

SAMPO BANK PLC
ANNUAL REPORT AND ACCOUNTS 2007

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SAMPO BANK PLC BOARD OF DIRECTORS' REPORT 2007

Changes in Group structure

Danske Bank A/S bought all shares in Sampo Bank plc on 1 February 2007. At the same time AS Sampo Pank, AB Sampo Bankas and AS Sampo Banka, the Baltic Banks, were moved directly to the consolidation group of Danske Bank. The business of Mandatum & Co Ltd was sold to Danske Bank Helsinki branch on May 2007 and the business of Mandatum Securities Ltd (name changed to MDT Invest Ltd) was sold to Danske Bank Helsinki branch on July 2007. Danske Capital Fund Management Company Ltd's business was sold to Sampo Fund Management Ltd in September 2007. Danske Capital Finland Ltd and Mandatum Asset Management Ltd were merged to the Sampo Bank in October 2007. As part of the Danske Capital Finland merger Danske DCR Ltd became a group company. Bank ZAO Danske Bank (formerly ZAO Profibank) in Russia continued as subsidiary of Sampo Bank.

Sales profit and result of Baltic Banks as well as Mandatum & Co Ltd and Mandatum Securities Ltd are presented in the income statement as discontinued operations. The changes in Group structure have effect on the comparability of the numbers.

Result

Sampo Bank Group's profit before taxes for January-December was EUR 775.7 million (354,2). The number contains the income from discontinued operations, altogether EUR 499.4 million. Return on equity before tax including discontinued operations was 44.8 per cent (24.5). Cost-to-income-ratio was 37.0 per cent (56.5).

Balance sheet

Loans and advances increased by EUR 3,733.3 million from year-end 2006 and totalled EUR 25,292.8 million (21,559.5). Loans and advances in Baltic Banks totalled EUR 2,553.3 million in 2006.

Credit quality remained good. Net impairment on loans and receivables was EUR 62.5 million (1.5). A collective impairment of EUR 17.5 million was booked during 2007. A one-off impairment of EUR 12.0 million was booked in March. Other than those, the increase mainly relates to a few major facilities.

Deposits totalled EUR 12,775.5 million increasing 1.4 per cent from year-end 2006 (12,598.1). Deposits in Baltic Banks totalled EUR 1,150.0 million in 2006.

Capital adequacy

Sampo Bank Group's capital adequacy ratio was 15.1 per cent (11.9) at the end of 2007 and the Tier 1 ratio was 12.9 per cent (8.3). The total capital included in capital adequacy calculations amounted to EUR 2,633.6 million at the end of December (2,123.9). The Group's risk-weighted assets totalled EUR 17,404.3 million (17,847.3).

Most significant change in own funds from the end of 2006 was profit from sale of Baltic Banks to Danske Bank A/S. Another major change was the redemption the Tier 2 debenture loan of EUR 150 million in June. Risk weighted assets grew steadily in all risk groups, but on Group level effect is leveled by excluding Baltic Banks from Sampo Bank Group since 1.2.2007.

CAPITAL ADEQUACY DATA

EURm	Sampo Bank Group		Sampo Bank plc	
	At 31 December 2007	2006	At 31 December 2007	2006
Tier 1 ¹⁾	2 239,3	1 480,9	2 150,1	1 395,8
Share capital	106,0	106,0	106,0	106,0
Share premium				
Reserves	271,1	271,1	261,7	261,7
Capital securities	346,5	346,3	346,5	346,3
Distributable capital	1 510,0	808,6	1 444,6	732,5
Minority interests	14,4	13,7	0,0	0,0
Intangible assets	-8,7	-64,9	-8,7	-50,7
Financial assets at fair value	0,0	0,0	0,0	0,0
Tier 2	394,3	643,0	394,3	626,8
Subordinated liabilities	393,8	565,8	393,8	549,8
Other	0,6	77,1	0,6	77,0
Tier 3 ²⁾	0,0	0,0	0,0	0,0
Total capital	2 633,6	2 123,9	2 544,5	2 022,7
Risk-weighted assets (on-balance sheet and off-balance sheet)	17 404,3	17 847,3	16 555,5	15 123,2
Capital adequacy ratio, %				
- total capital/risk-weighted assets	15,1%	11,9%	15,4%	13,4%
- Tier 1 capital/risk-weighted assets	12,9%	8,3%	13,0%	9,2%

Group 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 3/125/125, as enabled by transitional provision possibility in Credit Institutions Act Sect.12.

The figures of Sampo Bank plc are calculated in accordance with Finnish Accounting Standards (FAS).

¹⁾ The proposed amount of dividends has been deducted from the equity. Tier 1 includes capital securities 15 % (23 %) in Sampo Bank Group and 16 % (25 %) in Sampo Bank plc.

²⁾ 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 statutory capital adequacy calculation, risks in Sampo Bank Group are described and aggregated internally through economic capital, which describes the amount of capital needed to bear different kind of risks. The requirement is well covered by equity and capital securities. The major risks associated with Sampo Bank Group's activities are credit risk, the interest rate and liquidity risks of banking book, operational risks and various business risks such as changes in competition or customer behaviour. Risk management is described in detail in the financial statements according to IFRS.

Ratings

The ratings raised when the ownership of Sampo Bank plc was transferred to Danske Bank on 1 February 2007. Moody's raised Sampo Bank plc's A1 (long-term currency debt/deposit rating) to Aa1 with stable outlook on 10 April 2007. Moody's changed its ratings methodology during the spring, consequently Sampo Bank plc's senior rating was first raised to Aaa on 23 February 2007 and on 10 April 2007 set to Aa1. Standard & Poor's raised Sampo Bank plc's ratings to AA-/A-1+ with stable outlook on 7 February 2007.

Administration

After the acquisition of all shares of Sampo Bank plc by Danske Bank A/S, Peter Straarup (chairman), Sven Lystbæk (vice chairman), Ilkka Hallavo, Lars Stensgaard Mørch, Thomas Mitchell and Maarit Näkyvä were elected as Board members in an extraordinary general meeting on 1 February 2007. The Board nominated Ilkka Hallavo as managing director for the Bank on 1 February 2007 and Maarit Näkyvä as his deputy.

On 27 September Sampo Bank plc's Board of Directors was expanded by three new members. The bank's extraordinary general meeting elected Teija Andersen, Esko Mäkeläinen and Tonny Thierry Andersen to the Board of Directors.

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

Outlook for the whole year

Integration of Sampo Bank into Danske Bank goes ahead as planned. The technical integration is intended to happen at Easter 2008. At a later stage Sampo Bank will be merged into Danske Bank A/S and will continue its operations as Danske Bank A/S Finland branch.

Assuming that economic conditions remain favourable, the growth of business operations in Finland is expected to continue in 2008, although at a slightly lower pace than in 2007. The migration at Easter 2008 is expected to result in high integration expenses in the first and second quarters of the year.

FINANCIAL HIGHLIGHTS

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

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

²⁾ Total income comprises the income in the formula for the cost to income ratio.

³⁾ Total operating expenses comprise the cost in the formula for the cost to income ratio.

⁴⁾ The change in fair value reserve 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 and 24,8 % for 2006.

⁵⁾ Capital securities have not been included in equity.

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

⁷⁾ 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	1-12/2007	1-12/2006	Change
<u>Continuing operations</u>				
Interest income	2	1 147,7	831,6	316,1
Interest expense	2	-762,9	-490,8	-272,1
Net trading income	3	89,3	77,9	11,3
Fee income	4	319,4	303,9	15,5
Fee expenses	4	-85,7	-75,3	-10,4
Net income from investments	6	39,2	55,6	-16,4
Other operating income		70,3	35,2	35,1
Total operating income		817,2	738,1	79,0
Staff costs	7	-192,5	-197,0	4,5
Other operating expenses	8	-286,4	-217,6	-68,8
Impairment losses on loans and receivables	5	-62,0	-0,4	-61,6
Total operating expenses		-540,9	-415,0	-125,9
Profit from continuing operations before taxes		276,3	323,1	-46,9
Taxes		-68,6	-77,3	8,7
Profit from continuing operations		207,7	245,9	-38,2
<u>Discontinued operations</u>				
Profit from discontinued operations before taxes	1,2	499,4	31,1	468,3
Taxes		-7,0	-2,8	-4,2
Profit from discontinued operations		492,4	28,3	464,1
Profit for the period		700,1	274,2	425,9
Attributable to				
Equity holders of parent company		687,3	261,9	
Minority interests		12,8	12,3	

CONSOLIDATED BALANCE SHEET

EURm	Note	12/2007	12/2006
Assets			
Cash and balances at central banks	11	290,8	1 722,2
Trading portfolio assets	12	1 429,2	1 791,5
Financial assets at fair value through p/l	12	551,2	588,1
Loans and receivables	13	25 292,8	21 559,5
Investments	14	17,5	353,4
Intangible assets	16	8,7	64,7
Property, plant and equipment	17	90,2	89,9
Other assets	18	439,9	453,6
Tax assets	19	31,1	4,1
Total assets		28 151,5	26 626,9
Liabilities			
Financial liabilities at fair value through p/l	12	671,0	507,4
Amounts owed to credit institutions and customers	21	13 503,6	13 255,6
Debt securities in issue	22	11 064,3	10 649,1
Other liabilities	23	970,3	1 013,8
Tax liabilities	19	40,0	4,0
Total liabilities		26 249,2	25 429,9
Equity			
Share capital	28	106,0	106,0
Reserves	28	271,7	268,6
Retained earnings	28	1 510,3	808,6
Equity attributable to parent company's equityholders		1 888,0	1 183,2
Minority interests		14,4	13,7
Total equity		1 902,4	1 196,9
Total equity and liabilities		28 151,5	26 626,9

STATEMENT OF CHANGES IN EQUITY

EURm	Share capital	Legal reserve	Fair value reserve	Retained earnings	Total	Minority interest	Total
Equity at 1 Jan. 2006	106,0	271,1	1,8	622,0	1 001,0	16,7	1 017,7
Cash flow hedges:							
- recognised in equity during the financial year			0,0		0,0		0,0
- recognised in p/l			-0,8		-0,8		-0,8
Financial assets available-for-sale							
- change in fair value			14,1		14,1		14,1
- recognised in p/l			-17,6		-17,6		-17,6
Profit for the financial year				-0,3	-0,3		-0,3
Total income and expenses recognised for the period			-4,3	261,9	261,9	12,3	274,2
Other changes				-75,0	-75,0	-15,2	-90,2
Dividends				-0,1	-0,1		-0,1
Equity at 31 Dec. 2006	106,0	271,1	-2,5	808,6	1 183,2	13,7	1 196,9
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
Total income and expenses recognised for the period			3,2	701,7	704,9	12,8	717,7
Dividends				0,0	0,0	-12,2	-12,2
Equity at 31 Dec. 2007	106,0	271,1	0,6	1 510,2	1 888,0	14,4	1 902,4

CASH FLOW STATEMENT

EURm

	2007	2006
Cash flows from operating activities		
Profit before taxes	775,7	354,2
Adjustments:		
Depreciation	65,6	43,0
Unrealised gains and losses arising from valuation	-6,5	15,5
Impairment losses on loans and receivables	70,1	10,5
Other adjustments	-481,1	-31,5
Adjustments total	-351,9	37,4
Change (+/-) in assets of operating activities		
Financial assets at fair value through p/l	391,2	42,5
Loans and receivables	-3 708,1	-2 687,0
Investments	354,6	-253,5
Other assets	10,2	-117,2
Total	-2 952,0	-3 015,2
Change (+/-) in liabilities of operating activities		
Financial liabilities at fair value through p/l	92,9	-32,6
Amounts owed to credit institutions and customers	249,3	922,7
Other liabilities	-44,6	122,8
Paid taxes	-67,9	-82,0
Total	229,6	930,9
Net cash from operating activities	-2 298,6	-1 692,7
Cash flows from investing activities		
Investments in group and associated undertakings	2,9	-5,3
Proceeds from the sale of group and associated undertaking	460,3	
Net investment in equipment and intangible assets	-17,6	-41,2
Net cash used in investing activities	445,6	-46,4
Cash flows from financing activities		
Dividends paid	15,4	-90,3
Issue of debt securities	15 434,0	13 026,2
Repayments of debt securities in issue	-14 928,5	-10 775,7
Net cash used in financing activities	520,9	2 160,2
Total cash flow	-1 332,1	421,1
Cash and cash equivalents at 1 January	1 814,7	1 393,7
Cash and cash equivalents at 31 December	482,7	1 814,8
Change during the period	1 332,1	-421,1
 Additional information to the statement of cash flows:		
Interest income received	1 161,7	929,2
Interest expense paid	-739,1	-467,1
Dividend income received	23,7	17,6

The items of the statement of cash flows cannot be directly concluded from the balance sheets due to e.g. exchange rate differences, acquisitions and disposals of subsidiaries during the period.

Cash flow statement includes cash flows from operating activities, investing activities and financing activities. The calculation have been prepared by using the indirect method.

Cash and cash equivalents include cash at bank and in hand EURm 26,8 (EURm 40,7), balances with central banks 264,0 (1 681,5) and loans and advances to other banks repayable on demand EURm 191,7 (EURm 92,5).

NOTE TO THE CASH FLOW STATEMENT

Acquisitions in 2006

On 16 August 2006 Sampo Bank plc acquired Industry and Finance Bank (ZAO Danske Bank), a banking company, in St. Petersburg, Russia.

EURm

Acquired financial assets	0,4
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Balance sheet items of the company acquired

Assets	Fair value
Financial assets at fair value through p/l	0,4
Loans and receivables	0,1
Investments	0,2
Other assets	0,1
Total assets	0,9
Liabilities	
Owed to credit institutions and customers	0,4
Debt securities in issue	0,1
Total liabilities	0,5
Equity	0,4
Total equity and liabilities	0,9

NOTES TO THE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sampo Bank Group has prepared the consolidated financial statements for 2007 in compliance with the International Financial Reporting Standards (IFRSs) as adopted by the EU. 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 2007. 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 2007 financial year had no substantial effect on Sampo Bank's accounting principles or the information presented in the financial statements.

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

The consolidated financial statements are presented in euro (EUR), rounded to the nearest million, unless otherwise stated.

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. Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date that control ceases.

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. The excess of the cost of an acquisition over the Group's share of the fair value of the identifiable net assets acquired is recorded as goodwill.

The accounting policies used throughout the Group for the purposes of consolidation are consistent with respect to similar business activities and other events taking place in similar conditions. All intra-group transactions and balances are eliminated upon consolidation.

ASSOCIATES

Associates are entities in which the Group has significant influence, but no control over the financial management and operating policy decisions. This is generally demonstrated when the Group holds in excess of 20 per cent, but no more than 50 per cent, of the voting rights of an entity. Investments in associates are treated by the equity method of accounting, in which the investment is initially recorded at cost and increased (or decreased) each year by the Group's share of the post-acquisition net income (or loss), or other movements reflected directly in the equity of the associate. If the Group's share of the associate's loss exceeds the carrying amount of the investment, the investment is carried at zero value, and the loss in excess is consolidated only if Sampo Bank is committed to fulfilling the obligations of the associate. Goodwill arising on the acquisition is included in the cost of the investment. Unrealised gains (losses) on transactions are eliminated to the extent of the Group's interest in the entity.

Investments in associates are included in the balance sheet item 'Investments' and the Group's share of the results of associates in 'Net income from investment activities' in the income statement.

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 consolidated financial statements are presented in euro, which is the functional and reporting currency of the Group and the parent company. Items included in the financial statements of each of the Group entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of transactions or the average rate for a month. Monetary balance sheet items denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date. Non-monetary balance sheet items measured at historical cost are presented in the balance sheet using the historical rate existing at the date of the transaction.

Translation differences arising from translation of transactions and monetary balance sheet items denominated in foreign currencies into functional currency are recognised as translation gains and losses in profit or loss. Translation differences arising from equities classified as available-for-sale financial assets are included directly in the fair value reserve in equity.

The income statements of Group entities whose functional currency is other than euro are translated into euro at the average rate for the period, and the balance sheets at the rates prevailing at the balance sheet date. The resulting translation differences are included in equity. When a subsidiary is divested entirely or partially, the cumulative translation differences are included in the income statement under sales gains or losses.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as if they were assets and liabilities of the foreign entity. Translation differences resulting from the translation of these items at the exchange rate of the balance sheet date are included in equity.

Translation differences that existed at the Group's IFRS transition date, 1 January 2004, are deemed to be zero, in accordance with the exemption permitted by IFRS 1.

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

	Balance sheet date	
1 euro (EUR) =	exchange rate	Average exchange rate
Russian rouble (RUB)	35.9860	35.0196

SEGMENT REPORTING

The segment reporting in Sampo Bank Group is based on internal business areas and on the organisational structure in 2007.

Banking activities in Finland includes segments private clients, corporate and institutional clients, other and eliminations as they were reported in the financial statements for 2006. Migration costs is reported as a new segment. The East European banking as well as investment banking is presented 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 are recognised in the income statement using the effective interest rate method. This method recognises income and expenses on the instrument evenly in proportion to the amount outstanding over the period to maturity. The calculation of effective interest includes all the fees and points received or paid between parties to the contract that are an integral part of the effective interest rate, all the transaction costs and all other premiums or discounts.

Once a financial asset has been written down as a result of an impairment loss, interest income is thereafter recognised using the original effective interest rate of that asset. When an uncertainty arises about the collectibility of the interest, the uncollectible amount, or the amount in respect of which recovery has ceased to be probable, is recognised as an impairment loss.

Dividends on equity securities are recognised as revenue when the right to receive payment is established.

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 or loss are recognised in profit or 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 or loss when the syndication has been completed.

FINANCIAL ASSETS AND LIABILITIES

Based on the measurement practice, financial assets and liabilities are classified in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, financial liabilities at fair value through profit or loss, and other liabilities.

Purchases and sales of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets are recognised and derecognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Loans and receivables are recognised when cash is advanced to the borrower.

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when the Group has a legally enforceable right to set off the recognised amounts and it intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the contractual rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

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

Financial assets and liabilities at fair value through profit of loss comprise trading assets and liabilities, derivatives held for trading, and financial assets designated as at fair value through profit or loss.

Trading assets and liabilities, and financial derivative instruments

Trading assets comprise debt securities and equities acquired principally for the purpose of selling or repurchasing them in the near term. Trading liabilities consist of obligations to deliver trading securities which

the Group has sold to third parties but does not own (short selling). Derivative instruments that are not designated as hedges and are not effective as such are classified as derivatives for trading purposes.

Trading assets and liabilities and financial derivatives held for trading are initially recognised at cost, which is the fair value of the consideration paid or given. Derivative instruments are carried as assets when the fair value is positive, and as liabilities when the fair value is negative. Trading assets and liabilities and derivative instruments are recognised at fair value, and gains and losses arising from changes in fair value or realised on disposal, together with related interest income and expenses and dividends, are recognised in the income statement.

Financial assets designated as at fair value through profit or loss

Financial assets designated as at fair value through profit or loss are assets which, at inception, are irrevocably designated as such. They are initially recognised at cost which is the fair value of the consideration given, and subsequently remeasured at fair value. Gains and losses arising from changes in fair value, or realised on disposal, together with the related interest income and dividends, are recognised in the income statement.

According to the Group risk management policy, investments are managed at fair value in order to have the most realistic and real-time picture of investments and they are reported to the Group key management personnel at fair value. Financial assets designated as at fair value through profit or loss are debt securities used in managing the collateral and liquidity portfolio.

LOANS AND RECEIVABLES

Loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group is not intending to sell immediately or in the short term. The category also comprises cash and balances with central banks.

Loans and receivables are initially recognised at cost which is the fair value of the consideration given, including transaction costs that are directly attributable to the acquisition of the asset. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold until maturity. Held-to-maturity investments are initially recorded at cost which is the fair value of the consideration given plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are non-derivative financial investments that are designated as available for sale and are not categorised into any other category. Available-for-sale financial assets comprise debt and equity securities. Available-for-sale financial assets comprise assets that, although they are not acquired for trading purposes, might not be held to maturity.

Available-for-sale financial assets are initially recognised at cost, which is the fair value of the consideration given, including direct and incremental transaction costs. They are subsequently remeasured at fair value, and the changes in fair value are included as a separate component of equity, taking the tax effect into account. Interest income and dividends are recognised in profit or loss. When the available-for-sale assets are sold, the cumulative change in the fair value is transferred from equity and recognised together with realised gains or losses in profit or loss. The cumulative change in the fair value is also transferred to profit or loss when the assets are impaired and the impairment loss is recognised. Translation differences due to available-for-sale monetary balance sheet items are always recognised directly in profit or loss.

OTHER FINANCIAL LIABILITIES

Other financial liabilities comprise deposits and other liabilities to credit institutions and customers, debt securities in issue, and other financial liabilities.

Other financial liabilities are recognised when the consideration is received and measured to amortised cost, using the effective interest rate method.

If debt securities issued are redeemed before maturity, they are derecognised and the difference between the carrying amount and the consideration paid at redemption is recognised in profit or loss.

FAIR VALUE

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Financial assets are measured at the bid price and financial liabilities at the asking price. If there are items in a position offsetting each other's market position, the mid price may be used to that extent. If a published price quotation does not exist for a financial instrument in its entirety, but active markets exist for its component parts, the fair value is determined on the basis of the relevant market prices of the component parts.

If a market for a financial instrument is not active, or the instrument is not quoted, the fair value is established by using generally accepted valuation techniques including recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

If the fair value of a financial asset cannot be determined, historical cost is deemed to be a sufficient approximation of fair value. The amount of such assets in the Group balance sheet is negligible.

IMPAIRMENT OF FINANCIAL ASSETS

Sampo Bank assesses in the end of the financial year whether there is any objective evidence that a financial asset may be impaired. A financial asset is impaired and impairment losses are incurred, if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset, and if that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

FINANCIAL ASSETS CARRIED AT AMORTISED COST

The objective evidence of the customer's ability to pay all contractual payments is based on a default rating. There is objective evidence of impairment if the payment status of a customer is rated as 'default', which, in the case of loans and held-to-maturity investments, is demonstrated by one or more of the following loss events:

- Overdue payments: Interest or principal payments more than 90 days overdue.
- Forced concession: Decision the Group would not have made at the given terms, if the customer had not had existing exposures in the Group (e.g. reduction of an interest rate or a material abatement of interest or principal, change in the status of a loan to subordinate, voluntary restructuring or rearrangement of payments).
- Legal restructuring: Corporate restructuring and corresponding rearrangements for personal customers.
- Bankruptcy: Declared bankrupt.

When a default occurs, the impairment of a loan is assessed. The amount of the loss is measured as the difference between the loan's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred), discounted at the loan's original effective interest rate, less the collateral's fair value. The difference is recognised as an impairment loss in profit or loss. The costs of obtaining and selling collateral are included in the calculation of the cash flows of a collateralised loan. The impairment of loans is assessed individually. For other customers that those rated as 'default' the impairment need is considered collectively. All impairments are shown at allowance account.

Amounts recognised into the allowance account are written off against the carrying amount of an impaired loan, when the recovery has ceased to be probable, at the latest.

Loans that would be overdue or impaired unless their terms were renegotiated will be subject to a 'forced concession', and an impairment loss will be recognised to the extent that the fair value of the collateral does not cover the estimated future cash flows discounted at the loan's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (the default status is removed), the previously recognised impairment loss shall be reversed either directly or by adjusting the allowance account.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

The impairment of available-for-sale financial assets is monitored through an investment plan. The credit risk limits by issuer have been determined in the investment plan and the plan is followed daily. The objective evidence of an impairment of available-for-sale financial assets is based on a separate assessment, which is done if the credit rating of an issuer has declined or the entity is placed on watchlist, or there is a significant or prolonged decline in the fair value of an equity instrument below its cost. When the observable data indicates that an impairment has occurred, the cumulative loss recognised directly in equity is removed from equity and recognised in profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed by recognising the amount in profit or loss. Impairment losses recognised in profit or loss for an equity instrument shall not be reversed through profit or loss..

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments are classified as those held for trading and those held for hedging, including interest rate derivatives, foreign exchange derivatives, equity derivatives, commodity derivatives and credit derivatives. Derivative instruments are measured initially at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

DERIVATIVES HELD FOR TRADING

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

HEDGE ACCOUNTING

The Sampo Bank Group hedges its operations against interest rate risks, currency risks and price risks through fair value hedging. Fair value hedging is used to protect against changes in the fair value of recognised assets or liabilities.

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

Assets and liabilities denominated in euro or other currencies are hedged against related interest rate, currency and price risks. Both individual items and portfolios are designated as hedged items to which hedge accounting is applied.

Fair value hedging

Fair value hedging is used to hedge individual fixed interest rate loans, debt securities in issue, as well as index-linked deposits and index-linked debt securities in issue. The hedging instruments used include interest rate swaps, interest rate and cross currency swaps. In addition, fixed interest rate loan portfolios are hedged by using interest rate swaps.

Changes in the fair value of derivative instruments that are documented as fair value hedges and are effective in relation to the hedged risk are recognised in profit or loss. In addition, the hedged assets and liabilities are measured at fair value during the period for which the hedge was designated, with changes in fair value recognised in profit or loss.

SALE AND REPURCHASE AGREEMENTS AND SECURITIES LENDING

Securities sold subject to irrevocable repurchase agreements ('repos') are retained in the balance sheet as financial assets. The sale is recognised as a liability and included in 'Amounts owed to credit institutions and customers' in the balance sheet. Securities purchased under irrevocable agreements to resell ('reverse repos') are recorded as loans to credit institutions and customers and included in 'Loans and receivables' in the balance sheet. The difference between the sales and repurchase prices is treated as interest and accrued over the life of the agreements using the effective interest rate method.

Securities lent to counterparties are retained in the balance sheet. Conversely, securities borrowed are not recognised in the balance sheet, unless these are sold to third parties, in which case the purchase is recorded as a trading asset and the obligation to return the securities as a trading liability at fair value through profit or loss.

LEASES

GROUP AS 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 or 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 or loss.

INTANGIBLE ASSETS

GOODWILL

Goodwill represents the excess of the cost of an acquisition (made after 1 January 2004) over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition. Goodwill on acquisitions before 1 January 2004 is accounted for in accordance with the previous accounting standards and the carrying amount is used as the deemed cost in accordance with the IFRS.

Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is not depreciated.

OTHER INTANGIBLE ASSETS

IT software and other intangible assets, whether procured externally or internally generated, are recognised in the balance sheet as intangible assets with finite useful lives, if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably.

The cost of internally generated intangible assets is determined as the sum of all costs directly attributable to the assets. Research costs are recognised as expenses in profit or loss as they are incurred. Costs arising from development of new IT software or from significant improvement of existing software are recognised only to the extent they meet the above-mentioned requirements for being recognised as assets in the balance sheet.

Intangible assets with finite useful lives are measured at historical cost less accumulated amortisation and impairment losses. Intangible assets are amortised on a straight-line basis over the estimated useful life of the asset. Due to the migration to the Danske Bank's solutions in March is IT software depreciated in December 2007. The estimated useful lives by asset class are as follows:

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

The cost of acquiring the Russian Industry and Finance Bank, ZAO Danske Bank, has been recognised as an intangible asset to the extent the cost exceeded the total amount of the company's net assets. This cost is deemed as the cost of acquiring a licence to undertake banking operations in Russia. The licence is considered to have an indefinite useful life. It will not be depreciated, but it will be tested for impairment.

PROPERTY, PLANT AND EQUIPMENT

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

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

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

Residential, business premises and offices	20 - 60 years
Industrial buildings and warehouses	30 - 60 years
Components of buildings	10 - 15 years
IT equipment and motor vehicles	3 - 5 years
Other equipment	3 - 10 years

IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

At each reporting date the Group assesses whether there is any indication that an intangible asset or an item of property, plant or equipment may be impaired. If any such indication exists, the Group will estimate the recoverable amount of the asset. In addition, goodwill, intangible assets not yet available for use and intangible assets with a indefinite useful life will be tested for impairment annually, independent of any indication of impairment. For impairment testing the goodwill is allocated to the cash-generating units of the Group from the date of acquisition. In the test the carrying amount of the cash-generating unit, including the goodwill, is compared with its recoverable amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is calculated from the estimated future cash flows expected to be derived from an asset or a cash-generating unit, discounted at their present value before taxes using a determined interest rate percentage. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognised in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

If there is any indication that an impairment loss recognised for an asset in prior periods may no longer exist or may have decreased, the recoverable amount of the asset will be estimated. If the recoverable amount of the asset exceeds the carrying amount, the impairment loss is reversed, but no more than to the carrying amount which it would have been without recognition of the impairment loss. Impairment losses recognised for goodwill are not reversed.

INVESTMENT PROPERTY

Investment property is held to earn rentals and for capital appreciation. The Group applies the cost model to investment property in the same way as it applies to property, plant and equipment. Moreover, the depreciation periods and methods and the impairment principles are the same as those applied to corresponding property occupied for own activities. The fair value of investment property is estimated using a method based on estimates of future cash flows and a comparison method based on information from actual sales in the market. The fair value of investment property is presented in the Notes.

The valuation takes into account the characteristics of the property with respect to location, condition, lease situation and comparable market information regarding rents, yield requirements and unit prices. The valuations are mainly conducted by the Group's internal resources.

PROVISIONS

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation. If it is expected that some or all of the expenditure required to settle the provision will be reimbursed by another party, the reimbursement will be treated as a separate asset only when it is virtually certain that the Group will receive it.

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 (TEL) in Finland. In defined contribution plans, the Group pays fixed contributions to a pension insurance company and has no legal or constructive

obligation to pay further contributions. The obligations arising from a defined contribution plan are recognised as an expense in the period that the obligation relates to.

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, 2007: Share price: 199.75 (2006: 250.04). Dividend payout ratio: 3.9%. (2006: 3.2%). Rate of interest: 4.5-4.9% (2006: 4.1-4.3%), corresponding to the swap rate. Volatility: 22%. (2006: 18%). Average time of exercise: 0.13-4.25 years (2006: 0.63-4.25 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.

Sampo Bank plc participated in Sampo's share-based incentive schemes that were payable either in cash (the long-term incentive schemes 2003 I, 2004 I, 2004 II, 2005 I and 2006 I for executives and specialists) or in equity instruments (Sampo 2006). Schemes with cash payments were measured at the base value of the incentive on interim or annual balance sheet dates, and changes in the liability are recognised through profit or loss. Schemes where the payment was in equity instruments were measured at fair value at the grant date, and were recognised as an expense and as an increase in equity on a straight-line basis during the vesting period.

INCOME TAXES

Item Tax expenses in the income statement comprise current and deferred tax. Tax expenses are recognised through profit or loss, except for items recognised directly in equity, 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 advances to banks repayable on demand and short-term deposits (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 POLICIES REQUIRING MANAGEMENT JUDGEMENT, AND THE KEY UNCERTAINTIES RELATED TO ESTIMATES

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

Sampo Bank Group's main assumptions concerning the future and the key uncertainties related to balance sheet estimates are related, for example, to assumptions used in actuarial calculations, determination of fair values of non-quoted financial assets and liabilities and investment property and determination of the impairment of financial assets and intangible assets.

DETERMINATION OF FAIR VALUE

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

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

IMPAIRMENT TESTS

In testing loans and other receivables for impairment, the carrying amount is compared with the present value of recoverable future cash flows. Recoverable future cash flows are estimated for each contract by utilising assumptions based on historical data.

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

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 2007.

Banking in Finland and other functions includes segments private clients, corporate and institutional clients, markets operations and other as they were reported in the financial statements for 2006. Integration costs is reported as a new segment. The East European banking is presented as discontinued operations and the profit from sales as well as the operational result are included in the Group figures.

The segment results are reported as they are reported to the management. The segment reporting based on business areas represents the Group activities also geographically, because the East European banking is one of the business areas.

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 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
Total operating income	1 352,7	66,7	-0,1	-88,9	1 330,3
Total operating expenses	-427,1	-22,3	-49,4	6,6	-492,1
Impairment losses on loans and receivables	-62,5				-62,5
Profit before taxes	863,1	44,4	-49,5	-82,3	775,7
Sales profit from discontin. oper.					492,6

DECEMBER 30, 2007

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

CONSOLIDATED INCOME STATEMENT AND BALANCE SHEET BY SEGMENT FOR YEAR 2006

EURm	Private clients	Corporate and Institutional clients	East European Banking	Asset Management & Funds in Finland	Other	Eliminations	Total
Net interest income	232,3	167,1	47,1	0,8	-78,4	5,0	373,9
Impairment losses on loans and receivables	-7,7	8,2	-2,0	0,0	0,0	0,0	-1,5
Other operating income, net	102,3	126,8	33,3	55,1	153,9	-28,5	442,9
Total operating income	326,9	302,1	78,3	56,0	75,5	-23,4	815,3
Total operating expenses	-209,1	-128,9	-51,8	-21,4	-57,7	7,8	-461,1
Profit before taxes	117,8	173,2	26,6	34,6	17,8	-15,7	354,2
Total assets	10 440,4	8 956,4	3 032,2	62,9	6 217	-2 081,7	26 626,9
Loans and receivables	10 039,8	8 875,1	2 559,3		1 478	-1 393,0	21 559,5
Total liabilities	6 058,9	6 462,3	2 813,2	29,9	11 874,0	-1 808,3	25 429,9
Amounts owed to credit institutions and customers	5 612,5	6 009,7	2 549,0		478,8	-1 394,4	13 255,6
Share of profit in associates	-0,1	-0,1	0,0	0,0	0,8	0,0	0,7
Depreciation	3,8	12,8	4,0	0,7	22,2	-0,8	42,6
Investments	2,8	0,3	2,7	0,1	15,3	1,0	22,2

SAMPO BANK RISK MANAGEMENT DISCLOSURES

Risk Management Overview

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 process 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 Group's activities and the sufficiency of the companies' capitalisation in relation to these risks is regularly evaluated. These evaluations are made at both the individual company and the Group level.

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

Business Model and Risks

The major risks associated with Sampo Bank Group's activities are the credit risk arising from banking and 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 shocks 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.

Capital Management

REGULATORY CAPITAL

Banking is a highly regulated business. There are formal rules for minimum capital and capital structure. Capital adequacy is reported quarterly to the supervisory authorities monitoring Sampo Bank Group and its subsidiaries. The supervisors monitoring Sampo Bank Group are the Financial Supervision Authority in Finland and the local supervisor in Russia. The Financial Supervision Authority acts as the co-ordinator. Subsidiaries are monitored on a solo basis by the authority of the country of their location.

All Sampo Bank Group companies fulfilled the regulatory minimum capital requirements during 2007.

ECONOMIC CAPITAL

The risks in Sampo Bank Group are described and aggregated internally through the concept of economic capital. Economic capital describes the amount of capital required in the Group in order to bear different kinds of risks.

Economic capital is defined by market, credit risk, operational risks and business risks. Business risks reflect unexpected changes in a company's business environment. The economic capital allocated to the market and credit risks is calculated by means of the Group's own statistical risk models. The capital requirement for operational risks is calculated using the Basel 2 Standard Approach. Business risks are measured by business area in terms of the volatility of the operating profit and level of costs.

CAPITALISATION AND CAPITAL MANAGEMENT PROCESS

The basis for the Group's capitalisation is the need of economic capital. Other factors affecting the need for capital are the expected business growth, changes in the business environment with the regulatory minimum capital requirements, and market expectations concerning prudent capitalisation.

The first Sampo Bank Group ICAAP (Internal Capital Adequacy Assessment Process) report was prepared, approved by Sampo Bank Group Board and delivered to Finnish FSA in autumn 2007. The report includes assessment of all internal and external capital requirements Sampo Bank Group must fulfill. The requirements have been stressed with mild recession parameter changes in 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.

Financial Risks

Market, credit and liquidity risks are here classified under financial risks. The breakdown of the Group into financial assets and liabilities is presented in Table 4-1.

Financial assets and liabilities by asset class		2007	2006
Assets		27 072	25 465
	Cash	479	1 709
	Bonds	632	1 018
	Money market	5 239	1 290
	Equity and funds	23	9
	Loans and receivables	19 823	20 297
	Credit cards	219	201
	Financial lease assets	648	922
	Other financial assets	8	19
Liabilities		24 643	24 083
	Deposits	9 285	9 926
	Term deposits	1 976	1 722
	Money market	6 637	4 083
	Other long term debt (loans)	104	450
	Senior bonds	5 898	6 808
	Subordinated bonds	402	687
	Capital notes	341	342
	Other financial liabilities	0	65
Derivatives (Assets-Liabilities)		-76	-26

Table 4-1 Sampo Bank Group Financial Assets and Liabilities by asset class, derivatives netted, EURm

Market risks

Movements in risk factors such as interest rates, exchange rates, equity and commodity prices and changes in their respective volatilities affect the fair values of financial assets and liabilities. The sensitivity of existing contracts to different market risk scenarios is shown in Table 4-2.

At Sampo Bank Group level the major interest rate risks are in the loan and deposit portfolios. The equity and commodity risks are small. The currency positions of companies are shown in Table 4-3. The currency positions of companies are kept very minor.

The value-at-risk (VaR) figures for the Sampo Bank trading services are shown in Table 4-4. To interpret the VaR figures, on a horizon of one day, Sampo Bank has a 1 per cent probability of losing more than EUR 0,36 (1,34) million of its economic value due to market risk. See also 5.2.

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				
	Bonds	7	-7		
	Money market	3	-3		
	Equity and funds				
	Loans and receivables	150	-150		
	Credit cards	0	0		
	Financial lease assets	6	-6		
	Other financial assets				
Liabilities	Deposits	-59	59		
	Term deposits	-7	7		
	Money market	-11	11		
	Other long term debt	-1	1		
	Senior bonds	-67	67		
	Subordinated bonds	-1	1		
	Other financial liabilities				
Derivatives	Net	11	-12		0
Total 2007		33	-33		0
Total 2006		-19	-1		

Table 4-2 Sampo Bank Group Market Risk by Asset Class

Currency risk, open position EURm Banking and Investment Services	Home ccy	Foreign currency EURm										
		EUR	SEK	NOK	DKK	EEK	LVL	LTL	GBP	USD	JPY	OTHER
Total 2007	EUR		-1	1	-1	0	-15	-2	0	7	0	-9
Total 2006	EUR		0	0	1	-2	-2	0	0	-2	0	-1

Table 4-3 Currency Risk

	VaR 99% 1 day horizon, EURm, 2007					31/12/2006
	31/12/2007	Average	Maximum	Minimum		
Sampo Bank / Trading	-0.36	-0.68	-1.86	-0.24		-1.34

Table 4-4 VaR for Trading Portfolios

Market risks in banking

The market risks of banking arise from the banking book and trading services. The most noteworthy of the market risks is the interest rate risk. The interest rate risk is concentrated to Sampo Bank's banking book, which is mostly in euros. Market risks in trading services are small compared to banking book risks. Interest rate risk is not actively taken in the subsidiaries.

In the banking book, loans to customers are mostly linked to Euribor rates. The interest rates for a considerable part of demand deposits are set by the banks on the basis of the competitive situation and general interest levels. The market-based funding of Sampo Bank is mainly linked to the Euribor rates. With this risk profile, in a low rate environment, the net interest rate margin is under pressure. When rates climb, the net interest rate margin rises. The main risk is a situation in which the Euribor rates remain at a very low level for a long period of time.

In 2007 the Euribor rates climbed steadily and net interest margin of banking started to rise. During 2007, the bank did not enter to any new long-term hedges against a low rate scenario. As per 31 December 2007, a hypothetical one percentage point interest rate change would change the net interest margin of Sampo Bank by EUR 47 million.

CREDIT RISKS

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

The figures in Table 4-5 to Table 4-8 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 all agreements and derivative contracts, both on and off-balance sheet, with which they are associated.

	31.12.2007
Balance sheet items	
Demand deposits with central banks	264
Due from credit institutions and central banks	4 723
Bank loans and advances	20 570
Off-balance sheet items	
Guarantees	1 964
Loan commitments < 1 year	692
Loan commitments > 1 year	3 127
Total	31 341

Table 4-5 Credit exposure by balance sheet items EURm

	31.12.2007
Retail, personal customers	13 357
Retail, business customers	901
Corporate customers	10 999
Institutions	5 541
Governments	542
Total	31 341

Table 4-6 Credit exposure by asset class EURm

	31.12.2007
Retail customers	13 357
Rental housing companies, etc.	1 699
Government	396
Credit institutions	5 527
Financials	1 331
Energy	112
Materials	1 150
Industrials	3 068
Consumer discretionary and consumer staples	2 319
Health care	433
IT	330
Telecommunications	52
Utilities	577
Non-profit organisation	952
Not given	36
Total	31 341

Table 4-7 Credit exposure by industries

Rating avg.PD	31.12.2007
A1	0,01 628
A2	0,02 9 623
A3	0,04 6 081
A4	0,10 6 736
A5	0,26 4 356
A6	0.52 2 416
B1	1,91 344
B2	9,70 94
Default	100,00 307
Unrated	756
Total	31 341

Table 4-8 Credit exposure by rating EURm

Sampo Bank Group's outstanding exposures to customers totalled EUR 31.4 billion of which personal customers covers 42 per cent and corporate customers 38 per cent.

In terms of geographical area, 99 per cent of exposures were in EU countries. The growth of exposures was concentrated into Finland.

The average LGD-weighted probability of default (PD) at the end of the year was 2.8 per cent within corporate customers and 0,6 per cent within private customers. The expected loss of credit exposures was 0,15 per cent at the end of the year.

The number of defaulted customers reduced during the year but credit exposure increased because of some larger exposures. Prime collaterals cover 73 per cent of book value of defaulted customers at the end of the year.

LIQUIDITY RISKS

In the broadest sense, liquidity risks concern the availability of funding. If a liquidity risk materialises, it may jeopardise the conduct of regular business activities and, in extreme cases, may endanger the ability to fulfil daily payment obligations.

Liquidity risks are managed on the legal company level. Table 4-9 shows a contractual maturity analysis. In the table, financial assets and liabilities are divided into non-maturity contracts and contracts having an exact contractual maturity profile. Only the carrying amount is shown for contracts with no contractual maturity.

Cash flows according to contractual maturity (expected future payments of technical provisions), no eliminations	Carrying Amount Total	Carrying Amount Total		Cash flows EUR mn						
		Non Maturity Carrying Amount	Carrying Amount with Contractual Maturity	2008	2009	2010	2011	2012	2013-2022	2023-
Financial Assets	27 851	416	27 435	10 801	2 193	2 427	1 856	1 622	6 139	2 396
Financial Liabilities	25 637	201	25 436	19 205	1 820	1 300	1 432	59	1 403	217

Table 4-9 Financial Assets and Liabilities, Future Cash flows

Almost half of Sampo Bank Group's funding comes from liabilities to customers. While the growth in lending has been faster than in deposits Sampo Bank Group's market-based funding needs have been growing steadily. Table 4-10 shows Sampo Bank liquidity profile.

Sampo Bank has also actively entered into ISDA Master Agreements with Credit Support Annexes to ensure there is also availability of OTC-market counterparties in times of market stress.

To manage its short term liquidity, Sampo Bank Group has liquidity buffers in the form of liquid money market securities. The amount of the liquidity buffers is dependent on the assumed shocks in short-term funding availability. There are also tested contingency plans in place to ensure that liquidity management is managed in a co-ordinated manner, if there are severe liquidity problems in the markets.

Sampo Bank Liquidity profile in millions of Euros as of 31.12.2007	0 - 1M	1 - 12M	1 - 2Y	2 - 5Y	> 5Y	Total
ASSETS	8 839	2 405	1 665	4 088	9 267	26 265
- Loans and Advances to customers	1 688	2 097	1 607	3 996	9 097	18 484
- Liquid Assets *	6 106	281	40	61	0	6 487
- Derivatives	584	0	0	0	0	584
- Shares and participations	0	0	0	0	143	143
- Tangible and intangible assets	3	12	19	31	27	92
- Other Assets	459	15	0	0	0	474
LIABILITIES	6 859	6 149	2 884	4 398	6 133	26 423
- Liabilities to Customers *	2 962	2 423	1 276	3 574	2 642	12 877
- Liabilities to Credit Institutions and Central Banks	604	52	10	25	74	766
- Derivatives and other trading liabilities	604	71	0	1	0	676
- Debt Securities in issue	1 711	3 602	1 448	798	989	8 547
- Subordinated Liabilities	0	1	150	0	600	751
- Capital and reserves	0	0	0	0	1 824	1 824
- Other Liabilities	979	0	0	0	4	982
LIQUIDITY PROFILE 31.12.2007	1 980	-3 745	-1 219	-309	3 134	-159
LIQUIDITY PROFILE 31.12.2006	1 216	-1 873	-542	-1 574	2 614	-159

* Trading items are in the shortest maturity at market value. Demand deposits are reported over time

Table 4-10 Liquidity risk of the banking book

Risk Management Process and Methods

RISK MANAGEMENT GOVERNANCE

The risk management process consists of risk control and risk management. Risk control consists of formulating risk management principles, setting limits and granting authorisations, management accounting and risk calculation, assessing the economic capital needed, and monitoring the functionality of the risk management process. Risk management consists of identifying and pricing risks, risk-taking decisions, and portfolio management. Sampo Bank plc's Board of Directors together with the Boards of Directors of subsidiaries, the Group-level bodies and the Financial Control, share the responsibility for risk control. Line organisations are responsible for risk management.

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

The business line organisations make customer business-related decisions and ensure that decisions are made within the given authorisations and limits. The Group Risk Management, which is an independent unit outside the line organisations, monitors the Group's risk position.

MARKET RISK MANAGEMENT

The Group's Asset and Liability Committee sets limits, control parameters and risk-taking authorisations for market risks in banking activities. The daily management of market risks is carried out by the responsible units using various sensitivity analyses for positions against changes in market variables. In addition, there is independent monitoring by risk control.

In banking the Group Treasury manages the interest rate and liquidity risks of the banking book within its authorisations and limits. These risks arise from Sampo Bank's customer business. The objective is to preserve the net interest margin generated by customer business. The interest rate and liquidity risk of the banking book is managed by using derivatives and debt instruments. To reduce liquidity risks, some of the market-based funding must be acquired in maturities corresponding to the assets. A wide range of available financing sources with varying maturities is used. Customer behaviour data related to demand deposits and the prepayment characteristics of household loans are taken into account in the management process and in the related market risk models.

Trading operations cover customer-related businesses in interest rate, foreign exchange, stock, commodity and credit products and their combinations.

Market risks in trading are measured and limited by means of stress testing and exposure limits. Risks are also monitored using a technique called Value-at-Risk (VaR), which is calculated within a confidence level of 99 per cent for overnight risk. The volatility and correlation parameters required by the model are calculated daily on the basis of 60-banking day historical market observations.

CREDIT RISK MANAGEMENT

The 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 economic capital allocated to credit risks and the diversification of risks from different perspectives. The targeted economic capital is set at a level below the actual capital in the balance sheet. 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, as well as by the ratio of a customer group's economic capital, calculated by a credit risk model, to the total economic 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 within Danske Goup guidelines. The authority is further delegated to the CEO and the management of Credit unit, and to the authorised credit officers in the customer business units. The nominal amount of the authorisation varies according to the economic capital and the total exposure of the customer after the decision. All credit requests are prepared in the customer business units. Credit decisions are primarily based on the risk-adjusted return on risk-adjusted capital. The most important factors are probability of default, the loss given default, and the maturity of the respective customer exposures.

CREDIT RISKS OF CORPORATE CUSTOMERS

Each significant corporate customer has 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 customer responsible unit.

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 customer responsible units are reviewed systematically at least once a year. This review includes monitoring the appropriateness of credit decisions and implementation of action plans created for reducing the risks of the lowest rated customers. The evolution of new lending is monitored monthly against credit policy targets. Country, customer and product limits are monitored daily.

The Bank's internal 12-grade rating system for large and SME corporates has existed in its current form since 1997. The set of different rating and scoring models has been complemented during recent years. These models utilize public and internal information on borrower payment behaviour. The ratings of listed customers are monitored by a default prediction model that combines stock market and financial statements information

Sampo Bank utilises its own data to estimate the default probabilities assigned to rating grades. A customer will be rated as defaulted, if it has interest or loan instalments 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.

Loan pricing, customer profitability measurement as well as target-setting of the customer responsible units are based on risk-adjusted performance measures (RORAC).

CREDIT RISKS OF RETAIL CUSTOMERS

Credit applications are scored with scorecards that use customer or household income, living expenses, debt repayment obligations, and other factors as influential variables in forecasting customer creditworthiness. Depending on available information, the content of the scorecard varies by product. A behavioural scoring model suitable for continuous updating of creditworthiness estimates for private customers was introduced last year.

Long-term loans to private customers are mainly collateralised by housing company shares or residential real estate. Regional housing price indices are used to update latest trade prices, in calculating fair value estimates for these collateral types.

Pricing of private customer loans is risk sensitive, using contract level creditworthiness and loss given default estimates.

The incidences of past due payments are monitored continuously.

COLLATERAL VALUATION

All collateral is valued at the time it is pledged and regularly thereafter. The fair value of each collateral item is divided into four quality categories on the basis of volatility and liquidity. Only the two best quality categories are taken into account in calculating an estimate for loss given default. This way a collateral haircut is implemented into risk measurement and pricing. For example, the two best quality categories represent 70 per cent of the fair value of dwellings or 60 per cent of the fair value of business premises with good liquidity. Table 5-1 shows collaterals from two best quality categories allocated to agreements in Sampo Bank Group.

	31.12.2007
Real property	12 644
Bank accounts	74
Custody accounts/securities	717
Vehicles	19
Equipment	915
Vessels/aircraft	139
Guarantees	1 469
Other assets	303
Total	16 280

Table 5-1 Types of collateral

OPERATIONAL RISK MANAGEMENT

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 management in accordance with the principles defined by Group management. 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 and companies. 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.

The Group's companies and units use the self-assessment method to map their major risks and their probabilities and significance. In this connection, internal controls and instructions are also evaluated. Risk indicators have been set to depict changes in the risk position. Their validity is assessed regularly. Generally, the risk indicators are process deviations, volume changes, customer feedback and changes in the external

and internal operating environment. The business units follow the indicator values systematically. The indicator values are compared to earlier averages or with some target level.

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.

A wide variety of banking services is available in the Internet and the use of web services has increased rapidly. Maintenance of the service level of Sampo Bank's web banking services requires that internal controls and risk management methods are systematically complied with. Risk management is evaluated regularly in the light of changes in activities and the environment. There are updated risk analyses concerning the main activities, systems, projects and processes. The development and maintenance of activities is in a specified documented form.

Continuity plans have been prepared and revised for the most critical business areas. On the basis of these plans, key functions can be continued in situations of possible disruption. The plans are regularly tested and updated at least annually.

BUSINESS COMBINATIONS

Acquisitions during the year 2006

On the 16th of August 2006 Sampo Bank plc acquired Industry and Finance Bank (ZAO Danske Bank), a banking company, in St. Petersburg, Russia.

Acquired share of voting rights 100 %.

Specification of net assets

EURm

Assets	Fair value	Book value
Financial assets at fair value through p/l	0,4	0,4
Loans and receivables	0,1	0,1
Investments	0,2	0,2
Intangible assets	4,9	
Other assets	0,1	0,1
Total assets	5,8	0,9
Liabilities		
Owed to credit institutions and customers	0,4	0,4
Debt securities in issue	0,1	0,1
Total liabilities	0,5	0,5
Net assets	5,3	0,4
Acquired share of net assets 100 %	5,3	
Purchase price		
Paid in cash		4,8
Allocated costs		0,4
Total		5,3

The part of acquisition cost exceeding net assets (EURm 4.9) is considered as acquisition cost of banking licence in Russia, and it is handled as intangible assets.

Acquired business accumulated Sampo Bank Group's revenue EURm 0,8 and net profit EURm 0.1 during the period from September to December 2006.

Sampo Bank Group's revenue and profit for the financial year

Combining the revenue and profit before the acquisition of Industry and Finance Bank (ZAO Danske Bank) doesn't have substantial effect on Sampo Bank Group's figures.

OTHER NOTES

1 DISCONTINUED OPERATIONS

EURm

<u>Income statement of subsidiary banks in Baltics</u>	2007	2006
Net interest income	4,7	22,7
Net income from financial transactions	1,7	4,2
Net fee and commission income	1,9	6,5
Net income from investments	0,2	0,7
Other operating income	0,1	1,0
Total operating income	8,6	35,1
Staff costs	-2,0	-10,7
Other operating expenses	-1,9	-12,0
Impairment losses on loans and receivables	-0,5	-0,6
Total operating expenses	-4,4	-23,4
Sales profit	472,5	11,7
<u>Income statement of Mandatum & Co Ltd Oy</u>	2007	2006
Net interest income	0,3	0,0
Net income from financial transactions	0,0	0,0
Net fee and commission income	1,3	5,0
Other operating income	8,3	0,1
Total operating income	9,9	5,1
Staff costs	-1,0	-1,3
Other operating expenses	-0,4	-1,2
Total operating expenses	-1,4	-2,5
Sales profit	8,3	2,6
<u>Income statement of MDT Invest plc</u>	2007	2006
Net interest income	0,3	0,0
Net income from financial transactions	0,9	1,8
Net fee and commission income	12,9	15,3
Net income from investments	0,0	0,0
Other operating income	12,2	0,1
Total operating income	26,2	17,1
Staff costs	-4,5	-4,6
Other operating expenses	-3,3	-4,9
Impairment losses on loans and receivables		0,0
Total operating expenses	-7,9	-9,5
Sales profit	11,8	7,6

2 NET INTEREST INCOME

	2007	2006
EURm		
Interest income		
Loans and receivables	1 158,3	897,1
Other interest income	2,2	5,4
Total	1 160,5	902,4
Interest expenses		
Amounts owed to credit institutions and customers	-314,7	-221,6
Debt securities in issue	-454,0	-306,8
Other interest expenses	-1,7	-0,1
Total	-770,5	-528,5
Net interest income	390,0	373,9
Net interest income, total		
In net interest income	390,0	373,9
In net income from financial transactions	67,7	67,5
In net income from investments	2,1	5,2
Total	459,9	446,7

Included within interest income is EURm 0.7 (EURm 1.5) interest income accrued on impaired financial assets. The item also includes a change in fair value of cash flow hedging instruments EURm 0 (EURm 0.8) transferred from the fair value reserve at maturity of the contracts.

3 NET INCOME FROM FINANCIAL TRANSACTIONS

EURm	2007	2006
Trading assets/liabilities		
Debt securities and interest rate derivatives		
Interest income	38,5	37,3
Gains/losses	6,0	19,6
Equity securities and equity derivatives		
Gains/losses	4,9	2,2
Dividend income	0,2	0,8
Other		
Gains/losses	5,9	2,9
Total	55,5	62,8
Financial assets designated as at fair value through		
Debt securities		
Interest income	29,3	30,3
Gains/losses	-7,7	-20,6
Total	21,6	9,7
Foreign exchange dealing		
Gains/losses	15,7	15,5
Gains/losses from hedge accounting		
Fair value hedging		
Change in fair value of hedging derivative instruments, net	-5,8	-47,6
Hedging loan portfolio	6,6	7,6
Hedging individual loans	2,0	9,8
Hedging liabilities	-14,4	-65,0
Change in fair value of hedged items, net	4,7	48,5
Loan portfolio	-6,6	-7,6
Individual loans	-1,6	-9,7
Liabilities	13,0	65,8
Total	-1,1	0,9
Net income from financial transactions, total	91,8	88,9

All changes in fair value are changes in clean fair values i.e. free of any accrued interest. Accrued interests are disclosed in the note Net interest income.

Derivative contracts under trading assets do not meet the criterion for hedge accounting.

4 FEE AND COMMISSION INCOME AND EXPENSES

EURm	2007	2006
Fee and commission income		
Lending	44,8	45,0
Borrowing	20,7	20,6
Payment transactions	52,3	59,0
Asset management	151,4	134,2
Guarantees	12,9	15,9
Other	55,7	66,2
Total	337,8	340,9
Fee and commission expenses	-88,0	-81,1
NET fee and commission income	249,9	259,8

Fee and commission income from financial assets and liabilities EURm 117,9 (EURm 124.6) and fee and commission expenses EURm 14,3 (EURm 15.6).

5 IMPAIRMENT ON LOANS AND RECEIVABLES

EURm	2007	2006
Loans and receivables		
Impairment losses	-77,5	-52,8
Reversal of impairment losses and recoveries of loan receivables previously written off	15,0	51,3
Total	-62,5	-1,5
Impairment on loans and receivables, total	-62,5	-1,5

6 NET INCOME FROM INVESTMENTS

EURm	2007	2006
Financial assets		
Investment securities held-to-maturity		
Debt securities		
Interest income	0,2	1,3
Financial asset available-for-sale		
Debt securities		
Interest income	1,9	3,9
Gains/losses	0,0	0,0
Equity securities		
* Gains/losses	480,5	33,5
Dividend income	23,7	17,6

* Included in gains/losses is a net gain of EURm 6,4 (EURm 17.6) transferred from the fair value reserve.

Other assets

Investment property		
Gains/losses	0,0	0,3
Other	0,0	0,1
Associates	1,4	0,7

Net income from investments, total **507,7** **57,4**

7 STAFF COSTS

EURm	2007	2006
Staff costs		
Wages and salaries	-139,0	-162,4
Equity-settled share-based payments	0,0	-0,3
Cash-settled share-based payments	-20,6	-12,5
Pension costs - defined contribution plans	-25,2	-24,6
Other social security costs	-15,1	-19,1
Staff costs, total	-199,9	-218,9

8 OTHER OPERATING EXPENSES

EURm	2007	2006
IT costs	-97,8	-57,2
Other staff costs	-7,5	-8,0
Marketing expenses	-17,7	-20,5
Postage and telephone expenses	-10,0	-9,6
Depreciation and amortisation	-65,6	-42,6
Rental expenses	-27,5	-27,4
Other	-66,1	-76,8
Other operating expenses, total	-292,2	-242,2

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.	2007		Dividend income
			Gains/ losses	Impairment losses	
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
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	-	-
Investment securities held-to-maturity	0,0	0,2	-	-	-
Loans and receivables	25 583,7	1 158,3	-	62,5	-
Financial assets available-for-sale	6,4	1,9	480,6	-	23,7
Financial assets, total	27 570,5	1 229,0	478,9	62,5	23,9
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Trading liabilities and derivative financial instruments	671,0	-0,9	-	-	-
Other financial liabilities	24 567,9	-768,7	-	-	-
Financial liabilities, total	25 238,9	-769,6	0,0	0,0	0,0
FINANCIAL ASSETS					
	Carrying amount	Interest inc./exp.	2006		Dividend income
			Gains/ losses	Impairment losses	
Financial assets at fair value through p/l					
Trading assets and derivative financial instruments	1 791,5	37,8	19,6	-	0,8
Financial assets designated as at fair value through p/l	588,1	30,3	-20,6	-	-
Investment securities held-to-maturity	61,2	1,3	-	-	-
Loans and receivables	23 281,7	897,1	-	-1,5	-
Financial assets available-for-sale	279,6	3,9	33,5	-	9,9
Financial assets total	26 002,0	970,4	32,5	-1,5	10,7
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Trading liabilities and derivative financial instruments	507,4	-0,5	-	-	-
Other financial liabilities	23 904,7	-528,4	-	-	-
Financial liabilities total	24 412,1	-528,9	0,0	0,0	0,0

10 FAIR VALUES

EURm	2007		2006	
	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets				
Cash and balances at central banks	290,8	290,8	1 722,2	1 722,2
Trading assets and derivative financial instruments	1 429,2	1 429,2	1 791,5	1 791,5
Financial assets designated as at fair value through p/l	551,2	551,2	588,1	588,1
Loans and receivables	25 269,5	25 292,8	21 644,1	21 559,5
Investments	6,4	6,4	340,8	340,8
Total financial assets	27 547,2	27 570,5	26 086,7	26 002,0
Financial liabilities				
Trading liabilities and derivative financial instruments	671,0	671,0	507,4	507,4
Amounts owed to credit institutions and customers	13 473,8	13 503,6	13 202,4	13 255,6
Debt securities in issue	11 048,2	11 064,3	10 651,0	10 649,1
Total financial liabilities	25 193,0	25 238,9	24 360,7	24 412,1

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.

The fair value of trading and investment securities is assessed using quoted prices in active markets. If published price quotations are not available, the fair value is assessed using discounting method. Values for the discount rates are obtained from the market's yield curve. The private equity funds are carried at cost during the first for operating years and funds of funds during the first five operating years, following the funds' foundation, unless they cannot be assessed to be permanently impaired.

The fair value of the derivative instruments is assessed using quoted market prices in active markets, discounting method or option pricing models.

The fair value of loans and other financial instruments which have no quoted price in active markets is based discounted cash flows, using quoted market rates. The market's yield curve is adjusted by other components of the instrument, f.ex. by credit risk.

The fair value of loans and deposits with no stated maturity, including non-interest-bearing deposits and other short-term receivables and payables, is the amount repayable on demand.

Disclosed fair values are "clean" fair values, i.e. full fair value less interest accruals.

11 CASH AND BALANCES AT CENTRAL BANKS

EURm	2007	2006
Cash	26,8	40,7
Balances with central banks	264,0	1 681,5
Total	290,8	1 722,2

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

EURm	2007		2006	
	Assets	Liabilities	Assets	Liabilities
Assets/liabilities held for trading	912,2	78,2	1 330,3	-
Derivative financial instruments	516,9	592,7	461,2	507,4
Financial assets designated as at fair value through p/l	551,2	-	588,1	-
Total	1 980,4	671,0	2 379,6	507,4

ASSETS HELD FOR TRADING

	2007	2006
Debt securities		
Treasury bills and other eligible bills	781,0	976,0
Other debt securities	125,7	317,2
Issued by public bodies	18,0	78,7
Government bonds	5,4	60,0
Other	12,5	18,7
Certificates of deposit issued by banks	49,7	149,4
Other debt securities	58,0	89,1
Total debt securities	906,7	1 293,2

Exchange traded debt securities EURm 638.3 (EURm 233.8) and other EURm 268.4 (EURm 1 059,4).

Equity securities		
- listed	0,0	34,5
- unlisted	5,6	2,7
Total equity securities	5,6	37,2
Total assets held for trading	912,2	1 330,3

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

DERIVATIVE FINANCIAL INSTRUMENTS

EURm	Contract/ notional amount	2007		2006		
		Fair value		Contract/ notional amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
<u>OTC derivatives</u>						
Interest rate swaps	21 531,8	81,2	143,9	18 193,2	79,5	88,0
Cross-currency interest rate swaps	350,0	5,8	17,2	36,4	0,0	2,2
Forward rate agreements	6 159,5	1,6	2,0	11 163,6	4,2	3,7
Interest rate options, bought and sold	5 179,4	20,6	21,7	9 547,2	33,3	52,7
Total OTC derivatives	33 220,8	109,2	184,7	38 940,3	117,0	146,7
<u>Exchange traded derivatives</u>						
Interest rate futures	212,4	0,1	0,2	681,5	0,5	0,1
Interest rate options, bought and sold				9 872,3	3,0	3,2
Total exchange traded derivatives	212,4	0,1	0,2	10 553,7	3,5	3,3
Total interest rate derivatives	33 433,1	109,3	184,9	49 494,0	120,5	150,0
Foreign exchange derivatives						
<u>OTC derivatives</u>						
Forward foreign exchange contracts	5 067,5	50,4	55,7	5 464,6	63,2	69,7
Currency options, bought and sold	673,3	11,2	8,5	287,7	4,7	1,1
Total OTC derivatives	5 740,8	61,7	64,2	5 752,3	67,9	70,8
Total foreign exchange derivatives	5 740,8	61,7	64,2	5 752,3	67,9	70,8
Equity derivatives						
<u>OTC derivatives</u>						
Equity and equity index options, bought and sold	2 049,2	99,2	101,2	53,5	26,7	11,4
Total OTC derivatives	2 049,2	99,2	101,2	53,5	26,7	11,4
<u>Exchange traded derivatives</u>						
Equity index futures				4,6	1,1	1,0
Total exchange trade derivatives	0,0	0,0	0,0	4,6	1,1	1,0
Total equity derivatives	2 049,2	99,2	101,2	58,1	27,9	12,5
Other derivatives						
<u>OTC derivatives</u>						
Commodity forwards	1 864,9	62,8	133,8	869,2	19,8	53,6
Total OTC derivatives	1 864,9	62,8	133,8	869,2	19,8	53,6
<u>Exchange traded derivatives</u>						
Commodity futures	578,9	73,8	37,4	157,3	3,7	2,1
Total exchange trade derivatives	578,9	73,8	37,4	157,3	3,7	2,1
Total commodity derivatives	2 443,7	136,6	171,2	1 026,6	23,5	55,7
Total derivatives held for trading	43 666,9	406,9	521,5	56 331,0	239,8	289,0
Derivatives held for hedging						
Derivatives designated as fair value hedges						
<u>Interest rate derivatives</u>						
Interest rate swaps	2 238,0	21,7	32,2	3 830,4	17,5	90,1
Cross-currency interest rate swaps	377,4	88,3	39,1	527,8	104,5	24,2
Total interest rate derivatives	2 615,5	110,1	71,3	4 358,1	121,9	114,4
<u>Foreign exchange derivatives</u>						
Currency options, bought and sold				164,3	8,7	8,5
<u>Equity derivatives</u>						
Equity and equity index options, bought and sold				1 328,8	90,8	95,5
Total derivatives designated as fair value hedges	2 615,5	110,1	71,3	5 851,2	221,4	218,3

Derivatives designated as cash flow hedgesInterest rate derivatives

Interest rate swaps

	-	-	-	-	-	-
Total derivatives designated as cash flow hedges	0,0	0,0	0,0	0,0	0,0	0,0
Total derivatives held for hedging	2 615,5	110,1	71,3	5 851,2	221,4	218,3
Total derivative financial instruments	46 282,3	516,9	592,7	62 182,2	461,2	507,4

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, liabilities and future cash flows.

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. Also different kinds of index-linked options, which are used as hedges against changes in fair values of corresponding written index-linked options due to changes in market conditions, are designated as fair value hedges. These index-linked derivatives may be based on interest rate, equity, foreign exchange or commodity indices. Interest rate swaps are used as cash flow hedges against decrease in future interest payments of floating rate loans.

FINANCIAL ASSETS DESIGNATED AS AT FAIR VALUE THROUGH P/L

EURm	2007	2006
Debt securities		
Treasury bills and other eligible bills	542,8	576,2
Other debt securities	8,4	11,9
Government bonds	8,4	11,9
Total debt securities	551,2	588,1

All debt securities are exchange traded.

13 LOANS AND RECEIVABLES

EURm	2007	2006
Loans and advances to credit institutions		
By type of loan		
Deposits	4 525,3	206,9
Repayable on demand	191,7	89,7
Other than repayable on demand	4 333,6	117,2
Other loans	197,4	268,6
Total	4 722,7	475,5
Loans and advances to customers		
By type of loan		
Home loans	9 679,9	9 685,0
Consumer loans	998,2	920,4
Other retail loans	1 794,8	1 757,3
Finance lease assets 1)	648,4	937,1
Money market loans	18,1	15,0
Other commercial loans	7 541,1	7 791,2
Allowance for impairment 2)	-110,4	-22,2
Total	20 570,1	21 083,9
Total loans and receivables	25 292,8	21 559,5

1) Finance lease assets included in loans

Maturities for finance lease assets		
not later than one year	184,6	284,7
later than one year and not later than five years	459,2	660,1
later than five years	88,5	136,3
Gross investments in the finance lease	732,3	1 081,1

Present value of minimum lease payments receivable		
not later than one year	155,0	241,1
later than one year and not later than five years	413,4	577,2
later than five years	80,0	118,8

Unearned finance income	83,9	144,0
Gross investments in the finance lease	732,3	1 081,1
Accumulated impairment losses	0,3	0,4

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	2007	2006
Balance at beginning of year	22,2	17,7
+ New allowances	104,3	11,5
- Reversals and write-offs	-16,0	-7,0
Balance at end of year	110,4	22,2

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	2007	2006
Investments held-to-maturity	0,0	61,2
Securities available-for-sale	6,4	279,6
Investment property	-	-
Investments in associates (Note 14)	11,1	12,6
Total	17,5	353,4

Financial assets

Investments held-to-maturity	2007	2006
Treasury bills and other eligible bills	-	-
Other debt securities	0,0	61,2
Issued by public bodies		
Government bonds	0,0	1,7
Other debt securities	0,0	59,5
Total debt securities	0,0	61,2

All debt securities are exchange traded.

Total investments held-to-maturity	0,0	61,2
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Securities available-for-sale

Debt securities

Treasury bills and other eligible bills	0,0	272,6
Other debt securities	0,0	0,3
Government bonds	-	-
Total debt securities	0,0	272,8

Equity securities

- listed	-	-
- unlisted	6,4	6,7
Total	6,4	6,7

Total securities available-for-sale	6,4	279,6
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Total investment securities	6,4	340,8
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Investment property	-	-
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Investments in associates	11,1	12,6
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TOTAL INVESTMENTS	17,5	353,4
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Investments in financial assets were EURm 6,4 (EURm 340.8) and in other assets EURm 11,1 (EURm 12.6).

15 INVESTMENTS IN ASSOCIATES

EURm	2007	2006
At beginning of year	12,6	16,9
Share of loss/profit	1,4	0,7
Disposals	-2,9	-5,0
At end of year	11,1	12,6

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

*) If there is a published price quotation

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

Associates that have been accounted for by the equity method at 31 Dec. 2006

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	363 / 334	62	2
Primasoft Oy	0	1	20,00	52 / 39	53	4

Associates not accounted for by the equity method at 31 Dec. 2006

Name	Assets	Liabilities	Revenue	Profit/loss
Tapio Technologies Oy	2	1	2	0

16 INTANGIBLE ASSETS

EURm	2007			2006		
	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
At 1 January						
Cost	5,5	199,7	205,2	5,5	179,6	185,1
Accumulated amortisation		-140,5	-140,5		-117,8	-117,8
Net carrying amount	5,5	59,2	64,7	5,5	61,7	67,2
Opening net carrying amount	5,5	59,2	64,7	5,5	61,7	67,2
Additions		9,9	9,9		36,9	36,9
Disposals	-0,6	-40,3	-40,9		-16,8	-16,8
Amortisation charge		-24,9	-24,9		-22,6	-22,6
Closing net carrying amount	4,9	3,9	8,7	5,5	59,2	64,7
At 31 December						
Cost	4,9	169,3	174,1	5,5	199,7	205,2
Accumulated amortisation		-165,4	-165,4		-140,5	-140,5
Net carrying amount at 31 December	4,9	3,9	8,7	5,5	59,2	64,7
Total intangible assets	4,9	3,9	8,7	5,5	59,2	64,7

Other intangible assets comprise mainly IT software. Goodwill consists of acquisition cost of banking licence of Industry and Finance Bank (ZAO Danske Bank).

In 2006 goodwill is tested for impairment in accordance with IAS 36 Impairment of assets. No impairment losses were recognised based on these tests.

For the purpose of testing goodwill for impairment, Sampo Bank determines the recoverable amount of its cash-generating units, to which goodwill has been allocated, on the basis of value in use. Sampo Bank has 2006 defined Sampo Banka AS in Latvia as a cash-generating unit. The recoverable amounts for Sampo Banka AS have been determined by using a discounted cash flow model. The model is based on Sampo Bank's management's best estimates of both historical evidence and economic conditions such as volumes, margins, income and cost development. The derived cash flows for If and Sampo Banka AS were discounted at the pre-tax rates of 11.1 per cent. The cash flows for Sampo Banka AS beyond year 2011 have been extrapolated using the same 3 per cent growth rate. Management believes that any reasonably possible change in any of these key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

17 PROPERTY, PLANT AND EQUIPMENT

EURm	2007			2006		
	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 January						
Cost	11,2	79,4	90,6	11,1	74,3	85,4
Accumulated depreciation	-1,6	-58,6	-60,2	-1,3	-52,8	-54,1
Accumulated impairment losses	0,0	0,0	0,0	0,0	0,0	0,0
Net carrying amount	9,6	20,8	30,4	9,8	21,5	31,4
Opening net carrying amount	9,6	20,8	30,4	9,8	21,5	31,4
Additions	0,0	9,2	9,2	0,4	9,0	9,4
Disposals	-7,6	-1,1	-8,6	-0,3	-3,9	-4,3
Impairment losses recognised	0,0	0,0	0,0	0,0	0,0	0,0
Depreciations		-5,9	-5,9	-0,4	-5,8	-6,2
Closing net carrying amount	2,0	23,1	25,1	9,6	20,8	30,4
At 31 December						
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
Net carrying amount	2,0	23,1	25,1	9,6	20,8	30,4
Assets provided under operating lease contracts			65,1			59,5
Minimum lease payments under non-cancellable operating leases						
not later than one year			14,8			14,4
later than one year and not later than five years			15,6			15,1
Total			30,4			29,5
Total property, plant and equipment	2,0	23,1	90,2	9,6	20,8	89,9

Equipment comprise IT equipment and furniture.

18 OTHER ASSETS

EURm	2007	2006
Other assets		
Accrued interest	224,2	232,0
Items in transit	0,3	3,1
Other	215,4	218,5
Total	439,9	453,6

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 2007

EURm	At 1 Jan. 2007	Recognised in p/l account	Recognised in equity	At 31 Dec. 2007
Deferred tax assets				
Other deductible temporary differences	19,6	12,4	-1,0	31,1
Total deferred tax assets	19,6	12,4	-1,0	31,1
Deferred tax liabilities				
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
Total deferred tax liabilities	20,6	5,5	0,2	26,3
Deferred tax assets (-)/ tax liabilities (+), net	1,0	-7,0	1,2	-4,8

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 0,03.

Other tax liabilities EURm 13,6.

Changes in deferred tax during the financial year 2006

EURm	At 1 Jan. 2006	Recognised in p/l account	Recognised in equity	At 31 Dec. 2006
Deferred tax assets				
Other deductible temporary differences	17,7	0,9	1,0	19,6
Total deferred tax assets	17,7	0,9	1,0	19,6
Deferred tax liabilities				
Depreciation differences and untaxed reserves	16,6	3,5	0,5	20,6
Changes in fair values	0,6		-0,6	0,0
Other taxable temporary differences	2,6	-1,2	-1,4	0,0
Total deferred tax liabilities	19,9	2,3	-1,5	20,6
Deferred tax assets (-)/ tax liabilities (+), net	2,2	1,3	-2,6	1,0

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	2007	2006
Taxes on taxable income for the year	85,7	79,4
Taxes arising from previous years	-2,7	-0,1
Deferred taxes	-7,4	0,7
Taxes for the financial year total	75,6	80,1
Reconciliation between income taxes in income statement and taxes calculated at Finnish tax rate (26%)		
Profit before taxes	775,7	354,2
Taxes calculated at Finnish tax rate	201,7	92,1
Different tax rates of foreign subsidiaries	0,1	-7,1
Tax-exempt income	-123,6	-5,8
Net profit from associates	-0,4	-0,2
Undeductible expenses	0,5	1,0
Taxes arising from previous years	-2,7	0,1
Taxes in Income statement	75,6	80,1

21 AMOUNTS OWED TO CREDIT INSTITUTIONS AND CUSTOMERS

EURm	2007	2006
Amounts owed to credit institutions		
Liabilities to central banks	15,4	0,0
Deposits from credit institutions	593,0	193,7
Other liabilities owed to credit institutions	99,1	422,0
Total	707,5	615,7
Amounts owed to customers		
Deposits		
Demand deposits	2 358,1	2 732,6
Savings accounts	1 824,6	1 598,7
Current accounts	4 526,8	4 571,6
Money market deposits	1 421,6	972,1
Other time deposits	2 644,4	2 723,1
Total deposits	12 775,5	12 598,1
Other liabilities		
Other liabilities	20,6	41,8
Total amounts owed to customers	12 796,1	12 639,9
Total amounts owed to credit institutions and customers	13 503,6	13 255,6

22 DEBT SECURITIES IN ISSUE

EURm	2007	2006
Debt securities in issue		
Certificates of deposit	4 425,0	2 882,7
Bonds and notes	5 896,8	6 777,2
of which in foreign currency	326,2	509,0
Total debt securities in issue	10 321,8	9 660,0
Subordinated debt securities		
Capital securities	341,6	342,1
Debentures	400,9	567,4
Perpetuals		79,7
Total subordinated debt securities	742,5	989,2
Total debt securities in issue	11 064,3	10 649,1

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 2005 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. 2007 was EUR 346,5 (346,3).

23 OTHER LIABILITIES

EURm	2007	2006
Other liabilities		
Deferred interest	359,9	333,6
Items in transit	420,3	433,2
Finance lease liabilities	190,1	-
Other liabilities		246,9
Total	970,3	1 013,8
Total other liabilities	970,3	1 013,8

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

24 PROVISIONS	2007	2006
From off-balance sheet items	3,6	2,5

25 CONTINGENT LIABILITIES AND COMMITMENTS

EURm	2007	2006
Off-balance sheet items		
Guarantees and pledges	2 337,7	2 653,7
Undrawn loans, overdraft facilities and other commitments to lend	3 819,7	4 092,6
- original maturity less than one year	692,2	652,8
- original maturity more than one year	3 127,5	3 439,8
Other irrevocable commitments	0,0	0,1
Total	6 157,4	6 746,5

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	2007		2006	
	Assets pledged	Liabilities/ commitments	Assets pledged	Liabilities/ commitments
Assets pledged as collateral for liabilities				
Financial assets at fair value through p/l				
- Trading securities	1 061,1	605,2	1 567,1	1 167,7
Loans and receivables				
- Loans	2 211,1	1 923,2	2 424,4	2 710,2

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 88.7 at the balance sheet date (113 EURm). Contracts mature in 2025 at the latest.

Sampo Bank plc has commitments concerning IT-equipments EURm 2,0 (3.0).

EURm	2007	2006
Non-cancellable operating leases		
Minimum lease payments under non-cancellable operating leases		
not later than one year	26,1	22,1
later than one year and not later than five years	62,9	52,8
later than five years	39,6	39,8
Total	128,6	114,8

Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec EUR 7.5 million (9.7).

Sublease payments recognised as an expense in the period EUR 3.4 million (3.7).

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 2007 is EURm 3,0 (EURm 4.5).

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 2007 is EURm 17,4 (EURm 19.9).

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

	2007	2006
EUR m		
Short-term employee benefits	0,9	2,9
Post employment benefits	0,3	0,9
Other long-term benefits	4,6	4,0
Total	5,8	7,8

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 (TEL) 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

	2007	2006
EUR m		
Key management personnel with close family members and entities that are controlled or significantly influenced by these	0,0	14,9

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

	2007	2006
EUR m		
Loans and receivables	121,1	95,3
Liabilities to credit institutions and customers	1,9	5,6

28 EQUITY AND RESERVES

Equity	Number of shares	Share capital
At 1 January 2007	106	106,0
At 31 December 2007	106	106,0
Total amount of shares at 31 December 2007	106	106,0

Each share has one vote.

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

Reserves and retained earnings

EURm

Reserves at 31 December 2006

Legal reserve	271,1
Fair value reserve	-2,5
Total	268,6

Reserves at 31 December 2007

Legal reserve	271,1
Fair value reserve	0,6
Total	271,7

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 2006 or 2007.

Fair value reserve

At 1 January 2006	1,8
Cash flow hedge:	
Recognised in equity	0,0
Transferred to profit or loss	-0,8
Financial asset available-for-sale	
Recognised in equity	14,1
Transferred to profit or loss	-17,6
At 31 December 2006	-2,5
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
At 31 December 2007	0,6

The fair value reserve 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

At 1 January 2006	622,0
Translation differences	-0,3
Profit for the financial year	261,9
Dividend distribution	-75,0
Share incentives	-0,1
At 31 December 2006	808,6
Translation differences	-0,2
Profit for the financial year	687,3
Merger difference	14,6
Dividend distribution	0,0
Share incentives	0,0
At 31 December 2007	1 510,2

29 DIVIDENDS

The proposal of the Board of Directors to the AGM will be as follows:

No dividends will be distributed for 2007. Retained earnings will be accounted for in equity.

SAMPO BANK PLC

FINANCIAL STATEMENTS (FAS)

INCOME STATEMENT

EURm	1-12.2007		1-12.2006	
Interest income		1 087,4		810,9
Net income from leasing		38,9		30,7
Interest expenses		-688,0		-463,9
NET INTEREST INCOME		438,3		377,8
Dividend income				
from Group companies	35,1		13,3	
from associates	1,7		2,6	
from other companies	8,0	44,8	9,4	25,3
Fee and commission income		212,5		195,4
Fee and commission expenses		-37,1		-28,5
Net income from transactions in securities and foreign exchange dealing				
from transactions in securities	7,9		0,0	
from foreign exchange dealing	15,0	22,9	9,6	9,6
Net income from financial assets available-for-sale		8,0		18,6
Gains (losses) from hedge accounting		-0,2		0,4
Net income from investment property		0,0		0,0
Other operating income		585,5		14,4
Administrative expenses				
Staff costs				
Wages and salaries	-142,9		-139,1	
Social security costs				
Pension costs	-22,8		-21,7	
Other	-13,7	-179,4	-12,5	-173,4
Other administrative expenses		-158,8		-109,5
Other administrative expenses		-338,2		-282,9
Depreciation and impairment on property, plant and equipment and intangible assets		-52,0		-27,1
Other operating expenses		-48,2		-43,6
Impairment on loans and advances		-60,9		0,5
Impairment on other financial assets		0,0		0,0
OPERATING PROFIT		775,4		260,1
Appropriations		-21,2		-14,0
Income taxes		-48,4		-56,6
PROFIT FOR THE YEAR		705,8		189,6

SAMPO BANK PLC**BALANCE SHEET**

EURm

ASSETS	12/2007		12/2006	
Cash and balances at central banks		286,5		1 528,9
Treasury bills and other eligible bills				
Treasury bills		543,9		553,9
Other		757,4	1 301,3	910,0
				1 463,9
Loans and advances to credit institutions				
Repayable on demand		188,5		75,8
Other		4 542,1	4 730,6	1 594,6
				1 670,4
Loans and advances to customers				
Repayable on demand		-		-
Other		17 835,2	17 835,2	15 940,1
				15 940,1
Lease assets		716,1		611,1
Debt securities				
Issued by public bodies		12,8		57,2
Other		156,2	169,0	306,1
				363,3
Shares and participations		11,4		6,7
Shares and participations in associates		5,4		6,6
Shares and participations in Group companies		126,4		272,7
Derivative financial instruments		583,8		533,3
Intangible assets		2,3		43,6
Property, plant and equipment				
Investment property and shares and participations in investment property companies		0,0		13,7
Other property and shares and participations in property companies		2,0		2,0
Equipment		23,0	24,9	22,6
				38,3
Other assets		179,0		350,1
Prepayments and accrued income		261,2		262,8
Deferred tax assets		31,4		19,5
		26 264,7		23 111,1

LIABILITIES	12/2007			12/2006		
LIABILITIES						
Liabilities to credit institutions						
Central banks	15,4			0,0		
Credit institutions						
Repayable on demand	118,2			94,9		
Other	632,2	750,3	765,7	381,3	476,2	476,2
Liabilities to customers						
Deposits						
Repayable on demand	9 401,0			9 403,0		
Other	2 021,1	11 422,1		1 134,1	10 537,1	
Other liabilities						
Repayable on demand	-			-		
Other	1 454,6	1 454,6	12 876,7	1 004,1	1 004,1	11 541,2
Debt securities in issue						
Bonds and notes	4 005,6			4 877,6		
Other	4 393,0	8 398,6		2 756,7	7 634,3	
Derivative financial liabilities and other liabilities held for trading						
	675,7			505,7		
Other liabilities						
Other liabilities	531,0			503,4		
Provisions for liabilities and charges	-	531,0		-	503,4	
Accruals and deferred income						
	421,3			368,8		
Subordinated liabilities						
Capital securities	346,5			346,3		
Other	395,0	741,5		626,3	972,6	
Deferred tax liabilities						
	-			-		
ACCUMULATED APPROPRIATIONS						
Depreciation in excess or less than plan	53,2			32,0		
Untaxed reserves	47,3	100,5		47,3	79,3	
EQUITY						
Share capital	106,0			106,0		
Undistributable reserves						
Legal reserve	261,7			261,7		
Distributable reserves						
Fair value reserve						
Cash flow hedging	-			-		
Changes in fair value	0,8			-3,7		
Deferred tax recognised in equity	-0,2	0,6		1,0	-2,7	
Other reserves	43,8			29,1		
Retained earnings	635,8			446,0		
Profit for the year	705,8	1 753,6		189,6	1 029,7	
	26 264,7			23 111,1		
EURm						
OFF-BALANCE SHEET ITEMS						
Contingent liabilities						
Guarantees and assets pledged	2 342,2			2 690,9		
Other	-	2 342,2		-	2 690,9	
Commitments						
Sale and option to resell transactions	-			-		
Other	3 832,2	3 832,2		3 807,3	3 807,3	
	6 174,4			6 498,2		

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

The separate financial statements of Sampo Bank plc for 2007 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 differs are defined below.

IMPAIRMENT LOSSES ON LOANS AND OTHER RECEIVABLES

The objective evidence of the customer's ability to pay all contractual payments is based on a default rating. When a default occurs, the impairment of a loan is assessed. The amount of the loss is measured as the difference between the loan's carrying amount and the value of estimated future cash flows, less collateral's fair value. The difference is recognised as an impairment loss in profit or loss. The costs of obtaining and selling collateral are included in the calculation of the cash flows of a collateralised loan. The impairment of loans is assessed individually.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised (the default status is removed), the previously recognised impairment loss shall be reversed.

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.

FINANCIAL ASSETS AND LIABILITIES

Debt securities, that in the consolidated financial statements are recognised as financial assets designated as at fair value through profit and loss, are in these separate financial statements treated as debt securities held for trading.

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 do 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	2007	2006
Interest income		
Loans and advances to credit institutions	150,8	78,2
Loans and advances to customers	862,2	660,9
Debt securities	73,2	70,0
Derivative financial instruments	-2,4	-10,9
Other interest income	3,6	12,8
Total	1 087,4	811,0
Interest expenses		
Liabilities to credit institutions	29,6	23,3
Liabilities to customers	283,3	174,2
Debt securities in issue	361,1	233,8
Derivative financial instruments	-28,8	-7,0
Subordinated liabilities	41,1	39,6
Other interest expenses	1,7	0,0
Total	688,0	463,9
of which due from/due to Group companies and associates		
Interest income	15,3	30,5
Interest expenses	16,7	6,1

2 NET INCOME FROM LEASING ACTIVITIES

EUR m	2007	2006
Lease payments receivable	207,0	186,9
Depreciation on lease assets according to plan	-172,1	-159,6
Impairment on lease assets	0,0	0,2
Gains and losses on disposal of lease assets (net)	2,8	2,1
Fee and commission income	1,4	1,2
Other income	5,1	3,4
Other expenses	-5,4	-3,5
Total	38,8	30,7

3 DIVIDEND INCOME

EUR m	2007	2006
Financial assets designated as available for sale	8,0	9,4
Financial assets held for trading	0,0	0,0
Group companies	35,1	13,3
Associates	1,7	2,6
Total	44,8	25,3

4 FEE AND COMMISSION INCOME AND EXPENSES

EUR m	2007	2006
Fee and commission income		
Lending	43,1	40,1
Borrowing	20,7	20,6
Payment transactions	52,2	52,1
Asset management	17,4	5,5
Transactions in securities	2,5	2,5
Guarantees	12,9	15,8
Other	63,7	58,8
Total	212,5	195,4
Fee and commission expenses		
Service fees	23,1	18,4
Other	14,0	10,1
Total	37,1	28,5

5 NET INCOME FROM TRANSACTIONS IN SECURITIES

EUR m	2007		2006			
	Gains/losses on sales	Change in fair value	Total	Gains/losses on sales	Change in fair value	Total
Debt securities	-1,8	-0,3	-2,1	7,3	-10,7	-3,4
Shares and participations	5,2	-1,1	4,1	0,5	0,0	0,5
Derivative financial instrument	-2,3	8,2	5,9	-0,3	3,2	2,9
Net income from transactions in securities	1,1	6,8	7,9	7,5	-7,5	0,0
Net income from foreign exchange dealing	15,0		15,0	9,6		9,6
Total	16,1	6,8	22,9	17,1	-7,5	9,6

6 NET INCOME FROM AVAILABLE FOR SALE FINANCIAL ASSETS

EUR m	2007		2006			
	Disposal of financial assets (gains/losses)	Transfer from fair value reserve	Total	Disposal of financial assets (gains/losses)	Transfer from fair value reserve	Total
Debt securities	0,0		0,0	0,0		0,0
Shares and participations	9,0	-1,1	8,0	18,6	0,0	18,6
Total	9,0	-1,1	8,0	18,6	0,0	18,6

7 GAINS LESS LOSSES ON HEDGE ACCOUNTING

EUR m	2007	2006
Fair value hedging		
Change in fair value of hedging instruments, net, of which	5,3	-12,3
Derivatives hedging loans position	6,6	7,6
Derivatives hedging individual loans	2,0	9,8
Derivatives hedging liabilities	-3,4	-29,7
Change in fair value of hedged items, net, of which	-5,5	12,6
Loans portfolio	-6,6	-7,6
Individual loans	-1,6	-9,7
Liabilities	2,8	29,9
Total	-0,2	0,4

8 OTHER OPERATING INCOME AND EXPENSES

EUR m	2007	2006
Other operating income		
Other	585,5	14,4
Total	585,5	14,4
Other operating expenses		
Rental expenses	26,3	24,1
Expenses on properties and property companies	0,1	0,0
Other	21,9	19,5
Total	48,3	43,6

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

EUR m	2007	2006
Depreciation and amortisation according to plan	52,0	27,1

10 IMPAIRMENT ON LOANS, COMMITMENTS AND OTHER FINANCIAL ASSETS

EUR m	Individually assessed impairment, gross	Reversals and write-offs	2007 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
Impairment on loans and advances and on off-balance sheet items total	72,9	12,0	-60,9
Shares and participations in Group companies		0,0	0,0
Impairment losses on other financial assets total	0,0	0,0	0,0
Total	72,9	12,0	-60,9
			2006
EUR m	Individually assessed impairment, gross	Reversals and write-offs	Recognised in profit or loss
From			
On loans and advances to customers	42,4	43,3	0,8
Guarantees and other off-balance sheet items	0,4	0,0	-0,3
Impairment on loans and advances and on off-balance sheet items total	42,8	43,3	0,5
Shares and participations in Group companies	0,0	0,0	0,0
Impairment losses on other financial assets total	0,0	0,0	0,0
Total	42,8	43,3	0,5

11 INFORMATION ON BUSINESS AREAS AND GEOGRAPHICAL MARKET AREAS

EUR m	Banking in Finland and other functions	Asset and Wealth management	Integration	2007 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
Total income	1 205,4	8,4	-0,1	1 213,8
Total operating expenses	407,9	3,5	48,2	459,6
Profit before taxes	797,5	5,0	-48,3	754,1
Total assets	26 264,7	0,0	0,0	26 264,7
of which loans and advances to credit institutions and customers	18 488,3	0,0	0,0	18 488,3
Total liabilities	25 219,1	0,0	0,0	25 219,1
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

EUR m	Private customers	Corporate and institutional customers	Other	2006 Total
Net interest income	220,5	170,8	-13,6	377,8
Impairment losses	-7,7	8,2	0,0	0,5
Other income, net	98,2	99,4	37,8	235,4
Total income	311,0	107,6	24,3	442,9
Total operating expenses	203,8	114,7	35,0	351,5
Profit before taxes	107,2	-7,1	-10,8	89,3
Total assets	8 418,4	8 881,2	5 811,5	23 111,1
of which loans and advances to credit institutions and customers	8 000,1	8 810,6	1 352,0	18 162,7
Total liabilities	6 058,3	6 456,5	9 566,5	22 081,4
of which liabilities to credit institutions and customers	5 612,5	6 009,7	395,2	12 017,4
Average staff number	1 424	551	1 223	3 198

12 LOANS AND ADVANCES TO CREDIT INSTITUTIONS

EUR m	Total	Repayable on demand	2007 Other	Total	Repayable on demand	2006 Other
Domestic credit institutions	30,8	21,0	9,8	87,2	0,0	87,2
Foreign credit institutions	4 699,8	167,5	4 532,3	1 583,2	75,8	1 507,5
Total	4 730,6	188,5	4 542,1	1 670,4	75,8	1 594,6

13 LOANS AND ADVANCES TO CUSTOMERS

EUR m	2007	2006
Corporates and housing companies	6 519,7	6 150,0
Financial and insurance institutions	363,1	43,3
Public sector entities	150,1	74,9
Households	10 058,8	8 959,3
Non-profit institutions serving households	139,5	136,8
Foreign	604,0	575,7
Total	17 835,2	15 940,0

Impairment losses on loans and advances recognised for the year

Impairment losses at beginning of year	10,0	6,4
+ Impairment losses recognised on individual loans and advances	104,3	6,5
- Reversals of impairment losses recognised for individual loans and advances	-3,9	-2,9
Impairment losses at end of year	110,4	10,0

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

14 DEBT SECURITIES

EUR m	2007			2006		
	Listed	Other	Total	Listed	Other	Total
Issued by public bodies						
Held for trading	544,2	12,5	556,7	586,5	24,6	611,1
Treasury bills			0,0	-	-	0,0
Local authority paper		7,1	7,1	-	18,5	18,5
Government bonds	544,2	5,4	549,6	586,5	6,1	592,6
Debt securities issued by other borrowers*	41,5	872,1	913,6	72,8	1 143,4	1 216,2
Debt securities total	585,7	884,6	1 470,3	659,3	1 168,0	1 827,3
of which treasury bills and other eligible bills	544,1	-	544,1	595,2	-	595,2
of which subordinated debt securities	1,0	0,0	1,0	1,2	102,2	103,4
* broken down in the table below						
	Listed	Other	Total	Listed	Other	Total
Debt securities issued by other borrowers						
Held for trading	41,5	832,0	873,5	72,8	1 041,2	1 114,0
Certificates of deposit	-	806,9	806,9	-	1 018,0	1 018,0
Commercial paper	-	6,7	6,7	-	10,0	10,0
Bonds issued by banks	9,5	18,4	27,9	45,7	-	45,7
Other bonds	32,0	0,0	32,0	27,1	13,2	40,3
Available-for-sale	0,0	40,1	40,1	0,0	102,2	102,2
Other bonds		40,1	40,1		102,2	102,2
Debt securities issued by other borrowers total	41,5	872,1	913,6	72,8	1 143,4	1 216,2

15 ASSETS HELD UNDER FINANCE LEASES

EUR m	2007	2006
Prepayments	35,4	16,4
Equipment	608,2	520,5
Properties and building	64,0	64,6
Other assets	8,5	9,6
Total	716,1	611,1

16 SHARES AND PARTICIPATIONS

EUR m	2007		2006	
		of which in credit institutions		of which in credit institutions
Shares and participations	11,4	0,0	6,7	1,3
Held for trading				
Available-for-sale	11,4	0,0	6,7	1,3
Shares and participations in Group companies	126,4	0,0	272,7	255,8
Shares and participations in associates	5,4	0,0	6,6	0,0
Total	143,3	0,0	286,0	257,1

18 PROPERTY, PLANT AND EQUIPMENT

EUR m	2007		2006	
	Carrying amount	Capital employed	Carrying amount	Capital employed
Shares and participations in property companies				
Occupied for own activities	2,0	2,0	2,0	2,0
Other	0,0	0,0	13,7	13,7
Total	2,0	2,0	15,7	15,7

19 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR m	Intangible assets		Property, plant and equipment		Equipment
	IT software	Other intangible assets	Investment property and shares in property companies	Other property and shares in property companies	
Cost at beginning of year	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					
Carrying amount at end of year	2,3	0,0	0,0	2,0	23,0

EUR m	Intangible assets		Property, plant and equipment		Equipment
	IT software	Other intangible assets	Investment property and shares in property companies	Other property and shares in property companies	
Cost at beginning of year	144,6	21,1	13,7	2,0	61,6
Additions	25,2	4,9			5,9
Disposals	-16,8				-2,0
Transfers to and from items					
Depreciation and amortisation according to plan for the year	-18,0	-3,1			-4,8
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	-96,7	-10,7			-45,0
Accumulated impairment losses at beginning of year					
Carrying amount at end of year	38,2	12,2	13,7	2,0	15,7

20 OTHER ASSETS

EUR m	2007	2006
Items in transit	0,3	0,4
Margin accounts related to derivatives	28,2	15,1
Other	150,6	334,6
Total	179,0	350,1

21 PREPAYMENTS AND ACCRUED INCOME

EUR m	2007	2006
Accrued interest	247,6	246,9
Other	13,6	15,9
Total	261,2	262,8

22 DEFERRED TAX

EUR m	2007	2006
Deferred tax assets	31,4	19,5
Timing differences	31,4	19,5
Deferred tax liabilities	0,0	0,0
Timing differences	-0,2	1,0
Fair value reserve	0,2	-1,0
Deferred tax assets (-)/ liabilities (+), net	-31,4	-19,5

23 DEBT SECURITIES IN ISSUE

EUR m	2007		2006	
	Carrying amount	Nominal amount	Carrying amount	Nominal amount
Certificates of Deposits	4 425,0	4 471,3	2 788,5	2 818,6
Bonds and notes	3 973,6	4 076,2	4 845,8	4 965,9
Total	8 398,6	8 547,5	7 634,3	7 784,5

24 OTHER LIABILITIES

EUR m	2007	2006
Items in transit	420,3	382,7
Other	110,7	120,7
Total	531,0	503,4

25 ACCRUALS AND DEFERRED INCOME

EUR m	2007	2006
Deferred interest	338,6	303,1
Other	82,7	65,7
Total	421,3	368,8

26 SUBORDINATED LIABILITIES

EUR m	2007	2006
Subordinated liabilities with a carrying amount more than 10% of the total amount of such liabilities	696,2	845,9
Other subordinated liabilities	51,2	126,7
Total	747,4	972,6
of which perpetuals	346,5	426,1

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	5,45	17.3.2014
Sampo Bank plc	2) 199,7	200,0	EUR	4,99	31.5.2016
Sampo Bank plc	3) 124,6	125,0	EUR	5,41	perpetual
Sampo Bank plc	2) 123,3	125,0	EUR	6,55	perpetual
Sampo Bank plc	4) 98,6	100,0	EUR	4,77	perpetual
Total	696,2	550,0			

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 2007**341,6 (342,1)**

Sampo Bank had on 31 December 2007 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	2007	2006
Assets		
<i>Less than 3 months</i>	7 497,0	3 404,9
Treasury bills and other eligible bills	750,3	788,1
Loans and advances to credit institutions	4 471,5	591,6
Loans and advances to customers	2 206,4	1 841,5
Debt securities	68,7	183,7
<i>3 - 12 months</i>	2 000,6	2 447,2
Treasury bills and other eligible bills	310,7	147,3
Loans and advances to credit institutions	158,3	689,1
Loans and advances to customers	1 529,6	1 545,1
Debt securities	2,0	65,7
<i>1 - 5 years</i>	5 595,4	5 872,8
Treasury bills and other eligible bills	240,2	517,9
Loans and advances to credit institutions	100,8	309,2
Loans and advances to customers	5 167,8	4 942,3
Debt securities	86,7	103,4
<i>5 - 10 years</i>	3 595,8	2 981,6
Treasury bills and other eligible bills	0,1	10,6
Loans and advances to credit institutions	0,0	80,4
Loans and advances to customers	3 584,1	2 882,1
Debt securities	11,6	8,5
<i>Over 10 years</i>	5 347,3	4 731,1
Treasury bills and other eligible bills		0,0
Loans and advances to credit institutions		0,0
Loans and advances to customers	5 347,3	4 729,1
Debt securities	0,0	2,0

EUR m		
Liabilities		
<i>Less than 3 months</i>	16 356,2	13 028,1
Liabilities to credit institutions	610,5	286,5
Liabilities to customers	12 158,7	11 002,2
Debt securities in issue	3 587,1	1 739,4
Subordinated liabilities	0,0	0,0
<i>3 - 12 months</i>	2 326,2	2 848,1
Liabilities to credit institutions	45,8	67,1
Liabilities to customers	601,9	364,9
Debt securities in issue	1 677,2	2 266,1
Subordinated liabilities	1,2	150,0
<i>1 - 5 years</i>	2 480,2	3 042,5
Liabilities to credit institutions	35,4	26,5
Liabilities to customers	104,3	142,5
Debt securities in issue	2 190,5	2 642,6
Subordinated liabilities	150,0	230,9
<i>5 - 10 years</i>	1 394,4	1 395,6
Liabilities to credit institutions	74,0	71,0
Liabilities to customers	10,5	28,1
Debt securities in issue	935,6	922,3
Subordinated liabilities	374,3	374,2
<i>Over 10 years</i>	225,5	309,9
Liabilities to credit institutions	0,0	25,2
Liabilities to customers	1,4	3,3
Debt securities in issue	8,1	63,9
Subordinated liabilities	216,0	217,5

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

	EUR m	Other currencies	Total	2007 To or from Group companies
Assets				
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
Total	25 127,0	1 137,6	26 264,7	121,1
Liabilities				
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	
Total	22 990,4	1 520,8	24 511,2	1,9
	EUR m	Other currencies	Total	2006 To or from Group companies
Assets				
Loans and advances to credit institutions	1 437,6	232,8	1 670,4	0,0
Loans and advances to customers	15 273,5	666,6	15 940,1	95,3
Debt securities	1 788,6	38,6	1 827,2	0,0
Derivative financial assets	323,2	210,0	533,2	0,0
Other assets	2 885,5	254,7	3 140,2	8,1
Total	21 708,4	1 402,7	23 111,1	103,4
Liabilities				
Liabilities to credit institutions	264,7	211,4	476,1	0,0
Liabilities to customers	11 060,7	480,5	11 541,2	5 594,4
Debt securities in issue	7 125,3	509,0	7 634,3	0,0
Derivative financial liabilities and other liabilities held for trading	368,7	137,0	505,7	0,0
Other liabilities	1 697,8	226,2	1 924,0	0,0
Total	20 517,2	1 564,1	22 081,3	5 594,4

29 CHANGES IN FAIR VALUES RECOGNISED IN INCOME STATEMENT

	2007	2006
EUR m		
In assets held for trading		
Debt securities	-0,3	-10,7
Shares and participations	-1,1	0,0
Other	8,2	3,2
Total	6,8	-7,5

30 MOVEMENTS IN EQUITY

EUR m	2007					Total
	Share capital	Legal reserve	Fair value reserve	Other reserves	Retained earnings	
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					
Total	-2,7					
Retained earnings at 1 Jan. 2007	635,6					
Dividends	0,0					
Profit for the year	705,8					
Retained earnings at 31 Dec. 2007	1 341,4					
Distributable equity at 31 December 2007						
Parent company						
Other reserves	43,8					
Retained earnings	635,6					
Profit for the year	705,8					
Decreases	0,0					
Total	1 385,1					

EUR m	2006					Total
	Share capital	Legal reserve	Fair value reserve	Other reserves	Retained earnings	
Carrying amount at 1 Jan. 2006	106,0	261,7	1,8	29,1	521,0	919,6
Additions						0,0
Decreases			-4,5			-4,5
Dividends					-75,0	-75,0
Profit for the year					189,6	189,6
Carrying amount at 31 Dec. 2006	106,0	261,7	-2,7	29,1	635,6	1 029,8
Fair value reserve at 1 Jan. 2006						
Available for sale financial assets	1,3					
Cash flow hedging	1,1					
Deferred tax liability	-0,6					
Total	1,8					
Retained earnings at beginning of year	521,0					
Dividends	-75,0					
Profit for the year	189,6					
Carrying amount at 31 Dec. 2006	635,6					
Distributable equity at 31 December 2006						
Parent company						
Other reserves	29,1					
Retained earnings	446,0					
Profit for the year	189,6					
Decreases	-4,5					
Total	660,3					

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 AGM 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	2007	2006
	Pledges	Pledges
Pledged for own liabilities		
Balance sheet item		
Derivative financial liabilities and other liabilities held for trading	140,1	160,9
Total assets pledged	1 139,7	1 422,6
Total pledged for own liabilities	1 279,8	1 583,5
of which on behalf of Group companies		27,1

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

	2007	2006
EUR m		
Not more than one year	26,1	22,1
Over one year but not more than five years	62,9	52,8
Over five years	39,6	39,8
Total	128,6	114,7

37 OFF-BALANCE SHEET ITEMS

	2007	2006
EUR m		
Guarantees and pledges	2 342,2	2 690,9
of which on behalf of Group companies	4,4	79,0
on behalf of associates	-	-
Sale and option to resell transactions		
Undrawn loans, overdraft facilities and commitments to lend	3 832,2	3 807,3
to Group companies	12,5	114,5
to associates	7,3	8,0
Underwriting commitments		
Other commitments		4,6
to or on behalf of Group companies		4,5
to or on behalf of associates		0,1
Total off-balance sheet items	6 174,4	6 502,7
to or on behalf of Group companies	16,9	197,9
to or on behalf of associates	7,3	8,1

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

	Average number	Change during the year
Full-time staff	2 871	-127
Part-time staff	21	2
Temporary staff	110	-71
Total	3002	-196

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

MANAGEMENT'S REMUNERATION (EUR 1,000) 2007**Managing Director ja Deputy Managing Director**

Managing Director	Ilkka Hallavo	2 798,6
Deputy Managing Director	Maarit Näkyvä	2 679,7

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, when the pension benefit is 60% of the pensionable salary.

LOANS

EUR m	
Balance at beginning of year	14,9
Additions	-
Repayments	-14,9
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
Subsidiaries of Sampo Bank plc			
Kiinteistö Oy Salon Orininkatu 15, Salo, property company	1	100,0	0,0
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
MDT Invest PLC, investment banking	1	82,5	4,0
Mandatum & Co Ltd, Helsinki, investment banking	1	65,0	1,9
3C Asset Management Ltd, Helsinki, investment services	1	56,8	1,1
Arvo Value Asset Management Ltd, Helsinki, investment services	1	56,0	0,2
Sampo Fund Management Ltd, Helsinki, investment services	1	100,0	6,5
ZAO Danske Bank, St. Petersburg, Russia, banking	1	100,0	35,5
Sampo Trade Service Ltd, Hong Kong, other financing services	1	100,0	0,0
Kolarin Nilijänkkä Kiinteistö Oy	1	100,0	2,0
Danske DCR PLC, Helsinki	1	100,0	1,8

Associates of Sampo Bank plc

Automatia Pankkiautomaatit Oy, Helsinki, electronic banking services	2	33,3	5,1
MB Equity Fund Ky, Helsinki, investment	2	20,9	0,0
Primasoft Oy, Espoo, IT services	2	20,0	0,2

- 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 2007, Sampo Bank plc belonged to Danske Bank Group, whose parent company is Danske Bank A/S.
 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 1,385,104,502.68 of which the profit for the year is EUR 705,764,160.71.

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 2007. Retained earnings are left in the equity capital.

Helsinki, 25th January 2008

Peter Straarup

Sven Erik Lystbæk

Ilkka Hallavo

Lars Stensgaard Mørch

Thomas Mitchell

Maarit Näkyvä

Teija Andersen

Esko Mäkeläinen

Tonny Thierry Andersen