

SAMPO HOUSING LOAN BANK PLC

ANNUAL REPORT AND ACCOUNTS 2007

SAMPO HOUSING LOAN BANK PLC

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SAMPO HOUSING LOAN BANK PLC

BOARD OF DIRECTORS' REPORT

Sampo Housing Loan Bank plc's profit for the 2007 financial year was EUR 9.6 million.

Business idea

The business idea of Sampo Housing Loan Bank, a wholly owned subsidiary of Sampo Bank plc, is to obtain economical, non-deposit funding for the Sampo Bank Group by issuing covered bonds.

The covered bonds issued by Sampo Housing Loan Bank are secured by mortgages as regulated by Finland's Mortgage Bank Act. Sampo Housing Loan Bank purchases the mortgages securing these bond issues from its parent company, Sampo Bank plc. The purchased mortgages must fulfil the provisions of the Mortgage Bank Act, the terms and conditions of the issuance programme and the conditions set by Sampo Housing Loan Bank's Board of Directors. All decisions relating to mortgage purchases are made by Sampo Housing Loan Bank's Board of Directors. Sampo Housing Loan Bank does not itself grant loans to customers.

In September 2005, Sampo Housing Loan Bank signed an issuance programme worth EUR 5 billion (Euro Medium Term Covered Note Programme) and has launched within that programme during financial years 2005 and 2006 two covered bond issues secured by mortgages, nominally valued at EUR 1 billion each. Moody's Investors Service Ltd has given both of these issues the Aaa credit rating. During the financial year 2007 the company has not launched new covered bond issues secured by mortgages.

Result

The operating profit for the year before taxes was EUR 13.0 million, compared with EUR 11.9 million in the previous year. The profit for the year was EUR 9.6 million (8.8). Net interest income increased to EUR 21.5 million (13.4).

Balance sheet

The company's loan portfolio at the end of the financial year totalled EUR 2,219.0 million (2,090.3). Sampo Housing Loan Bank purchases mortgages from Sampo Bank as security for the covered bonds. In 2007, the total value of mortgages purchased was EUR 772 million.

Non-performing loans totalled EUR 0.9 million (0.4). No impairment losses were recognised during the year.

Funding of the company was based on the line of credit granted by Sampo Bank.

The carrying amount of the covered bonds in issue was EUR 1,923.2 million (1,930.1) and the nominal value was EUR 2,000.0 million (2,000.1).

The covered bonds were secured by mortgages worth EUR 2,211.1 (2,339.2). Mortgages with fixed interest rates have been measured at fair value, while mortgages with floating interest rates have been measured at amortised cost.

Capital adequacy

The capital adequacy ratio at the end of the year was 11.8 per cent (11.7) and the tier 1 ratio was 8.4 per cent (8.1).

Risk weighted assets and liabilities increased to EUR 1,160.4 million (1,088.3).

Contents of loan and collateral portfolio

Under the Mortgage Bank Act, covered bonds must be secured by loans or portions thereof with loan-to-value not exceeding 60 per cent up to an aggregate carrying amount corresponding to the carrying amount of the outstanding covered bonds. Such loans totalled EUR 2,174.2 million, or 98.19 per cent of the loan portfolio used as collateral. Loans with loan-to-value in excess of 60 per cent totalled EUR 40.2 million, or 1.81 per cent of the loan portfolio.

The loan portfolio used as collateral without valuations totalled EUR 2,214.4 million and consisted of about 59,300 loans with an average loan amount of EUR 37,000. The average loan-to-value of the loan portfolio is 37.59 per cent. The collateral for the loans consists of properties and shares of housing companies used for dwelling purposes. All collateral is located in Finland.

The discounted average maturity, as per the Financial Supervision Authority's regulation 105.15 based on Section 9a of the Mortgage Bank Act, was 6.43 years for the secured loan portfolio and 3.02 years for the outstanding bonds.

In accordance with the terms and conditions of the bond programme, the carrying amount of the secured loan portfolio must cover at least 105 per cent of the outstanding amount of the covered bonds. At the turn of the year, this ratio was 110.63 per cent.

Risk management

The risk management policies applied by Sampo Housing Loan Bank are based on legislation related to mortgage banks. In addition, the Board of Directors annually approves risk policies for Sampo Housing Loan Bank.

Credit risk

When granting loans, Sampo Bank plc assesses the creditworthiness of its retail customers by analysing each customer's or household's income, living expenses and debt repayment obligations, as well as other factors that have a bearing on the customer's solvency. These are used for customer credit scoring. Uncertainties related to the evaluation of creditworthiness are covered by using collateral which, in the case of long-term loans granted to retail customers, is usually a dwelling. Sampo Housing Loan Bank utilises this information in its own decision-making.

Sampo Bank utilises a statistical credit risk model to measure its credit risks. The model estimates the expected credit losses and the economic capital for credit risk. The measurement is based on the default probabilities implied by the customer's credit rating and the estimated loss given default.

Collateral is valued in accordance with the written instructions prepared by Sampo Bank and approved by Sampo Housing Loan Bank's Board of Directors, and occurs either as part of a credit decision or as an independent credit decision. Collateral is valued at the time of its acceptance and regularly thereafter. The

basic valuation is executed by the company's staff assisted, if necessary, by the assessments of an external independent valuation expert. Price trends are monitored by an index supplied by Statistics Finland describing the price trends of dwellings.

Sampo Housing Loan Bank maintains a register of its covered bonds in issue and their collateral. Loans in the register may be used as collateral for covered bonds in issue only to the extent that they correspond to a maximum of 60 per cent of the fair value of the collateral. The bank delivers the register information to the Financial Supervision Authority monthly.

Market risk

Management of the company's market risks is based on the market and financial risk management policy approved by Sampo Housing Loan Bank's Board of Directors. The services related to risk management are purchased from Sampo Bank's Asset and Liability Management unit which monitors the company's interest rate risk situation and other market risks, managing risks within the policies and limits set by Sampo Housing Loan Bank's Board of Directors.

Sampo Housing Loan Bank uses derivative contracts to hedge against interest rate risks. The counterparty of all derivative contracts is Sampo Bank plc.

Sampo Housing Loan Bank has hedged its mortgage loan portfolio with two interest rate swaps, one of which targets the fixed interest rate portfolio while the other targets the floating rate portfolio. These interest rate swaps are used to exchange the base rate cash flows from the hedged mortgages (total loan interest rate less customer-specific margin) to three month Euribor cash flows. The maturity date for the interest rate swap that hedges the fixed rate mortgages is determined on the basis of the end date of the hedged mortgages' interest rate period, while the due date for the interest rate swap hedging the floating rate mortgages is determined on the basis of the hedged mortgages' maturity date.

As a counter for the above-mentioned arrangements are two interest rate swaps, with which Sampo Housing Loan Bank has swapped the fixed coupon rates of the covered bonds it has issued to the three month Euribor rate. Due to the aggregate effect of the interest rate swaps made, Sampo Housing Loan Bank's balance sheet is almost free of interest rate risks.

The interest rate swaps made in order to hedge the issued bonds, the fixed interest rate mortgage loan portfolio and the bonds used as supplementary collateral comply with the rules for hedge accounting as per IAS 39, and hedge accounting has been applied to them. The interest rate swap hedging the floating rate mortgage loans does not comply with the rules for hedge accounting as per IAS 39, for which reason it has been recognised in the accounting as other than a hedging derivative agreement and its effect on the result has been itemised under the net income from securities trading.

Administration and staff

During the financial year, Sampo Housing Loan Bank had no employees of its own, but purchased administrative services from Sampo Bank plc.

The Annual General Meeting of 28 March, 2007 elected the following as members of the Board of Directors: Aki Palo, Jukka Huotari and Kirsi Autiosalo. Aki Palo was elected as Chairman of the Board. Jari Raassina serves as the company's Managing Director.

The firm of Ernst & Young Oy, authorised public accountants, with principal responsibility Kunto Pekkala, APA and Tomi Englund, APA were elected as auditors at the Annual General Meeting.

Outlook for 2008

The growth of the housing loan market is expected to continue in 2008 enabling also Sampo Housing Loan Bank to expand its operations. However the company is not intending to launch new covered bond issuance secured by mortgages for the meantime.

Board of Director's proposal for the distribution of profit

The Board will propose to the Annual General Meeting that no dividend be paid.

Sampo Housing Loan Bank plc will publish one Interim Report during the financial year.

INCOME STATEMENT

EUR	Year ended at 31 Dec. 2007 1000 EUR	Year ended at 31 Dec. 2006 1000 EUR
Interest income	113 522	57 752
Interest expenses	92 046	44 388
Net interest income	21 477	13 364
Fee and commission income	539	319
Fee and commission expenses	-21	-32
Net income from transactions in securities and foreign exchange dealing from transactions in securities	-1 198	1 816
Net income from financial assets available-for-sale	-395	-2 000
Net gains on hedge accounting	-2 253	2 044
Administrative expenses Other administrative expenses	-4 911	-3 353
Other operating expenses	-261	-296
Profit before taxes	12 977	11 862
TAXES	-3 374	-3 084
Profit for the financial year	<u>9 603</u>	<u>8 778</u>

BALANCE SHEET

EUR	At 31 Dec. 2007		At 31 Dec. 2006	
	1000 EUR		1000 EUR	
ASSETS				
Treasury bills and other eligible bills				
Treasury bills	-		99 890	
Other	-	-	156 510	256 400
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Loans and advances to credit institutions	44 563		27 910	
Repayable on demand	16 697	61 259	15 973	43 883
Other				
Loans and advances to customers				
Other than repayable on demand		2 219 008		2 090 314
Derivatives		4 753		5 428
Other assets		-		17
Prepayments and accrued income		20 521		26 315
Deferred tax assets		-		11
TOTAL ASSETS		<u><u>2 305 542</u></u>		<u><u>2 422 368</u></u>
LIABILITIES				
LIABILITIES				
Liabilities to credit institutitons				
Other		149 000		82 000
Debt securities in issue				
Bonds and notes		1 923 205		1 930 074
Derivatives and other liabilities held for trading		66 878		55 810
Other liabilities		392		191 931
Accruals and deferred income		28 836		34 957
Subordinated liabilities		40 000		40 000
EQUITY				
Share capital	41 050		41 050	
Share premium account	35 000		35 000	
Fair value reserve				
Changes in fair value	-		-32	
Retained earnings	11 577		2 799	
Profit for the year	9 603	97 230	8 778	87 595
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES		<u><u>2 305 542</u></u>		<u><u>2 422 368</u></u>
OFF-BALANCE SHEET ITEMS				
Commitments				
Other		2		30
		<u> </u>		<u> </u>

STATEMENT OF CHANGES IN EQUITY

1 000 EUR	Share capital	Share premium account	Fair value reserve	Retained earnings	Total
Equity at 1 Jan. 2006 IFRS	23 550	17 500	-	2 799	43 849
Financial assets available-for-sale					
- Change in fair value			-32		-32
Increase in share capital	17 500	17 500			35 000
Profit for the year				8 778	8 778
Equity at 31 Dec. 2006	41 050	35 000	-32	11 577	87 595
Equity at 1 Jan. 2007 IFRS	41 050	35 000	-32	11 577	87 595
Financial assets available-for-sale					
- Change in fair value			32		32
Profit for the year				9 603	9 603
Equity at 31 Dec. 2007	41 050	35 000	-	21 180	97 230

CASH FLOW STATEMENT

1 000 EUR

	2007	2006
Cash flow from operating activities		
Profit before taxes	12 977	11 862
Adjustments:		
Unrealised gains and losses arising from valuation	1 921	-2 331
Other adjustments	1 925	470
Adjustments total	3 846	-1 861
Change (+/-) in liabilities of operating activities		
Loans and receivables	-131 365	-1 007 857
Investments	256 047	-258 442
Other assets	5 816	-17 517
Total	130 498	-1 283 816
Change (+/-) in liabilities of operating activities		
Amounts owed to credit institutions and customers	67 000	37 000
Other liabilities	-196 957	208 890
Paid taxes	-4 083	-3 051
Total	-134 039	242 839
Net cash used in operating activities	13 282	-1 030 976
Cash flows from investing activities	-	-
Cash flows from financing activities		
Increase in share capital	-	35 000
Issue of debt securities	3 471	1 015 759
Repayments of debt securities in issue	-100	-1 570
Net cash from financing activities	3 371	1 049 189
Total cash flows	16 653	18 213
Cash and cash equivalents at 1 January	27 910	9 697
Cash and cash equivalents at 31 December	44 563	27 910
Net increase in cash and cash equivalents	-16 653	-18 213

CAPITAL ADEQUACY

EUR	At 31 Dec. 2007 1000 EUR	At 31 Dec. 2006 1000 EUR
Tier 1	97 230	87 627
Share capital	41 050	41 050
Share premium capital	35 000	35 000
Distributable capital	21 180	11 577
Tier 2	40 000	39 968
Subordinated liabilities	40 000	40 000
Other	-	-32
TOTAL CAPITAL	137 230	127 595
RISK-WEIGHTED ASSETS (ON-BALANCE SHEET AND OFF-BALANCE SHEET)	1 160 384	1 088 343
CAPITAL ADEQUACY RATIO, %		
- Total capital/ Risk-weighted assets	11,83 %	11,72 %
- Tier 1 capital/ Risk-weighted assets	8,38 %	8,05 %
	8,05 %	7,60 %

Sampo Housing Loan Bank's capital adequacy ratio has 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 3/125/2005, as enabled by transitional provision possibility in Credit institutions Act Sect. 12.

NOTES

The financial statements for 2007 are prepared in compliance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The standards and interpretations applied are those effective at 31 December 2007. Hedge accounting has been applied in compliance with IAS 39 as approved by the International Accounting Standards Board (IASB). The financial statements for the year ended 31 December 2005 were prepared in accordance with the appliance and regulatory requirements in Finland (Finnish Accounting Standards, FAS).

1000 EUR

1 Interest income and expenses by balance sheet item

	2007	2006
Interest income		
Treasury bills and other eligible bills	522	3 577
Loans and advances to credit institutions	2 069	1 105
Loans and advances to customers	104 968	52 006
Derivatives	5 949	1 058
Other interest income	15	5
Total	113 522	57 752

Interest expenses

Liabilities to credit institutions	4 655	2 481
Debt securities in issue	65 971	38 218
Derivatives and other liabilities held for trading	18 207	1 248
Subordinated liabilities	1 888	974
Other interest expenses	1 324	1 467
Total	92 046	44 388

Of which received from or paid to Group companies

Interest income	8 017	2 163
Interest expenses	26 074	6 169

2 Fee and commission income and expenses**Fee and commission income**

From loans	539	319
From other activities	0	20
Total	539	339

Fee and commission expenses

Fees and commissions payable	21	32
Total	21	32

3 Net income from transactions in securities

	2007	2006
	Change in fair value	Change in fair value
From derivatives	-1 198	1 816
Net income from transactions in securities, total	-1 198	1 816

4 Net income from available for sale financial assets

	2007	2006
Treasury bills and other eligible bills		
Disposals of financial assets (gains/losses)	-1 925	-470
Revaluation	1 530	-1 530
Total	-395	-2 000

5 Net gains on hedge accounting

	2007	2006
Change in fair value of hedging instruments, net	-10 546	-32 471
Change in fair value of hedged items, net	8 293	34 515
Total	-2 253	2 044

6 Information on business and geographical market areas

	2007			
	Income	Operating profit	Assets	Liabilities
Business area				
Mortgage banking	18 170	12 977	2 305 542	2 208 312
Geographical market area				
Finland	18 170	12 977	2 305 542	2 208 312
	2006			
	Income	Operating profit	Assets	Liabilities
Business area				
Mortgage banking	15 544	11 862	2 422 368	2 334 772
Geographical market area				
Finland	15 544	11 862	2 422 368	2 334 772

Income includes net interest income, fee and commission income, net income from transactions in securities and foreign exchange dealing, net income from financial assets available-for-sale and net gains on hedge accounting.

7 Loans and receivables to credit institutions	2007	2006
To domestic credit institutions		
Repayable on demand	44 563	27 910
Other	16 697	15 973
Total	61 259	43 883
8 Loans and advances to customers	2007	2006
Corporations and housing companies	208	228
Households	2 216 406	2 087 411
Non-profit institutions servicing households	2 019	2 149
Foreign	375	525
Total	2 219 008	2 090 314
Non-performing loans	2007	2006
Households	897	412
Loans and advances to customers	2007	2006
By type of loan		
Home loans	1 993 036	1 859 333
Consumer loans	138 320	148 709
Other consumer loans	87 444	82 044
Other commercial loans	208	228
Total	2 219 008	2 090 314
9 Debt securities		
Treasury bills and other eligible bills	2007	2006
Issued by public bodies		
Available-for-sale		
Treasury bills	-	99 890
Government bonds	-	156 510
Total	-	256 400

10 Derivatives	2007		2007	
	Contract/notional amount		Fair value	
	Remaining maturity		Positive	Negative
1-5 years	5-15 years			
Held for hedging purposes				
Interest rate swaps	1 129 328	1 000 000	3 349	66 878
- of which with Group companies	1 129 328	1 000 000		
Held for other purposes				
Interest rate swaps	2 092 965	-	1 404	-
- of which with Group companies	2 092 965	-		
	2006		2006	
	Contract/notional amount		Fair value	
	Remaining maturity		Positive	Negative
	1-5 years	5-15 years		
Held for hedging purposes				
Interest rate swaps	1 105 023	1 156 000	2 827	55 810
- of which with Group companies	1 105 023	1 156 000		
Held for other purposes				
Interest rate swaps	1 986 612	-	2 602	-
- of which with Group companies	1 986 612	-		
Sampo Housing Loan Bank has no derivative contracts with remaining maturity less than 1 year or over 15 years.				
11 Prepayments and accrued income	2007	2006		
Accrued interest	20 515	26 315		
Total	20 515	26 315		
12 Deferred tax assets	2007	2006		
Fair value reserve	-	11		
13 Debt securities in issue	2007	2006	2006	
	Carrying amount	Nominal value	Carrying amount	Nominal value
Bonds	1 923 205	2 000 000	1 930 074	2 000 100
Total	1 923 205	2 000 000	1 930 074	2 000 100
14 Other liabilities	2007	2006		
Loan purchase, debt/Sampo Bank plc	-	191 891		
Other	392	40		
Total	392	191 931		
15 Accruals and deferred income	2007	2006		
Deferred interest	28 836	34 254		
Other	-	703		
Total	28 836	34 957		

16 Subordinated liabilities	2007	2006
Subordinated liabilities		
Due to Group companies	40 000	40 000

Subordinated liabilities with a carrying amount more than 10% of the total amount of such liabilities

Issuer	Amount in EUR thousands	Currency	Interest %	Due date
Sampo Housing Loan Bank plc	1) 20 000	EUR	5,205	19 Aug. 2015
Sampo Housing Loan Bank plc	2) 20 000	EUR	5,118	30 Aug. 2016

1) Repayable on 19 August 2010 and after that on any interest payment date.

2) Repayable on 30 August 2011 and after that on any interest payment date.

In capital adequacy, when calculating the amount of the total capital, the debenture of EUR 40 million is included totally in the lower Tier 2 capital.

17 Maturity analysis of assets and liabilities, by remaining maturity

Assets	2007	2006
<i>Less than 3 months</i>	96 239	181 362
Treasury bills and other eligible bills	-	99 890
Loans and advances to credit institutions	44 563	27 910
Loans and advances to customers	51 677	53 562
<i>3 - 12 months</i>	150 894	162 672
Treasury bills and other eligible bills	-	-
Loans and advances to credit institutions	-	-
Loans and advances to customers	150 894	162 672
<i>1 - 5 years</i>	709 300	892 837
Treasury bills and other eligible bills	-	156 510
Loans and advances to credit institutions	16 697	15 973
Loans and advances to customers	692 603	720 354
<i>5 - 10 years</i>	580 963	503 516
Treasury bills and other eligible bills	-	-
Loans and advances to credit institutions	-	-
Loans and advances to customers	580 963	503 516
<i>Over 10 years</i>	742 872	650 210
Treasury bills and other eligible bills	-	-
Loans and advances to credit institutions	-	-
Loans and advances to customers	742 872	650 210
Liabilities		
<i>Less than 3 months</i>	149 000	82 100
Liabilities to credit institutions	149 000	82 000
Debt securities in issue	-	100
Subordinated liabilities	-	-
<i>3 - 12 months</i>	-	-
<i>1 - 5 years</i>	1 963 205	1 969 974
Liabilities to credit institutions	-	-
Debt securities in issue	1 923 205	1 929 974
Subordinated liabilities	40 000	40 000
<i>5 - 10 years</i>	-	-
<i>Over 10 years</i>	-	-

18 Assets and liabilities denominated in euro and in currencies other than euro

	2007		2006	
	EUR	Intra-Group	EUR	Intra-Group
Assets				
Loans and receivables to credit institutions	61 259	61 259	43 883	43 883
Loans and receivables to customers	2 219 008	-	2 090 314	-
Debt securities	-	-	256 400	-
Derivatives	4 753	4 753	5 428	5 428
Other assets	20 521	15 376	26 342	16 766
Total	2 305 542	81 389	2 422 368	66 077
Liabilities				
Liabilities to credit institutions	149 000	149 000	82 000	82 000
Debt securities in issue	1 923 205	-	1 930 074	-
Derivatives and other liabilities held for trading	66 878	66 678	55 810	55 810
Other liabilities	69 228	52 033	266 888	248 574
Total	2 208 312	267 711	2 334 772	386 384

Sampo Housing Loan Bank has not balance sheet items denominated in other currencies.

19 Share capital**Sampo Housing Loan Bank plc**

The share capital of Sampo Housing Loan Bank plc amounts to EUR 41 050 000,00.

The number of shares is 41 050, all of the same class, with a nominal value of EUR 1000.

20 Share issues, option rights and issue of convertible bonds

Sampo Housing Loan Bank had no right offerings based on option rights or convertible bonds during the year.

The Board of Directors was not authorised by the AGM to issue new shares, grant options or issue convertible bonds during the year.

21 Distribution of shareholding and principal shareholders

Sampo Bank plc owns all the share capital of Sampo Housing Loan Bank plc.

22 Assets pledged as collateral security

	2007	2006
Secured liabilities		
Balance sheet item	Pledges	Pledges
Debt securities in issue	2 211 078	2 339 187
Total	2 211 078	2 339 187

23 Off-balance sheet item

	2007	2006
Undrawn loans, overdraft facilities and other irrevocable commitments to lend	2	30

24 Staff numbers

Sampo Housing Loan Bank had no employees in 2007 and 2006.

25 Loans and advances to members of administrative and supervisory bodies

	Loans total 31 Dec. 2006	Decrease	Loans total 31 Dec. 2007
Members and deputy members of the Board of Directors and Managing Director and Deputy Managing Director	-	-	-
	Loans total 31 Dec. 2005	Decrease	Loans total 31 Dec. 2006
Members and deputy members of the Board of Directors and Managing Director and Deputy Managing Director	50	50	0

The interest on loans to the members of administrative and supervisory bodies is at least as high as on the staff loans referred to the Income and Capital Tax Act, section 67, so that the interest benefit will not be liable for taxation. Also other terms of the loans correspond to the terms of staff loans confirmed in the Group.

26 Information on Group undertakings

Sampo Housing Loan Bank plc is a part of Sampo Bank -Group, whose parent company is Sampo Bank plc.
The registered office of Sampo Housing Loan Bank plc is in Helsinki.
Sampo Bank plc is a part of the Danske Bank Group, whose parent company is Danske Bank A/S.

FINANCIAL HIGHLIGHTS

1000 EUR	2007	2006	2005	2004	2003
Revenues	110 216	59 932	13 873	973	1 725
Net interest income	21 477	13 364	4 398	315	550
% of revenue	19,5	22,3	31,7	32,4	31,9
Profit before taxes	12 977	11 862	3 007	68	434
% of revenue	11,8	19,8	21,7	7,0	25,1
Total income 1)	18 149	15 512	4 653	331	611
Total operating expenses 2)	5 172	3 649	1 645	263	178
Cost to income ratio %	28,5	23,5	35,4	79,4	29,1
Total assets	2 305 542	2 422 368	1 119 065	27 381	36 272
Equity	97 230	87 595	43 849	6 624	6 575
Return on assets, % 3)	0,4	0,5	0,4	0,2	0,7
Return on equity, % 3)	10,4	13,3	8,8	0,7	4,8
Equity/assets ratio, %	4,2	3,6	3,9	24,2	18,1
Capital adequacy ratio, % 4)	11,8	11,7	11,1	50,4	36,1
Off-balance sheet items	2	30	504	-	20

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.

- 1) Total income comprises the income in the formula for the cost to income ratio.
- 2) Total operating expenses comprise the cost in the formula for the cost to income ratio.
- 3) The financial highlights have been calculated with taking into account the amount of the fair value reserve in equity and changes in it. Without the change in the fair value reserve the return on equity would have been 13,4 % for 2006.
- 4) Credit Institutions Act (121/2007) according to transitional provision possibility in Sect. 12: in old law 79 and 79a.

Formulas used in calculating the financial highlights

Revenues: interest income, fee and commission income, net income from transactions in securities and foreign exchange dealing, net income from financial assets available-for-sale, net gains on hedge accounting, other operating income

Cost to income ratio, %:
$$\frac{\text{administrative expenses} + \text{other operating expenses}}{\text{net interest income} + \text{fee and commission income, net} + \text{net income from transactions in securities and foreign exchange dealing} + \text{net income from financial assets available-for-sale} + \text{net gains on hedge accounting} + \text{other operating income}} \times 100$$

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

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

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

SAMPO HOUSING LOAN BANK PLC BOARD OF DIRECTORS' PROPOSAL TO THE ANNUAL
GENERAL MEETING FOR DISTRIBUTION OF THE PROFITS OF THE COMPANY

The Board of Directors proposes that the Annual General meeting confirm the profit for the year
EUR 9 602 761,72 and that no dividend be distributed.

Helsinki, 28 January 2008

Aki Palo

Kirsi Autiosalo

Jukka Huotari

AUDITORS' REPORT

Translation

To the shareholders of Sampo Asuntoluottopankki Oyj

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Sampo Asuntoluottopankki Oyj for the period 1.1.2007 – 31.12.2007. The Board of Directors and the Managing Director have prepared the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, as well as the report of the Board of Directors prepared in accordance with prevailing regulations in Finland. Based on our audit we express an opinion on these financial statements, as well as on the report of the Board of Directors and on administration.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of administration is to examine that the members of the Board of Directors and the Managing Director have complied with the rules of the Companies Act and Finnish Act on Mortgage Credit Banks.

In our opinion the report of the Board of Directors and the financial statements have been prepared in accordance with the Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the company's results of operations as well as of the financial position. The report of the Board of Directors is consistent with the financial statements. The financial statements can be adopted and the members of the Board of Directors and the Managing Director can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the result is in compliance with the Companies Act.

Helsinki 13 February 2008

ERNST & YOUNG OY
Authorised Public Accounting Firm

Kunto Pekkala
Authorised Public Accountant

Tomi Englund
Authorised Public Accountant