	<b>-1,0</b>	<b>31,1</b>
<b>Deferred tax liabilities</b>				
Depreciation differences and untaxed reserves	20,6	5,5	0,0	26,1
Changes in fair values	0,0	0,0	0,2	0,2
Other taxable temporary differences	0,0	0,0	0,0	0,0
<b>Total deferred tax liabilities</b>	<b>20,6</b>	<b>5,5</b>	<b>0,2</b>	<b>26,3</b>
<b>Deferred tax assets (-)/ tax liabilities (+), net</b>	<b>1,0</b>	<b>-7,0</b>	<b>1,2</b>	<b>-4,8</b>

If a deferred tax asset and a deferred tax liability relate to income taxes levied by the same taxation entity and the company has a legally enforceable right to set off current tax assets against current tax liabilities, deferred taxes have been offset.

Other tax assets EURm 4.1.  
Other tax liabilities EURm 3.0.

### 20 TAXES

EURm	2008	2007
Taxes on taxable income for the year	52,0	85,7
Taxes arising from previous years	0,0	-2,7
Deferred taxes	-5,5	-7,4
<b>Taxes for the financial year total</b>	<b>46,5</b>	<b>75,6</b>
Reconciliation between income taxes in income statement and taxes calculated at Finnish tax rate (26%)		
Profit before taxes	181,6	775,7
Taxes calculated at Finnish tax rate	47,2	201,7
Different tax rates of foreign subsidiaries	0,0	0,1
Tax-exempt income	-45,5	-123,6
Net profit from associates	-0,9	-0,4
Undeductible expenses	45,7	0,5
Taxes arising from previous years	0,0	-2,7
<b>Taxes in Income statement</b>	<b>46,5</b>	<b>75,6</b>

### 21 AMOUNTS OWED TO CREDIT INSTITUTIONS AND CUSTOMERS

EURm	2008	2007
<b>Amounts owed to credit institutions</b>		
Liabilities to central banks	350,8	15,4
Deposits from credit institutions	2 564,9	593,0
Other liabilities owed to credit institutions	171,4	99,1
<b>Total</b>	<b>3 087,1</b>	<b>707,5</b>
<b>Amounts owed to customers</b>		
<b>Deposits</b>		
Demand deposits	2 081,3	2 358,1
Savings accounts	2 375,4	1 824,6
Current accounts	4 616,6	4 526,8
Money market deposits	930,7	1 421,6
Other time deposits	3 002,7	2 644,4
<b>Total deposits</b>	<b>13 006,7</b>	<b>12 775,5</b>
<b>Other liabilities</b>		
Other liabilities	0,0	20,6
<b>Total amounts owed to customers</b>	<b>13 006,7</b>	<b>12 796,1</b>
<b>Total amounts owed to credit institutions and customers</b>	<b>16 093,8</b>	<b>13 503,6</b>

**22 DEBT SECURITIES IN ISSUE**

EURm	2008	2007
<b>Debt securities in issue</b>		
Certificates of deposit	3 771,6	4 425,0
Bonds and notes	5 195,1	5 896,8
of which in foreign currency	122,3	326,2
<b>Total debt securities in issue</b>	<b>8 966,7</b>	<b>10 321,8</b>
<b>Subordinated debt securities</b>		
Capital securities	350,0	341,6
Debentures	350,0	400,9
Perpetuals		
<b>Total subordinated debt securities</b>	<b>700,0</b>	<b>742,5</b>
<b>Total debt securities in issue</b>	<b>9 666,7</b>	<b>11 064,3</b>

Sampo Bank issued on 18 March 2004 EUR 125 million preferred capital securities. The loan pays fixed interest rate for the first ten years and floating rate interest after that. The interest can be paid only from the distributable capital. The loan is perpetual and is repayable only with the consent of the Finnish Financial Supervision Authority at the earliest on 2014 and on any interest payment after that.

Sampo Bank issued on 13 October 2004 EUR 100 million preferred capital securities. The loan pays fixed interest rate for the first year and floating rate interest after that, however capped to 8,5 per cent p.a. The interest can be paid only from the distributable capital. The loan is perpetual and is repayable only with the consent of the Finnish Financial Supervision Authority at the earliest on 2014 and on every interest payment date after that.

Sampo Bank issued on 16 December 2005 EURm 125 capital securities. The loan was a floating rate perpetual and pays an interest at 3-month Euribor plus 1.6 per cent. The interest on the loan can be paid only from the distributable capital. Sampo Bank can repay the loan, with the consent of the Finnish Financial Supervision Authority, at the earliest on 16 December 2010 and thereafter on any interest payment date.

Sampo Housing Loan Bank issued in 2005 a covered bond with a principal of EURm 1 000 and a maturity of 5 years. The loan pays fixed interest rate of 2.5 per cent, which was swapped to floating rate at 0.01 per cent below Euribor.

Sampo Housing Loan Bank issued in September 2006 a covered bond with a principal of EURm 1 000 and a maturity of 5 years. The loan pays fixed interest rate of 3.75 per cent, which was swapped to floating rate at 0.03 per cent below Euribor.

Sampo Bank Group had in issue on 31 December 2008 three capital securities included in Tier 1 capital, all of them repayable with the consent of the Finnish Financial Supervision Authority and in one of them a step-up clause at the earliest call. The amount included in the own funds of primary loans in Sampo Bank Group at 31 Dec. 2008 was EUR 350,0 (346,5).

**23 OTHER LIABILITIES**

EURm	2008	2007
<b>Other liabilities</b>		
Deferred interest	110,4	359,9
Items in transit	21,8	420,3
Finance lease liabilities		
Other liabilities	432,0	190,1
<b>Total</b>	<b>564,2</b>	<b>970,3</b>
<b>Total other liabilities</b>	<b>564,2</b>	<b>970,3</b>

Item Other consists of liabilities arising i.e. from staff expenses and security transactions, and other accruals.

<b>24 PROVISIONS</b>	<b>2008</b>	<b>2007</b>
From off-balance sheet items	12,6	3,6

## 25 CONTINGENT LIABILITIES AND COMMITMENTS

EURm	<b>2008</b>	<b>2007</b>
<b>Off-balance sheet items</b>		
Guarantees and pledges	1 660,5	2 337,7
Undrawn loans, overdraft facilities and other commitments to lend	2 708,1	3 819,7
- original maturity less than one year	825,1	692,2
- original maturity more than one year	1 883,0	3 127,5
Other irrevocable commitments	0,0	0,0
<b>Total</b>	<b>4 368,6</b>	<b>6 157,4</b>

Off-balance sheet items consist mainly of guarantees and commitments to extend credit. Guarantees including irrevocable letters of credit comprise commitments written on behalf of customers. Commitments to extend credit are irrevocable commitments and comprise undrawn loans, overdraft facilities and other commitments to lend. The commitments are stated to the amount that can be required to be paid on the basis of the commitment. For guarantees a provision is recognised when the Group considers it more likely than not that an obligation exists under its guarantees.

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

### Assets pledged as collateral for liabilities or contingent liabilities

EURm	<b>2008</b>		<b>2007</b>	
	<b>Assets pledged</b>	<b>Liabilities/ commitments</b>	<b>Assets pledged</b>	<b>Liabilities/ commitments</b>
<b>Assets pledged as collateral for liabilities</b>				
Financial assets at fair value through p/l				
- Trading securities	1 072,60	753,0	1 061,1	605,2
Loans and receivables				
- Loans and deposits	2 538,06	2 108,6	2 211,1	1 923,2

Sampo Bank plc has entered into long-term deposit contracts called Guaranteed Investment Contracts. In each contract the maximum amount permitted to be invested and the fixed interest rate to be paid for the investment are specified with the customer. This means that the amount to be invested varies during the term of the contract but the interest rate is fixed. The maximum amount permitted to be invested under these contracts was EURm 87.6 at the balance sheet date (88.7 EURm). Contracts mature in 2025 at the latest.

Sampo Bank plc has no commitments concerning IT-equipments (EURm 2.0).

EURm	<b>2008</b>	<b>2007</b>
<b>Non-cancellable operating leases</b>		
Minimum lease payments under non-cancellable operating leases		
not later than one year	27,9	26,1
later than one year and not later than five years	82,6	62,9
later than five years	57,9	39,6
<b>Total</b>	<b>168,3</b>	<b>128,6</b>

Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec EUR 7.3 million (7.5).

Sublease payments recognised as an expense in the period EUR 2.8 million (3.4).

## 26 EMPLOYEE BENEFITS

### Pension benefits

The basic and supplementary pension insurance of the staff is handled through insurances.

### Personnel fund

Members of the Sampo Group's personnel fund comprise the staff of Sampo Bank plc and its Finnish subsidiaries located in Finland, except for members of Board of Directors and Board of Management employed by the Group companies, Managing Directors of Group companies and other management personnel or executives and experts involved in the Group long-term incentive schemes. For Sampo Bank and its domestic subsidiaries the estimated amount of the profit-sharing bonuses to the personnel fund for 2008 is EURm 0 (EURm 3.0).

### 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 for 2008 is EURm 9.7 (EURm 17.4).

## 27 RELATED PARTY DISCLOSURES

### KEY MANAGEMENT PERSONNEL

The key management personnel in Sampo Bank Group consists of of the members of the Board of Directors of Sampo Bank plc.

### KEY MANAGEMENT COMPENSATION

	2008	2007
EUR m		
Short-term employee benefits	0,9	0,9
Post employment benefits	0,4	0,3
Other long-term benefits	0,1	4,6
Total	1,4	5,8

Short-term employee benefits comprise salaries and fees, including profit-sharing bonuses accounted for the year, and social security costs.

Post employment benefits include benefits under the Employees' Pensions Act (TyEL) in Finland and voluntary supplementary pension benefits.

Other long-term benefits consists of the benefits under the long-term incentive schemes for executives accounted for the year. The benefits are determined by terms on Group level.

Sampo Bank pays the benefits allocated to its key management.

### LOANS AND RECEIVABLES

	2008	2007
EUR m		
Key management personnel with close family members and entities that are controlled or significantly influenced by these	0,0	0,0

The interest on loans to the key management personnel is at least as high as on the staff loans referred to in the Income and Capital Tax Act, section 67. Also other terms of the loans equal to the terms of the staff loans confirmed in the Group. The loans are secured. The terms of the loans to the entities controlled or significantly influenced by the above mentioned persons equal to those granted to other corporate customers.

### ASSOCIATES

	2008	2007
EUR m		
Loans and receivables	148,3	121,1
Liabilities to credit institutions and customers	-	1,9

**28 EQUITY AND RESERVES**

<b>Equity</b>	<b>Number of shares</b>	<b>Share capital</b>
At 1 January 2008	106	106,0
At 31 December 2008	106	106,0
Total amount of shares at 31 December 2008	106	106,0

Each share has one vote.

Danske Bank A/S owns all the share capital of Sampo Bank plc.

**Reserves and retained earnings**

EURm

**Reserves at 31 December 2007**

Legal reserve	271,1
Fair value reserve	0,6
<b>Total</b>	<b>271,7</b>

**Reserves at 31 December 2008**

Legal reserve	271,1
Fair value reserve	0,0
<b>Total</b>	<b>271,1</b>

**Movements in reserves:**Legal reserve

The legal reserve comprises the amounts that shall be transferred from the distributable equity according to the articles of association or on the basis of the decision of the AGM. No change has been in the legal reserve during the financial years of 2007 or 2008.

Fair value reserve

<b>At 1 January 2007</b>	<b>-2,5</b>
Cash flow hedge:	
Recognised in equity	
Transferred to profit or loss	
Financial asset available-for-sale	
Recognised in equity	9,6
Transferred to profit or loss	-6,4
<b>At 31 December 2007</b>	<b>0,6</b>
Cash flow hedge:	
Recognised in equity	
Transferred to profit or loss	
Financial asset available-for-sale	
Recognised in equity	
Transferred to profit or loss	-0,6
<b>At 31 December 2008</b>	<b>0,0</b>

Sampo Bank group has no fair value reserve in 2008.

The fair value reserve in 2007 consists of changes in the fair values of the financial assets available for sale and derivative financial instruments used for hedging cash flows. The changes in the fair values is presented on page 10 Statement of Changes in Equity.

**Retained earnings**

<b>At 1 January 2007</b>	<b>808,6</b>
Translation differences	-0,2
Profit for the financial year	687,3
Merger difference	14,6
Dividend distribution	0,0
Share incentives	0,0
<b>At 31 December 2007</b>	<b>1 510,2</b>
Translation differences	
Profit for the financial year	133,4
Merger difference	0,0
Dividend distribution	0,0
Share incentives	0,0
<b>At 31 December 2008</b>	<b>1 643,2</b>

**29 DIVIDENDS**

The proposal of the Board of Directors to the annual general meeting will be as follows:

No dividends will be distributed for 2008. Retained earnings will be accounted for in equity.

## SAMPO BANK PLC

## FINANCIAL STATEMENTS (FAS)

## INCOME STATEMENT

EURm	1-12.2008		1-12.2007	
<b>Interest income</b>		1 336,8		1 087,4
<b>Net income from leasing</b>		38,4		38,9
<b>Interest expenses</b>		-918,4		-688,0
<b>NET INTEREST INCOME</b>		456,9		438,3
<b>Dividend income</b>				
from Group companies	29,1		35,1	
from associates	3,3		1,7	
from other companies	0,6	33,0	8,0	44,8
<b>Fee and commission income</b>		205,5		212,5
<b>Fee and commission expenses</b>		-41,8		-37,1
<b>Net income from transactions in securities and foreign exchange dealing</b>				
from transactions in securities	53,8		7,9	
from foreign exchange dealing	15,6	69,3	15,0	22,9
<b>Net income from financial assets available-for-sale</b>		0,0		8,0
<b>Gains (losses) from hedge accounting</b>		-7,0		-0,2
<b>Net income from investment property</b>		0,0		0,0
<b>Other operating income</b>		4,9		585,5
<b>Administrative expenses</b>				
Staff costs				
Wages and salaries	-163,9		-142,9	
Social security costs				
Pension costs	-33,3		-22,8	
Other	-15,7	-212,9	-13,7	-179,4
Other administrative expenses		-178,9		-158,8
<b>Depreciation and impairment on property, plant and equipment and intangible assets</b>		-15,0		-52,0
<b>Other operating expenses</b>		-60,0		-48,2
<b>Impairment on loans and advances</b>		-36,8		-60,9
<b>Impairment on other financial assets</b>		0,0		0,0
<b>OPERATING PROFIT</b>		217,3		775,4
<b>Appropriations</b>		-34,4		-21,2
<b>Income taxes</b>		-30,5		-48,4
<b>PROFIT FOR THE YEAR</b>		152,4		705,8

**SAMPO BANK PLC****BALANCE SHEET**

EURm

<b>ASSETS</b>	<b>12/2008</b>		<b>12/2007</b>	
<b>Cash and balances at central banks</b>		127,2		286,5
<b>Treasury bills and other eligible bills</b>				
Treasury bills		0,0		543,9
Other	1 187,8	1 187,8	757,4	1 301,3
<b>Loans and advances to credit institutions</b>				
Repayable on demand		2 524,4		188,5
Other	2 644,2	5 168,6	4 542,1	4 730,6
<b>Loans and advances to customers</b>				
Repayable on demand		-		-
Other	18 319,6	18 319,6	17 835,2	17 835,2
<b>Lease assets</b>		847,3		716,1
<b>Debt securities</b>				
Issued by public bodies		26,4		12,8
Other	99,9	126,3	156,2	169,0
<b>Shares and participations</b>		6,1		11,4
<b>Shares and participations in associates</b>		5,2		5,4
<b>Shares and participations in Group companies</b>		87,0		126,4
<b>Derivative financial instruments</b>		1 214,1		583,8
<b>Intangible assets</b>		0,0		2,3
<b>Property, plant and equipment</b>				
Investment property and shares and participations in investment property companies		0,0		0,0
Other property and shares and participations in property companies		1,4		2,0
Equipment	20,4	21,8	23,0	24,9
<b>Other assets</b>		265,8		179,0
<b>Prepayments and accrued income</b>		154,5		261,2
<b>Deferred tax assets</b>		40,2		31,4
		27 571,4		26 264,7

<b>LIABILITIES</b>	<b>12/2008</b>			<b>12/2007</b>		
<b>LIABILITIES</b>						
<b>Liabilities to credit institutions</b>						
Central banks		350,8			15,4	
Credit institutions						
Repayable on demand	360,6			118,2		
Other	2.223,6	2.584,3	2.935,0	632,2	750,3	765,7
<b>Liabilities to customers</b>						
Deposits						
Repayable on demand	9.442,0			9.401,0		
Other	2.637,6	12.079,6		2.021,1	11.422,1	
Other liabilities						
Repayable on demand	353,9			-		
Other	602,0	955,9	13.035,5	1.454,6	1.454,6	12.876,7
<b>Debt securities in issue</b>						
Bonds and notes		3.170,9			4.005,6	
Other		3.771,6	6.942,5		4.393,0	8.398,6
<b>Derivative financial liabilities and other liabilities held for trading</b>						
			1.227,7			675,7
<b>Other liabilities</b>						
Other liabilities		455,2			531,0	
Provisions for liabilities and charges		-	455,2		-	531,0
<b>Accruals and deferred income</b>						
			234,9			421,3
<b>Subordinated liabilities</b>						
Capital securities		350,0			346,5	
Other		350,0	700,0		395,0	741,5
<b>Deferred tax liabilities</b>						
			-			-
<b>ACCUMULATED APPROPRIATIONS</b>						
<b>Depreciation in excess or less than plan</b>		87,6			53,2	
<b>Untaxed reserves</b>		47,3	134,9		47,3	100,5
<b>EQUITY</b>						
<b>Share capital</b>		106,0			106,0	
<b>Undistributable reserves</b>						
Legal reserve		261,7			261,7	
<b>Distributable reserves</b>						
Fair value reserve						
Cash flow hedging		-			-	
Changes in fair value	0,0			0,8		
Deferred tax recognised in equity	0,0	0,0		-0,2	0,6	
Other reserves		43,8			43,8	
<b>Retained earnings</b>	1.341,6			635,8		
<b>Profit for the year</b>	152,4	1.905,5		705,8	1.753,6	
			27.571,4			26.264,7
EURm						
<b>OFF-BALANCE SHEET ITEMS</b>						
<b>Contingent liabilities</b>						
Guarantees and assets pledged		1.660,5			2.342,2	
Other		-	1.660,5		-	2.342,2
<b>Commitments</b>						
Sale and option to resell transactions		-			-	
Other	2.699,8	2.699,8		3.832,2	3.832,2	
			4.360,3			6.174,4

## **NOTES TO THE FINANCIAL STATEMENTS**

### **ACCOUNTING POLICIES**

The separate financial statements of Sampo Bank plc for 2008 have been prepared in accordance with the provisions of Chapter 9 of the Act on Credit Institutions (121/2007), the Decree of the Ministry of Finance (150/2007) concerning annual accounts and Group accounts of financial institutions and investment services companies, and Standard 3.1 Financial statements and Annual report issued by the Finnish Financial Supervision Authority. In addition, the provisions of the Accounting Act and Companies Act are followed, with the exceptions mentioned in the Act on Credit Institutions, 146 §.

Accounting policies applied to the separate financial statements of Sampo Bank are practically the same as those applied to the consolidated financial statements of Sampo Bank. Sampo Bank Group has prepared the consolidated financial statements in compliance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. Policies that differ are defined below.

### **LEASE ASSETS**

Lease assets are recognised in the balance sheet at cost, less depreciation according to plan and possible additional depreciation. The depreciation is recognised at the amount of principal recovered from the lease payments. Prepayments of lease assets are also included in this item.

In Income statement, Net income from leasing activities comprise lease payments less depreciation according to plan. The item includes also additional depreciation on lease assets, profits and losses on disposal of the assets, fee and commission income and other income and expenses directly attributable to the leasing activities. Other income and expenses attributable to leasing are included in items according to their nature.

### **IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT**

In the end of the financial year 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.

### **APPROPRIATIONS**

In accordance with the Finnish regulations on accounting and taxation, companies are allowed to include in the accounts certain untaxed reserves and depreciation in excess or less than plan, which impact on the taxation of the companies. Companies use them in planning their accounts and taxation. The amount of those appropriations or changes in them does not reflect the risks of the companies.

In the accounts the untaxed reserves and the difference between the depreciation according to plan and the amount deductible in the corporate taxation are shown as a separate item in the Income statement under "Appropriations" and in the Balance sheet under "Accumulated appropriations". The appropriations shown in Income statement and Balance sheet are presented without deducting the deferred tax liability arising from them.

## OTHER NOTES

## 1 INTEREST INCOME AND EXPENSES BY BALANCE SHEET ITEM

EUR m	2008	2007
<b>Interest income</b>		
Loans and advances to credit institutions	175,9	150,8
Loans and advances to customers	1 118,0	862,2
Debt securities	47,3	73,2
Derivative financial instruments	-8,9	-2,4
Other interest income	4,5	3,6
<b>Total</b>	<b>1 336,8</b>	<b>1 087,4</b>
<b>Interest expenses</b>		
Liabilities to credit institutions	175,7	29,6
Liabilities to customers	381,3	283,3
Debt securities in issue	368,9	361,1
Derivative financial instruments	0,0	-28,8
Subordinated liabilities	0,0	41,1
Other interest expenses	-7,5	1,7
<b>Total</b>	<b>918,4</b>	<b>688,0</b>
of which due from/due to Group companies and associates		
Interest income	40,0	15,3
Interest expenses	4,7	16,7

## 2 NET INCOME FROM LEASING ACTIVITIES

EUR m	2008	2007
Lease payments receivable	231,1	207,0
Depreciation on lease assets according to plan	-186,8	-172,1
Impairment on lease assets	-8,4	0,0
Gains and losses on disposal of lease assets (net)	0,1	2,8
Fee and commission income	1,9	1,4
Other income	6,8	5,1
Other expenses	-6,3	-5,4
<b>Total</b>	<b>38,4</b>	<b>38,8</b>

## 3 DIVIDEND INCOME

EUR m	2008	2007
Financial assets designated as available for sale	0,0	8,0
Financial assets held for trading	0,6	0,0
Group companies	29,1	35,1
Associates	3,3	1,7
<b>Total</b>	<b>33,0</b>	<b>44,8</b>

## 4 FEE AND COMMISSION INCOME AND EXPENSES

EUR m	2008	2007
<b>Fee and commission income</b>		
Lending	30,8	43,1
Borrowing	8,8	20,7
Payment transactions	41,6	52,2
Asset management	60,8	17,4
Transactions in securities	3,9	2,5
Guarantees	9,9	12,9
Other	49,7	63,7
<b>Total</b>	<b>205,5</b>	<b>212,5</b>
<b>Fee and commission expenses</b>		
Service fees	16,0	23,1
Other	25,8	14,0
<b>Total</b>	<b>41,8</b>	<b>37,1</b>

## 5 NET INCOME FROM TRANSACTIONS IN SECURITIES

EUR m	2008		2007		2007	
	Gains/losses on sales	Change in fair value	Total	Gains/losses on sales	Change in fair value	Total
Debt securities	5,0	1,6	6,6	-1,8	-0,3	-2,1
Shares and participations	-2,0	0,0	-2,0	5,2	-1,1	4,1
Others	4,7	44,9	49,6	-2,3	8,2	5,9
<b>Net income from transactions in securities</b>	<b>7,7</b>	<b>46,5</b>	<b>54,2</b>	<b>1,1</b>	<b>6,8</b>	<b>7,9</b>
Net income from foreign exchange dealing	15,6		15,6	15,0		15,0
<b>Total</b>	<b>23,3</b>	<b>46,5</b>	<b>69,8</b>	<b>16,1</b>	<b>6,8</b>	<b>22,9</b>

**6 NET INCOME FROM AVAILABLE FOR SALE FINANCIAL ASSETS**

EUR m	Disposal of financial assets (gains/losses)	Transfer from fair value reserve	2008			2007	
			Total	Disposal of financial assets (gains/losses)	Transfer from fair value reserve	Total	
Debt securities	0,0	0,0	0,0	0,0		0,0	
Shares and participations	0,0	0,0	0,0	9,0	-1,1	8,0	
<b>Total</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>9,0</b>	<b>-1,1</b>	<b>8,0</b>	

**7 GAINS/LOSSES ON HEDGE ACCOUNTING**

EUR m	2008	2007
<b>Fair value hedging</b>		
Change in fair value of hedging instruments, net, of which	8,7	5,3
Derivatives hedging assets	-57,1	8,6
Derivatives hedging liabilities	65,8	-3,4
Change in fair value of hedged items, net, of which	-15,7	-5,5
Assets	54,4	-8,2
Liabilities	-70,1	2,8
<b>Total</b>	<b>-7,0</b>	<b>-0,2</b>

**8 OTHER OPERATING INCOME AND EXPENSES**

EUR m	2008	2007
<b>Other operating income</b>		
Other	4,9	585,5
<b>Total</b>	<b>4,9</b>	<b>585,5</b>
<b>Other operating expenses</b>		
Rental expenses	42,1	26,3
Expenses on properties and property companies	0,0	0,1
Other	17,9	21,9
<b>Total</b>	<b>60,0</b>	<b>48,3</b>

**9 DEPRECIATION AND IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

EUR m	2008	2007
Depreciation and amortisation according to plan	15,0	52,0

**10 IMPAIRMENT ON LOANS, COMMITMENTS AND OTHER FINANCIAL ASSETS**

EUR m	Individually assessed impairment, gross	Reversals and write-offs	2008
			Recognised in profit or loss
From			
On loans and advances to customers	55,1	18,3	-36,8
Guarantees and other off-balance sheet items	0,0	0,0	0,0
<b>Impairment on loans and advances and on off-balance sheet items total</b>	<b>55,1</b>	<b>18,3</b>	<b>-36,8</b>
Shares and participations in Group companies	0,0	0,0	0,0
<b>Impairment losses on other financial assets total</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total</b>	<b>55,1</b>	<b>18,3</b>	<b>-36,8</b>
			<b>2007</b>
			Recognised in profit or loss
From			
On loans and advances to customers	73,7	11,9	-61,7
Guarantees and other off-balance sheet items	-0,8	0,0	0,8
<b>Impairment on loans and advances and on off-balance sheet items total</b>	<b>72,9</b>	<b>12,0</b>	<b>-60,9</b>
Shares and participations in Group companies		0,0	0,0
<b>Impairment losses on other financial assets total</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
<b>Total</b>	<b>72,9</b>	<b>12,0</b>	<b>-60,9</b>

## 11 INFORMATION ON BUSINESS AREAS AND GEOGRAPHICAL MARKET AREAS

EUR m				2008
	Banking in Finland and other functions	Asset and Wealth management	Integration	Total
Net interest income	458,2	0,0	-1,3	456,9
Impairment losses	-36,8			-36,8
Other income, net	229,3	34,8	-0,1	264,0
<b>Total income</b>	<b>650,7</b>	<b>34,8</b>	<b>-1,4</b>	<b>684,1</b>
Total operating expenses	409,5	13,3	78,4	501,2
<b>Profit before taxes</b>	<b>241,2</b>	<b>21,5</b>	<b>-79,7</b>	<b>183,0</b>
<b>Total assets</b>	<b>27 540,3</b>	<b>31,1</b>		<b>27 571,4</b>
of which loans and advances to credit institutions and customers	23 441,5	46,7		23 488,2
<b>Total liabilities</b>	<b>25 809,2</b>	<b>9,1</b>		<b>25 818,3</b>
of which liabilities to credit institutions and customers	15 970,3	0,3		15 970,6
Average staff number	3 014	66		3 080

EUR m				2007
	Banking in Finland and other functions	Asset and Wealth management	Integration	Total
Net interest income	438,3	0,0	0,0	438,3
Impairment losses	-60,9			-60,9
Other income, net	828,1	8,4	-0,1	836,4
<b>Total income</b>	<b>1 205,4</b>	<b>8,4</b>	<b>-0,1</b>	<b>1 213,8</b>
Total operating expenses	407,9	3,5	48,2	459,6
<b>Profit before taxes</b>	<b>797,5</b>	<b>5,0</b>	<b>-48,3</b>	<b>754,1</b>
<b>Total assets</b>	<b>26 264,7</b>	<b>0,0</b>	<b>0,0</b>	<b>26 264,7</b>
of which loans and advances to credit institutions and customers	22 565,8	0,0	0,0	22 565,8
<b>Total liabilities</b>	<b>25 219,1</b>	<b>0,0</b>	<b>0,0</b>	<b>25 219,1</b>
of which liabilities to credit institutions and customers	13 642,4	0,0	0,0	13 642,4
Average staff number	2 985	17	0	3 002

## 12 LOANS AND ADVANCES TO CREDIT INSTITUTIONS

EUR m	2008		2007	
	Total	Repayable on demand	Total	Repayable on demand
Domestic credit institutions	1 988,8	584,2	1 404,6	30,8
Foreign credit institutions	3 179,7	1 940,2	1 239,5	167,5
<b>Total</b>	<b>5 168,5</b>	<b>2 524,4</b>	<b>2 644,1</b>	<b>188,5</b>

## 13 LOANS AND ADVANCES TO CUSTOMERS

EUR m	2008	2007
	Corporates and housing companies	7 193,1
Financial and insurance institutions	167,7	363,1
Public sector entities	132,4	150,1
Households	10 077,3	10 058,8
Non-profit institutions serving households	156,5	139,5
Foreign	592,5	604,0
<b>Total</b>	<b>18 319,6</b>	<b>17 835,2</b>

**Impairment losses on loans and advances recognised for the year**

<b>Impairment losses at beginning of year</b>	<b>110,4</b>	<b>10,0</b>
+ Impairment losses recognised on individual loans and advances	48,4	104,3
- Reversals of impairment losses recognised for individual loans and advances	-17,7	-3,9
<b>Impairment losses at end of year</b>	<b>141,1</b>	<b>110,4</b>

Bank presents loans and receivables as gross basis. Impairment is shown at allowance account.

## 14 DEBT SECURITIES

EUR m	2008		2007	
	Listed	Other	Total	Total
<b>Issued by public bodies</b>				
<b>Held for trading</b>	<b>266,6</b>	<b>2,8</b>	<b>269,4</b>	<b>556,7</b>
Treasury bills	5,7	-	5,7	0,0
Local authority paper	12,4	2,8	15,2	7,1
Government bonds	248,5	-	248,5	549,6
<b>Debt securities issued by other borrowers*</b>	<b>970,3</b>	<b>74,5</b>	<b>1 044,8</b>	<b>913,6</b>
<b>Debt securities total</b>	<b>1 236,9</b>	<b>77,3</b>	<b>1 314,1</b>	<b>1 470,3</b>
of which treasury bills and other eligible bills	1 187,8	-	1 187,8	544,1
of which subordinated debt securities	0,0	0,0	0,0	1,0

\* broken down in the table below

EUR m	2008		2007	
	Listed	Other	Total	Total
<b>Debt securities issued by other borrowers</b>				
<b>Held for trading</b>	<b>970,3</b>	<b>74,5</b>	<b>1 044,8</b>	<b>873,5</b>
Certificates of deposit	942,9	15,4	958,3	806,9
Commercial paper	-	-	0,0	6,7
Bonds issued by banks	-	12,8	12,8	27,9
Other bonds	27,3	46,2	73,6	32,0
<b>Available-for-sale</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>40,1</b>
Other bonds	-	-	0,0	40,1
<b>Debt securities issued by other borrowers total</b>	<b>970,3</b>	<b>74,5</b>	<b>1 044,8</b>	<b>913,6</b>

## 15 ASSETS HELD UNDER FINANCE LEASES

EUR m	2008		2007	
Prepayments	28,3		35,4	
Equipment	748,8		608,2	
Properties and building	60,6		64,0	
Other assets	9,6		8,5	
<b>Total</b>	<b>847,3</b>		<b>716,1</b>	

## 16 SHARES AND PARTICIPATIONS

EUR m	2008		2007	
		of which in credit institutions		of which in credit institutions
<b>Shares and participations</b>	<b>6,1</b>	<b>1,3</b>	<b>11,4</b>	<b>0,0</b>
Held for trading	6,1	1,3		
Available-for-sale	0,0	0,0	11,4	0,0
<b>Shares and participations in Group companies</b>	<b>87,0</b>	<b>87,0</b>	<b>126,4</b>	<b>0,0</b>
<b>Shares and participations in associates</b>	<b>5,2</b>	<b>0,0</b>	<b>5,4</b>	<b>0,0</b>
<b>Total</b>	<b>98,3</b>	<b>88,3</b>	<b>143,3</b>	<b>0,0</b>

## 17 DERIVATIVE FINANCIAL INSTRUMENTS

EUR m	2008			Fair value	
	Nominal value of the underlying instrument			Positive	Negative
	Less than 1 year	Remaining maturity 1-5 years	Over 5 years		
<b>For hedging purposes</b>					
<b>Interest rate derivatives</b>	<b>631,0</b>	<b>606,0</b>	<b>1 243,0</b>	<b>23,1</b>	<b>71,0</b>
Interest rate swaps	631,0	606,0	1 243,0	23,1	71,0
<b>Exchange rate contracts</b>	<b>224,0</b>	<b>7,0</b>	<b>89,0</b>	<b>0,0</b>	<b>35,0</b>
Options					
Purchased	0,0	0,0	0,0	0,0	0,0
Written	0,0	0,0	0,0	0,0	0,0
Interest rate and cross currency swaps	224,0	7,0	89,0	0,0	35,0
<b>Equity contracts</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Options					
Purchased	0,0	0,0	0,0	0,0	0,0
Written	0,0	0,0	0,0	0,0	0,0
<b>For other purposes</b>					
<b>Interest rate contracts</b>	<b>10 900,4</b>	<b>16 598,5</b>	<b>1 674,4</b>	<b>440,3</b>	<b>394,1</b>
Futures and forward rate agreements	371,3	0,0	0,0	2,2	13,0
Options	0,0	0,0	0,0	67,9	70,1
Purchased	202,9	1 218,8	509,2	0,0	0,0
Written	230,4	1 146,0	452,5	0,0	0,0
Interest rate swaps	10 095,8	14 233,6	712,7	370,2	311,0
<b>Exchange rate contracts</b>	<b>11 994,4</b>	<b>881,6</b>	<b>107,5</b>	<b>516,0</b>	<b>499,4</b>
Futures and forward exchange	10 135,5	343,3	0,0	338,1	336,0
Options	0,0	0,0	0,0	17,7	17,7
Purchased	196,7	9,1	5,8	0,0	0,0
Written	198,0	0,0	0,0	0,0	0,0
Interest rate and cross currency swaps	1 464,2	529,2	101,8	160,2	145,7
<b>Equity contracts</b>	<b>2 486,0</b>	<b>0,0</b>	<b>0,0</b>	<b>17,0</b>	<b>19,3</b>
Options					
Purchased	1 243,0	0,0	0,0	0,0	0,0
Written	1 243,0	0,0	0,0	0,0	0,0
<b>Other derivatives</b>	<b>278,4</b>	<b>485,0</b>	<b>202,4</b>	<b>217,6</b>	<b>209,0</b>
Futures and forwards	278,4	485,0	202,4	217,6	209,0
Contracts with Group companies	1 892,1	2 015,5	114,4	0,0	0,0

EUR m	2007			Fair value	
	Nominal value of the underlying instrument			Positive	Negative
	Remaining maturity				
Less than 1 year	1-5 years	Over 5 years			
<b>For hedging purposes</b>					
<b>Interest rate derivatives</b>	<b>423,2</b>	<b>1 124,8</b>	<b>690,0</b>	<b>110,1</b>	<b>71,2</b>
Interest rate swaps	423,2	1 124,8	690,0	110,1	71,2
<b>Exchange rate contracts</b>	<b>223,2</b>	<b>54,5</b>	<b>99,7</b>	<b>0,0</b>	<b>0,0</b>
Options	0,0	0,0	0,0	0,0	0,0
Purchased	0,0	0,0	0,0	0,0	0,0
Written	0,0	0,0	0,0	0,0	0,0
Interest rate and cross currency swaps	223,2	54,5	99,7		
<b>Equity contracts</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>
Options	0,0	0,0	0,0	0,0	0,0
Purchased	0,0	0,0	0,0	0,0	0,0
Written	0,0	0,0	0,0	0,0	0,0
<b>For other purposes</b>					
<b>Interest rate contracts</b>	<b>14 604,4</b>	<b>15 673,3</b>	<b>2 805,5</b>	<b>170,4</b>	<b>172,5</b>
Futures and forward rate agreements	6 159,5	0,0	0,0	1,8	2,2
Options	0,0	0,0	0,0	20,6	21,7
Purchased	291,0	1 747,9	730,2	0,0	0,0
Written	330,4	1 643,5	648,9	0,0	0,0
Interest rate swaps	7 823,5	12 281,9	1 426,4	148,1	148,7
<b>Exchange rate contracts</b>	<b>5 795,0</b>	<b>269,4</b>	<b>26,5</b>	<b>67,5</b>	<b>81,4</b>
Futures and forward exchange	4 901,6	166,0	0,0	50,4	55,7
Options	0,0	0,0	0,0	11,2	8,5
Purchased	323,4	15,0	9,5	0,0	0,0
Written	325,4	0,0	0,0	0,0	0,0
Interest rate and cross currency swaps	244,6	88,4	17,0	5,8	17,2
<b>Equity contracts</b>	<b>483,8</b>	<b>1 541,1</b>	<b>24,4</b>	<b>99,2</b>	<b>101,2</b>
Options	0,0	0,0	0,0	99,2	101,2
Purchased	241,9	649,3	3,8	0,0	0,0
Written	241,9	891,8	20,6	0,0	0,0
<b>Other derivatives</b>	<b>1 416,1</b>	<b>725,0</b>	<b>302,6</b>	<b>136,6</b>	<b>171,2</b>
Futures and forwards	1 416,1	725,0	302,6	136,6	171,2
Contracts with Group companies	1,2	4 222,3	0,0	0,0	0,0

## 18 PROPERTY, PLANT AND EQUIPMENT

EUR m	2008		2007	
	Carrying amount	Capital employed	Carrying amount	Capital employed
<b>Shares and participations in property companies</b>				
Occupied for own activities	1,4	1,4	2,0	2,0
Other	0,0	0,0	0,0	0,0
<b>Total</b>	<b>1,4</b>	<b>1,4</b>	<b>2,0</b>	<b>2,0</b>

## 19 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR m	2008				Equipment
	Intangible assets		Property, plant and equipment		
	IT software	Other intangible assets	Investment property and shares in property companies	Other property and shares in property companies	
<b>Cost at beginning of year</b>	155,8	0,0	0,0	2,0	90,1
Additions	0,0				11,5
Disposals	0,0				-0,7
Transfers to and from items		0,0	0,0		0,0
Depreciation and amortisation according to plan for the year	-1,6	0,0			-13,4
Impairment losses and reversals for the year	-0,7			-0,6	
Accumulated depreciation and amortisation allocated to disposals and transfers at beginning of year					
Accumulated depreciation and amortisation at beginning of year	-153,5	0,0			-67,1
Accumulated impairment losses at beginning of year					
<b>Carrying amount at end of year</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0</b>	<b>1,4</b>	<b>20,4</b>

	2007				Equipment
	Intangible assets IT software	Intangible assets Other intangible assets	Property, plant and equipment Investment property and shares in property companies	Property, plant and equipment Other property and shares in property companies	
EUR m					
<b>Cost at beginning of year</b>	153,0	16,4	13,7	2,0	75,1
Additions	9,2				9,2
Disposals	-6,4				-1,2
Transfers to and from items		-6,9	-13,7		6,9
Depreciation and amortisation according to plan for the year	-38,7	-5,3			-7,8
Impairment losses and reversals for the year					
Accumulated depreciation and amortisation allocated to disposals and transfers at beginning of year					
Accumulated depreciation and amortisation at beginning of year	-114,7	-4,2			-59,4
Accumulated impairment losses at beginning of year					
<b>Carrying amount at end of year</b>	<b>2,3</b>	<b>0,0</b>	<b>0,0</b>	<b>2,0</b>	<b>23,0</b>
<b>20 OTHER ASSETS</b>					
		<b>2008</b>	<b>2007</b>		
EUR m					
Items in transit		0,1	0,3		
Margin accounts related to derivatives		14,5	28,2		
Other		251,2	150,6		
<b>Total</b>		<b>265,8</b>	<b>179,0</b>		
<b>21 PREPAYMENTS AND ACCRUED INCOME</b>					
		<b>2008</b>	<b>2007</b>		
EUR m					
Accrued interest		124,9	247,6		
Other		29,6	13,6		
<b>Total</b>		<b>154,5</b>	<b>261,2</b>		
<b>22 DEFERRED TAX</b>					
		<b>2008</b>	<b>2007</b>		
EUR m					
<b>Deferred tax assets</b>		<b>40,2</b>	<b>31,4</b>		
Timing differences		40,2	31,4		
<b>Deferred tax liabilities</b>		<b>0,0</b>	<b>0,0</b>		
Timing differences		0,0	-0,2		
Fair value reserve		0,0	0,2		
<b>Deferred tax assets (-)/ liabilities (+), net</b>		<b>-40,2</b>	<b>-31,4</b>		
<b>23 DEBT SECURITIES IN ISSUE</b>					
		<b>2008</b>		<b>2007</b>	
EUR m		Carrying amount	Nominal amount	Carrying amount	Nominal amount
Certificates of Deposits		3 771,6	4 529,2	4 425,0	4 471,3
Bonds and notes		3 170,9	3 239,0	3 973,6	4 076,2
<b>Total</b>		<b>6 942,5</b>	<b>7 768,2</b>	<b>8 398,6</b>	<b>8 547,5</b>
<b>24 OTHER LIABILITIES</b>					
		<b>2008</b>	<b>2007</b>		
EUR m					
Items in transit		186,7	420,3		
Other		268,5	110,7		
<b>Total</b>		<b>455,2</b>	<b>531,0</b>		
<b>25 ACCRUALS AND DEFERRED INCOME</b>					
		<b>2008</b>	<b>2007</b>		
EUR m					
Deferred interest		92,5	338,6		
Other		142,5	82,7		
<b>Total</b>		<b>234,9</b>	<b>421,3</b>		

**26 SUBORDINATED LIABILITIES**

EUR m	<b>2008</b>	<b>2007</b>
Subordinated liabilities with a carrying amount more than 10% of the total amount of such liabilities	700,0	700,0
Other subordinated liabilities	0,0	47,4
<b>Total</b>	<b>700,0</b>	<b>747,4</b>
of which perpetuals	350,0	346,5

Due to Group companies	-	-
Due to associates	-	-

Issuer		Carrying amount in EURm	Nominal amount in EURm	Currency	Interest %	Due date
Sampo Bank plc	1)	150,0	150,0	EUR	3,74	17.3.2014
Sampo Bank plc	2)	200,0	200,0	EUR	4,13	31.5.2016
Sampo Bank plc	3)	125,0	125,0	EUR	5,41	perpetual
Sampo Bank plc	2)	125,0	125,0	EUR	4,88	perpetual
Sampo Bank plc	4)	100,0	100,0	EUR	4,57	perpetual
<b>Total</b>		<b>700,0</b>	<b>700,0</b>			

1) Repayable on interest payment date in March 2009. In capital adequacy calculation the debenture is included in its entirety in Tier 2 capital.

2) Repayable on interest payment date in May 2011. In capital adequacy calculation the debenture is included in its entirety in Tier 2 capital.

3) Repayable on interest payment date in March 2014. In capital adequacy calculation EURm 124,6 of capital securities are included in their entirety in Tier 1 capital.

4) Repayable on interest payment date in December 2010. In capital adequacy calculation EURm 123,3 of capital securities are included in their entirety in Tier 1 capital.

5) Repayable on interest payment date in October 2014. In capital adequacy calculation EURm 98,6 of capital securities are included in their entirety in Tier 1 capital.

**Capital securities at 31 December 2008****350,0 (341,6)**

Sampo Bank had on 31 December 2008 three capital securities in issue. The main terms of these loans are disclosed in IFRS consolidated financial statements/Note 22 Debt Securities in Issue.

## 27 MATURITY ANALYSIS OF ASSETS AND LIABILITIES, BY REMAINING MATURITY

EUR m	2008	2007
<b>Assets</b>		
<i>Less than 3 months</i>	7 519,9	7 497,0
Treasury bills and other eligible bills	397,9	750,3
Loans and advances to credit institutions	4 361,7	4 471,5
Loans and advances to customers	2 727,9	2 206,4
Debt securities	32,4	68,7
<i>3 - 12 months</i>	2 988,1	2 000,6
Treasury bills and other eligible bills	545,0	310,7
Loans and advances to credit institutions	661,1	158,3
Loans and advances to customers	1 763,5	1 529,6
Debt securities	18,5	2,0
<i>1 - 5 years</i>	6 229,0	5 595,4
Treasury bills and other eligible bills	242,9	240,2
Loans and advances to credit institutions	145,8	100,8
Loans and advances to customers	5 770,7	5 167,8
Debt securities	69,6	86,7
<i>5 - 10 years</i>	3 985,5	3 595,8
Treasury bills and other eligible bills	2,0	0,1
Loans and advances to credit institutions	0,0	0,0
Loans and advances to customers	3 978,2	3 584,1
Debt securities	5,3	11,6
<i>Over 10 years</i>	4 079,7	5 347,3
Treasury bills and other eligible bills	0,0	0,0
Loans and advances to credit institutions	0,0	0,0
Loans and advances to customers	4 079,3	5 347,3
Debt securities	0,4	0,0
<b>Liabilities</b>		
<i>Less than 3 months</i>	19 120,6	16 356,2
Liabilities to credit institutions	2 934,9	610,5
Liabilities to customers	12 766,4	12 158,7
Debt securities in issue	3 269,3	3 587,1
Subordinated liabilities	150,0	0,0
<i>3 - 12 months</i>	1 962,9	2 326,2
Liabilities to credit institutions	0,2	45,8
Liabilities to customers	38,6	601,9
Debt securities in issue	1 924,1	1 677,2
Subordinated liabilities	0,0	1,2
<i>1 - 5 years</i>	1 703,1	2 480,2
Liabilities to credit institutions	0,0	35,4
Liabilities to customers	190,5	104,3
Debt securities in issue	1 512,6	2 190,5
Subordinated liabilities	0,0	150,0
<i>5 - 10 years</i>	584,9	1 394,4
Liabilities to credit institutions	0,0	74,0
Liabilities to customers	38,9	10,5
Debt securities in issue	221,0	935,6
Subordinated liabilities	325,0	374,3
<i>Over 10 years</i>	241,6	225,5
Liabilities to credit institutions	0,0	0,0
Liabilities to customers	1,1	1,4
Debt securities in issue	15,5	8,1
Subordinated liabilities	225,0	216,0

## 28 ASSETS AND LIABILITIES DENOMINATED IN DOMESTIC CURRENCY (EURO) AND IN FOREIGN CURRENCIES (OTHER CURRENCIES)

	EUR m	Other currencies	Total	2008 To or from Group companies
<b>Assets</b>				
Loans and advances to credit institutions	4 964,0	204,6	5 168,6	266,1
Loans and advances to customers	17 732,4	587,2	18 319,6	
Debt securities	1 308,2	5,9	1 314,1	40,0
Derivative financial assets	1 214,1	0,0	1 214,1	16,4
Other assets	1 532,6	22,3	1 555,0	0,2
<b>Total</b>	<b>26 751,3</b>	<b>820,0</b>	<b>27 571,3</b>	<b>322,6</b>
<b>Liabilities</b>				
Liabilities to credit institutions	2 144,4	790,7	2 935,0	16,0
Liabilities to customers	12 790,2	245,3	13 035,5	
Debt securities in issue	6 820,2	122,3	6 942,5	
Derivative financial liabilities and other liabilities held for trading	1 227,7	0,0	1 227,7	43,9
Other liabilities	1 334,1	56,1	1 390,2	0,2
<b>Total</b>	<b>24 316,6</b>	<b>1 214,4</b>	<b>25 531,0</b>	<b>60,1</b>

	EUR m	Other currencies	Total	2007 To or from Group companies
<b>Assets</b>				
Loans and advances to credit institutions	4 486,9	243,7	4 730,6	
Loans and advances to customers	17 256,9	578,2	17 835,2	114,4
Debt securities	1 464,8	5,5	1 470,3	
Derivative financial assets	391,0	192,8	583,8	
Other assets	1 527,3	117,4	1 644,8	6,6
<b>Total</b>	<b>25 127,0</b>	<b>1 137,6</b>	<b>26 264,7</b>	<b>121,1</b>
<b>Liabilities</b>				
Liabilities to credit institutions	307,4	458,3	765,7	
Liabilities to customers	12 475,6	401,0	12 876,7	1,9
Debt securities in issue	8 072,4	326,2	8 398,6	
Derivative financial liabilities and other liabilities held for trading	515,1	160,7	675,7	
Other liabilities	1 619,9	174,6	1 794,5	
<b>Total</b>	<b>22 990,4</b>	<b>1 520,8</b>	<b>24 511,2</b>	<b>1,9</b>

## 29 CHANGES IN FAIR VALUES RECOGNISED IN INCOME STATEMENT

EUR m	2008	2007
<b>Financial assets designated as at fair value</b>		
Debt securities	1,6	-0,3
Shares and participations	0,0	-1,1
Other	44,9	8,2
<b>Total</b>	<b>46,5</b>	<b>6,8</b>

## 30 MOVEMENTS IN EQUITY

EUR m	2008					Total
	Share capital	Legal reserve	Fair value reserve	Other reserves	Retained earnings	
Carrying amount at 1 Jan. 2008	106,0	261,7	0,6	43,8	1 341,6	1 753,6
Additions						0,0
Decreases			-0,6			-0,6
Dividends						0,0
Profit for the year					152,4	152,4
Carrying amount at 31 Dec. 2008	106,0	261,7	0,0	43,8	1 494,0	1 905,5
Fair value reserve at 1 Jan. 2008						
Available for sale financial assets	0,8					
Cash flow hedging	0,0					
Deferred tax liability	-0,2					
<b>Total</b>	<b>0,6</b>					
Retained earnings at 1 Jan. 2008						
Dividends						0,0
Profit for the year					152,4	152,4
Retained earnings at 31 Dec. 2008					1 494,0	1 494,0
<b>Distributable equity at 31 December 2008</b>						
<b>Parent company</b>						
Other reserves	43,8					
Retained earnings	1 341,6					
Profit for the year	152,4					
Decreases	0,0					
<b>Total</b>	<b>1 537,7</b>					
<b>2007</b>						
EUR m	Share capital	Legal reserve	Fair value reserve	Other reserves	Retained earnings	Total
Carrying amount at 1 Jan. 2007	106,0	261,7	-2,7	29,1	635,6	1 029,7
Additions			3,3	14,6		17,9
Decreases						0,0
Dividends						0,0
Profit for the year					705,8	705,8
Carrying amount at 31 Dec. 2007	106,0	261,7	0,6	43,8	1 341,4	1 753,4
Fair value reserve at 1 Jan. 2007						
Available for sale financial assets	-3,7					
Cash flow hedging	0,0					
Deferred tax liability	1,0					
<b>Total</b>	<b>-2,7</b>					
Retained earnings at 1 Jan. 2007						
Dividends						0,0
Profit for the year					705,8	705,8
Retained earnings at 31 Dec. 2007					1 341,4	1 341,4
<b>Distributable equity at 31 December 2007</b>						
<b>Parent company</b>						
Other reserves	43,8					
Retained earnings	635,6					
Profit for the year	705,8					
Decreases	0,0					
<b>Total</b>	<b>1 385,1</b>					

**31 SHARE CAPITAL****Sampo**

The share capital of Sampo Bank plc amounts to EUR 106,000,000.00, comprising 106,000 shares. Each share has one vote.

**32 SHARE ISSUES, OPTION RIGHTS AND ISSUE OF CONVERTIBLE BONDS**

Sampo Bank has not issued new shares, option rights nor convertible bonds during the year. The Bank has no valid authority granted by the annual general meeting to issue new shares, option rights or convertible bonds.

**33 SHAREHOLDERS AND PRINCIPAL SHAREHOLDERS**

Danske Bank A/S owns all the share capital of Sampo Bank plc.

**34 ASSETS PLEDGED AS COLLATERAL SECURITY**

EUR m	<b>2008</b>	<b>2007</b>
<b>Pledged for own liabilities</b>	<b>Pledges</b>	<b>Pledges</b>
<b>Balance sheet item</b>		
Derivative financial liabilities and other liabilities held for trading	73,5	140,1
Total assets pledged	1 363,0	1 139,7
<b>Total pledged for own liabilities</b>	<b>1 436,5</b>	<b>1 279,8</b>
of which on behalf of Group companies	0,0	0,0
<b>Pledged on behalf of others</b>	<b>78,9</b>	<b>47,0</b>
of which on behalf of related party executives	0,0	0,0

**35 PENSION LIABILITY**

The basic and supplementary pension benefits of the staff in Sampo Bank plc and its Group companies are handled through insurance.

**36 FUTURE RENTAL COMMITMENTS**

EUR m	<b>2008</b>	<b>2007</b>
Not more than one year	27,9	26,1
Over one year but not more than five years	82,6	62,9
Over five years	57,9	39,6
<b>Total</b>	<b>168,3</b>	<b>128,6</b>

**37 OFF-BALANCE SHEET ITEMS**

EUR m	<b>2008</b>	<b>2007</b>
<b>Guarantees and pledges</b>	<b>1 660,5</b>	<b>2 342,2</b>
of which on behalf of Group companies	4,4	4,4
on behalf of associates	-	-
<b>Sale and option to resell transactions</b>		
<b>Undrawn loans, overdraft facilities and commitments to lend</b>	<b>2 699,8</b>	<b>3 832,2</b>
to Group companies	0,0	12,5
to associates	12,7	7,3
<b>Underwriting commitments</b>		
<b>Other commitments</b>		
to or on behalf of Group companies		
to or on behalf of associates		
<b>Total off-balance sheet items</b>	<b>4 360,3</b>	<b>6 174,4</b>
to or on behalf of Group companies	4,4	16,9
to or on behalf of associates	12,7	7,3

**38 INFORMATION ON STAFF AND MANAGEMENT****STAFF NUMBERS**

	Average number	2008 Change during the year
Full-time staff	2 891	20
Part-time staff	72	51
Temporary staff	117	7
Total	3080	78

The staff number by business area and geographical market area is disclosed in Note 11.

**MANAGEMENT'S REMUNERATION (EUR 1,000)****2008****Managing Director ja Deputy Managing Director**

Managing Director	Ilkka Hallavo	524,6
Deputy Managing Director (until 1.10.08)	Maarit Näkyvä	309,2
Deputy Managing Director (as from 2.10.08)	Risto Tornivaara	27,2

**BOARD OF DIRECTORS**

The members of the Board of Directors of Sampo Bank are employees of the Group, to whom no fee is paid for the membership of the Board of Directors of Sampo Bank.

**PENSION BENEFITS**

The retirement age of the Managing Director and the Deputy Managing Director is 60 years.  
The pension benefit is 60% of the pensionable salary funded through payments to insurance company.

**LOANS**

EUR m	
Balance at beginning of year	0,0
Additions	-
Repayments	-
Balance at end of year	0,0

The interest on loans to the management is at least as high as on the staff loans referred to in the Income Tax Act, section 67. Also other terms of the loans correspond to the terms of staff loans confirmed in the Group. The loans are secured.

**39 SHARES HELD**

Company name, registered office, nature of business	Note	Percentage of equity capital held %	Carrying amount of shares total EUR million
<b>Subsidiaries of Sampo Bank plc</b>			
MB Equity Partners Oy, Helsinki, mutual fund management	1	40,0	0,0
MB Mezzanine Fund II Ky, Helsinki, mezzanine financing	1	60,0	0,0
Realty World Ltd, Helsinki, estate agency	1	100,0	2,0
Sampo Housing Loan Bank of Finland plc, Helsinki, mortgage lending	1	100,0	76,1
3C Asset Management Ltd, Helsinki, investment services	1	100,0	3,2
Sampo Fund Management Ltd, Helsinki, investment services	1	92,6	3,8
Sampo Trade Service Ltd, Hong Kong, other financing services	1	100,0	0,0
Kolarin Nilijänkkä Kiinteistö Oy	1	100,0	1,4
Danske DCR PLC, Helsinki	1	100,0	1,8
<b>Associates of Sampo Bank plc</b>			
Automatia Pankkiautomaatit Oy, Helsinki, electronic banking services	2	33,3	5,1
MB Equity Fund Ky, Helsinki, investment	2	20,9	0,1
Tapio Technologies Oy, Espoo, manufacturer of electrical equipments	2	20,0	0,0
Arfin Oy, Helsinki, business and management consultancy activities	2	33,3	0,0

1 Consolidated in full

2 Accounted by the equity method

**40 ASSET MANAGEMENT AND CUSTOMER ASSETS HELD**

Sampo Bank plc provides asset management services self and through subsidiaries.

**41 INFORMATION ON A CREDIT INSTITUTION WHICH IS A GROUP COMPANY**

In 2008, Sampo Bank plc belonged to Danske Bank Group, whose parent company is Danske Bank A/S. Danske Bank A/S Annual Report 2008 is available at [www.danskebank.com](http://www.danskebank.com).

The registered office of Sampo Bank plc is Helsinki

**Sampo Bank plc Board of Directors' proposal to the annual general meeting for the distribution of the profits of the parent company**

Parent company's distributable capital and reserves totalled EUR 1,537,736,542.39 of which the profit for the year is EUR 152,434,552.83.

Sampo Bank's Board of Directors proposes to the Annual General Meeting the distributable capital and reserves are used as follows:

No dividend will be issued for the financial year 2008. Retained earnings are left in the equity capital.

Helsinki, 5th February 2009

Peter Straarup

Sven Erik Lystbæk

Ilkka Hallavo

Lars Stensgaard Mørch

Georg Schubiger

Risto Tornivaara

Teija Andersen

Esko Mäkeläinen

Tonny Thierry Andersen