FINANCIAL STATEMENTS 2012

SAMPO GROUP

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GROUP'S IFRS FINANCIAL STATEMENTS

Consolidated comprehensive income statement, IFRS

EURm	Notes	1-12/2012	1-12/2011
Insurance premiums written	1, 8	5,413	5,050
Net income from investments	2, 10, 18	967	260
Other operating income		35	32
Claims incurred	3, 8	-3,540	-3,723
Change in liabilities for insurance and investment contracts	4	-719	241
Staff costs	5	-588	-543
Other operating expenses	6, 8	-576	-548
Finance costs	10	-75	-82
Share of associates' profit/loss	14	700	541
Profit before taxes		**1,616**	**1228**
Taxes	21, 22, 23	-212	-189
Profit for the period		**1,404**	**1,038**
Other comprehensive income for the period	23, 24		
Exchange differences		48	6
Available-for-sale financial assets		509	-520
Cash flow hedges		-1	-2
Share of associate's other comprehensive income		9	23
Income tax relating to components of other comprehensive income		-114	141
Other comprehensive income for the period, net of tax		**451**	**-352**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,855**	**686**
Profit attributable to			
Owners of the parent		1,404	1,038
Non-controlling interests		-	0
Total comprehensive income attributable to			
Owners of the parent		1,855	686

	Notes		
Non-controlling interests		-	0
Earnings per share (eur)	9	**2.51**	**1.85**

Consolidated balance sheet, IFRS

EURm	Notes	12/2012	12/2011
Assets			
Property, plant and equipment	11	26	26
Investment property	12	122	118
Intangible assets	13	771	745
Investments in associates	14	7,049	6,593
Financial assets	10, 15, 16, 17, 18, 19	16,857	16,745
Investments related to unit-linked insurance contracts	10, 20	3,833	3,053
Tax assets	21	44	64
Reinsurers' share of insurance liabilities	28	580	532
Other assets	25	1,729	1,659
Cash and cash equivalents	10, 26	1,034	572
Total assets		**32,045**	**30,107**
Liabilities			
Liabilities for insurance and investment contracts	28	13,925	13,796
Liabilities for unit-linked insurance and investment contracts	29	3,832	3,054
Financial liabilities	10, 16, 17, 29	2,378	2,768
Tax liabilities	21	542	474
Provisions	30	56	37
Employee benefits	31	76	98
Other liabilities	32	1,123	960
Total liabilities		**21,932**	**21,187**
Equity	34		
Share capital		98	98
Reserves		1,531	1,531
Retained earnings		7,587	6,844
Other components of equity		898	447
Equity attributable to owners of the parent		**10,113**	**8,920**
Non-controlling interests		-	0
Total equity		**10,113**	**8,920**
Total equity and liabilities		**32,045**	**30,107**

Statement of changes in equity, IFRS

EURm	Share capital	Share premium account	Legal reserve	Invested unrestricted equity	Retained earnings	Translation of foreign operations *)	Available-for-sale financial assets **)	Cash flow hedges ***)	Total
Equity at 1 Jan. 2011	**98**	**0**	**4**	**1,527**	**6,459**	**62**	**734**	**3**	**8,886**
Changes in equity									
Recognition of undrawn dividends					13				13
Dividends					-645				-645
Acquisition of treasury shares					-24				-24
Share of associate's other changes in equity					4				4
Total comprehensive income for the year					1,038	3	-379	24	686
Equity at 31 Dec. 2011	**98**	**0**	**4**	**1,527**	**6,844**	**65**	**354**	**27**	**8,920**
Changes in equity									
Recognition of undrawn dividends					6				6
Dividends					-672				-672
Share of associate's other changes in equity					-4				-4
Other changes in equity					9				9
Total comprehensive income for the year					1,404	76	406	-30	1,855
Equity at 31 Dec. 2012	**98**	**0**	**4**	**1,527**	**7,586**	**141**	**760**	**-3**	**10,113**

*) The total comprehensive income includes also the share of the associate Nordea's other comprehensive income, in accordance with the Group's share holding. Nordea's other comprehensive income comprise, to a large extent, the currency hedging of net investments and exchange differences, and therefore the Group's exchange differences include also Sampo's share of these items totalling EURm 28 (23). Available-for-sale financial assets include the share of Nordea's valuation differences EURm 11 (-) on these assets. Nordea's share of cash flow hedges amounted to EURm -29 (26).

**) The amount recognised in equity from available-for-sale financial assets for the period totalled EURm 384 (-409). The amount transferred to p/l amounted to EURm 11 (30).

***) The amount recognised in equity from cash flow hedges for the period totalled EURm -1 (-2) .

The amount included in the translation, available-for-sale and cash flow hedge reserves represent other comprehensive income for each component, net of tax.

Statement of cash flows, IFRS

	2012	2011
Operating activities		
Profit before taxes	1,616	1,228
Adjustments:		
Depreciation and amortisation	17	18
Unrealised gains and losses arising from valuation	-290	530
Realised gains and losses on investments	-93	-130
Change in liabilities for insurance and investment contracts	513	-95
Other adjustments	-615	-885
Adjustments total	**-468**	**-562**
Change (+/-) in assets of operating activities		
Investments *)	350	17
Other assets	16	-130
Total	**366**	**-113**
Change (+/-) in liabilities of operating activities		
Financial liabilities	-169	101
Other liabilities	21	-307
Paid taxes	-275	-241
Total	**-422**	**-447**
Net cash from operating activities	**1,092**	**106**
Investing activities		
Investments in group and associated undertakings	230	-119
Net investment in equipment and intangible assets	-16	-17
Net cash from investing activities	**215**	**-136**

Financing activities		
Acquisition of own shares	-	-24
Dividends paid	-663	-637
Issue of debt securities	2,181	2,440
Repayments of debt securities in issue	-2,362	-1,703
Net cash used in financing activities	**-845**	**75**
Total cash flows	**462**	**46**
Cash and cash equivalents at 1 January	567	524
Effects of exchange rate changes	5	2
Cash and cash equivalents at 31 December	1,034	572
Net increase in cash and cash equivalents	**462**	**46**

Additional information to the statement of cash flows:	**2012**	**2011**
Interest income received	694	697
Interest expense paid	-177	-194
Dividend income received	82	102

*) Investments include investment property, financial assets and investments related to unit-linked insurance contracts.

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

Cash and cash equivalents include cash at bank and in hand and short-term deposits (max. 3 months).

Notes to the Group’s statement of cash flows

Disposals 2012

If P&C Insurance Holding AB sold the Russian insurance company SOAO Region on 30 Nov, 2012. The net net consideration paid was EURm 8. The cash and cash equivalents transferred amounted to EURm 1.

The assets and liabilities of the disposed company did not have a material effect on the Group's income statement, balance sheet or cash flows.

Notes to the accounts

Summary of significant accounting policies

Sampo Group has prepared the consolidated financial statements for 2012 in compliance with the International Financial Reporting Standards (IFRSs). In preparing the financial statements, Sampo has applied all the standards and interpretations relating to its business, adopted by the commission of the EU and effective at 31 December, 2012.

During the financial year, Sampo adopted the following amended standard relating to its business.

The amendment to IFRS 7 *Financial instruments: Disclosures* (effective for annual periods beginning on 1 July 2011 or after) enhances the transparency of the transfer transactions of financial assets and helps users to understand the possible effects of risks remaining with the company and the effect on the financial statements. The amendment had no material impact on the Group's financial statements reporting.

Improvements to IFRSs 2011 – various minor changes made to different standards at the same time. The changes were not material to Sampo's financial statements reporting.

In preparing the notes to the consolidated financial statements, attention has also been paid to the Finnish accounting and company legislation and applicable regulatory requirements. Some of the risk management disclosures are presented in the Group's financial statements' Risk Management section.

The financial statements have been prepared under the historical cost convention, with the exception of financial assets and liabilities at fair value through p/l, financial assets available-for-sale, hedged items in fair value hedges and share-based payments settled in equity instruments measured at fair value.

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

The Board of Directors of Sampo plc accepted the financial statements for issue on 13 February 2013.

Consolidation

Subsidiaries

The consolidated financial statements combine the financial statements of Sampo plc and all its subsidiaries. Entities qualify as subsidiaries if the Group has the controlling power. The Group exercises control if its shareholding is more than 50 per cent of the voting rights or it otherwise has the power to exercise control over the financial and operating policies of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group, and cease to be consolidated from the date that control ceases.

The acquisition method of accounting is used for the purchase of subsidiaries. The cost of an acquisition is allocated to the identifiable assets, liabilities and contingent liabilities, which are measured at the fair value of the date of the acquisition. Possible non-controlling interest of the acquired entity is measured either at fair value or at proportionate interest in the acquiree's net assets. The acquisition-specific choice affects both the amount of recognised goodwill and non-controlling interest. The excess of the aggregate of consideration transferred, non-controlling interest and possibly previously held equity interest in the acquiree, over the Group's share of the fair value of the identifiable net assets acquired, is recognised as goodwill.

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

Associates

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

The share of associates' profit or loss, equivalent to the Group's holding, is presented as a separate line in the income statement.

If there is any indication that the value of the investment may be impaired, the carrying amount is tested by comparing it with its recoverable amount. The recoverable amount is the higher of its value in use or its fair value less costs to sell. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount by recognising an impairment loss in the profit/loss. If the recoverable amount later increases and is greater than the carrying amount, the impairment loss is reversed through profit and loss.

Foreign currency translation

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

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

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

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

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

The following exchange rate was applied in the consolidated financial statements:

	Balance sheet date	Average exchange date
1 euro (EUR) =		
Swedish krona (SEK)	8.5820	8.7040

Segment reporting

The Group's segmentation is based on business areas whose risks and performance bases as well as regulatory environment differ from each other. The control and management of business and management reporting is organised in accordance with the business segments. The Group's business segments are P&C insurance, life insurance and holding business.

Geographical information has been given on income from external customers and non-current assets. The reported segments are Finland, Sweden, Norway, Denmark, the Baltic countries and other countries.

In the inter-segment and inter-company pricing, for both domestic and cross border transactions, market-based prices are applied. The pricing is based on the Code of conduct on Transfer Pricing Documentation in the EU and OECD guidelines.

Inter-segment transactions, assets and liabilities are eliminated in the consolidated financial statements on a line-by-line basis.

Interest and dividends

Interest income and expenses are recognised in the income statement using the effective interest rate method. This method recognises income and expenses on the instrument evenly in proportion to the amount outstanding over the period to maturity. Dividends on equity securities are recognised as revenue when the right to receive payment is established.

Fees and commissions

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

The costs of acquiring new and renewed insurance business are treated as deferred acquisition costs in the P&C insurance. In the life insurance business the acquisition costs are treated as fee and commission expense under ‘Other operating expenses’.

Other fees and commissions paid for investment activities are included in ‘Net income from investments’.

Insurance premiums

Insurance premiums in the income statement consist of premiums written for P&C insurance and life insurance.

P&C insurance contracts are primarily of short duration (1 year), so that premiums written are recognised as earned on a pro rata basis, adjusting them by a change in the provision for unearned premiums i.e. by the proportion of the insurance premium income that, based on the period covered by the insurance contract, belongs to the following financial year.

In the life insurance business, liabilities arising from insurance and investment contracts count as long-term liabilities. Therefore the insurance premium and related claims are usually not recognised in the same accounting period. Depending on the type of insurance, premiums are primarily recognised in premiums written when the premium has been paid. In group pension insurance, a part of the premiums is recognised already when charged.

The change in the provisions for unearned premiums is presented as an expense under 'Change in insurance and investment contract liabilities'.

Financial assets and liabilities

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

According to the Group’s risk management policy, investments are managed at fair value in order to have the most realistic and real-time picture of investments, and they are reported to the Group key management at fair value. Investments comprise debt and equity securities. They are mainly classified as financial assets available-for-sale.

In the P&C insurance, the fair value option permitted by IAS 39 has been applied in the earlier years. The remaining assets acquired before the year 2008 are still measured at fair value through p/l. Furthermore, the fair value option is applied in some minor P&C companies.

In the life insurance business, IFRS 4 Insurance Contracts provides that insurance contracts with a discretionary participation feature are measured in accordance with national valuation principles (except for the equalisation reserve) rather than at fair value. These contracts and investments made to cover shareholders’ equity are managed in their entirety and are classified mainly as available-for-sale financial assets.

Financial assets designated as at fair value through profit or loss in the life insurance business are investments related to unit-linked insurance, presented separately in the balance sheet. The corresponding liabilities are also presented separately. In addition, in the life insurance business, investments classified as the financial assets of foreign subsidiaries, and financial instruments in which embedded derivatives have not been separated from the host contract have been designated as at fair value through profit or loss.

In the Holding business, investments are primarily classified as financial assets available-for-sale.

Recognition and derecognition

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

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

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

In some limited circumstances, the amendments permit reclassifications of certain financial assets measured at fair value, after the initial recognition.

Financial assets and financial liabilities at fair value through profit or loss

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

Financial derivative instruments held for trading

Derivative instruments that are not designated as hedges and do not meet the requirements for hedge accounting are classified as derivatives for trading purposes.

Financial derivatives held for trading are initially recognised at fair value. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments are recognised at fair value, and gains and losses arising from changes in fair value together with realised gains and losses are recognised in the income statement.

Financial assets designated as at fair value through profit or loss

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

Loans and receivables

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

Loans and receivables are initially recognised at their fair value, added by transaction costs directly attributable to the acquisition of the asset. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial investments that are designated as available for sale and or are not categorised into any other category. Available-for-sale financial assets comprise debt and equity securities.

Available-for-sale financial assets are initially recognised fair value, including direct and incremental transaction costs. They are subsequently remeasured at fair value, and the changes in fair value are recorded in other comprehensive income and presented in the fair value reserve, taking the tax effect into account. Interest income and dividends are recognised in profit or loss. When the available-for-sale assets are sold, the cumulative change in the fair value is transferred from equity and recognised together with realised gains or losses in profit or loss. The cumulative change in the fair value is also transferred to profit or loss when the assets are impaired and the impairment loss is recognised. Exchange differences due to available-for-sale monetary balance sheet items are always recognised directly in profit or loss.

Other financial liabilities

Other financial liabilities comprise debt securities in issue and other financial liabilities.

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

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

Fair value

The fair value of financial instruments is determined primarily by using quoted prices in active markets. Instruments are measured either at the bid price or at the last trade price, if the instrument is a share listed at NASDAQ OMX. The financial derivatives are also measured at the last trade price. If the financial instrument has a counter-item that will offset its market risk, the mid-price may be used to that extent. If a published price quotation does not exist for a financial instrument in its entirety, but active markets exist for its component parts, the fair value is determined on the basis of the relevant market prices of the component parts.

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

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

Impairment of financial assets

Sampo assesses at the end of each reporting period whether there is any objective evidence that a financial asset, other than those at fair value through p/l, may be impaired. A financial asset is impaired and impairment losses are incurred, if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset, and if that event has an impact, that can be reliably estimated, on the estimated future cash flows of the financial asset.

Financial assets carried at amortised cost

There is objective evidence of impairment, if an issuer or debtor e.g. encounters significant financial difficulties that will lead to insolvency and to estimation that the customer will probably not be able to meet the obligations to the Group. Objective evidence is first assessed for financial assets that are individually significant, and individually and collectively for financial assets not individually significant.

When there is objective evidence of impairment of a financial asset carried at amortised cost, the amount of the loss is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the receivable's original effective interest rate. The difference is recognised as an impairment loss in profit or loss. The impairment is assessed individually.

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

Available-for-sale financial assets

Whether there is objective evidence of an impairment of available-for-sale financial assets, is evaluated in a separate assessment, which is done if the credit rating of an issuer has declined or the entity is placed on watchlist, or there is a significant or prolonged decline in the fair value of an equity instrument below its original acquisition cost.

The decision on whether the impairment is significant or prolonged requires an assessment of the management. The assessment is done case by case and with consideration paid not only to qualitative criteria but also historical changes in the value of an equity as well as time period during which the fair value of an equity security has been lower than the acquisition cost. In Sampo Group, the impairment is normally assessed to be significant, if the fair value of a listed equity or participation decreases below the average acquisition cost by 20 per cent and prolonged, when the fair value has been lower than the acquisition cost for over 12 months.

As there are no quoted prices available in active markets for unquoted equities and participations, the aim is to determine their fair value with the help of generally accepted valuation techniques available in the markets. The most significant share of unquoted equities and participations comprise the private equity and venture capital investments. They are measured in accordance with the generally accepted common practice, International Private Equity and Venture Capital Guidelines (IPEV).

The significance and prolongation of the impairment in the last-mentioned cases is assessed case by case, taking into consideration special factors and circumstances related to the investment. Sampo invests in private equity and venture capital in order to keep them to the end of their life cycle, so the typical lifetime is 10 – 12 years. In general, a justifiable assessment of a potential impairment may only be done towards the end of the life cycle. However, if additionally there is a well-founded reason to believe that an amount equivalent to the acquisition cost will not be recovered when selling the investment, an impairment loss is recognised.

In the case of debt securities, the amount of the impairment loss is assessed as the difference between the acquisition cost, adjusted with capital amortisations and accruals, and the fair value at the review time, reduced by previously in profit or loss recognised impairment losses.

When assessed that there is objective evidence of impairment in debt or equity securities classified as financial assets available-for-sale, the cumulative loss recognised in other comprehensive income is transferred from equity and recognised in profit or loss as an impairment loss.

If, in a subsequent period, the fair value of a debt security increases and the increase can objectively be related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed by recognising the amount in profit or loss.

If the fair value of an equity security increases after the impairment loss was recognised in profit or loss, the increase shall be recognised in other comprehensive income. If the value keeps decreasing below the acquisition cost, an impairment loss is recognised through profit or loss.

Derivative financial instruments and hedge accounting

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

Derivatives held for trading

Derivative instruments that are not designated as hedges and embedded derivatives separated from a host contract are treated as held for trading. They are measured at fair value and the change in fair value, together with realised gains and losses and interest income and expenses, is recognised in profit or loss.

If derivatives are used for hedging, but they do not qualify for hedge accounting as required by IAS 39, they are treated as held for trading.

Hedge accounting

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

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

During the financial year, fair value hedges have been used in P&C insurance. Both fair value and cash flow hedging have been applied in life insurance.

Cash flow hedging

Cash flow hedging is used to hedge the interest cash flows of individual floating rate debt securities or other floating rate assets or liabilities. The hedging instruments used include interest rate swaps, interest rate and cross currency swaps. Derivative instruments which are designated as hedges and are effective as such are measured at fair value. The effective part of the change in fair value is recognised in other comprehensive income. The remaining ineffective part is recognised in profit or loss.

The cumulative change in fair value is transferred from equity and recognised in profit or loss in the same period that the hedged cash flows affect profit or loss.

When a hedging instrument expires, is sold, terminated, or the hedge no longer meets the criteria for hedge accounting, the cumulative change in fair value remains in equity until the hedged cash flows affect profit or loss.

Fair value hedging

In accordance with the Group’s risk management principles, fair value hedging is used to hedge changes in fair values resulting from changes in price, interest rate or exchange rate levels. The hedging instruments used include foreign exchange forwards, interest rate swaps, interest rate and cross currency swaps and options, approved by the managements of the Group companies.

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

Securities lending

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

Leases

Group as lessee

Finance leases

Leases of assets in which substantially all the risks and rewards of ownership are transferred to the Group are classified as finance leases. Finance leases are recognised at the lease's inception at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding obligation is included in 'Other liabilities' in the balance sheet. The assets acquired under finance leases are amortised or depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the liability and the interest expense. The interest expense is amortised over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Operating leases

Assets in which the lessor retains substantially all the risks and rewards of ownership are classified as operating leases and they are included in the lessor's balance sheet. Payments made on operating leases are recognised on a straight-line basis over the lease term as rental expenses in profit or loss.

Group as lessor

Operating leases

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

Intangible assets

Goodwill

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

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

Other intangible assets

IT software and other intangible assets, whether procured externally or internally generated, are recognised in the balance sheet as intangible assets with finite useful lives, if it is probable that the expected future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. The cost of internally generated intangible assets is determined as the sum of all costs directly attributable to the assets. Research costs are recognised as expenses in profit or loss as they are incurred. Costs arising from development of new IT software or from significant improvement of existing software are recognised only to the extent they meet the above-mentioned requirements for being recognised as assets in the balance sheet.

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

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

Property, plant and equipment

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

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

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

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

Depreciation of property, plant or equipment will be discontinued, if the asset in question is classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Impairment of intangible assets and property, plant and equipment

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

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is calculated by estimating future net cash flows expected to be derived from an asset or a cash-generating unit, and by discounting them to their present value using a pre-tax discount rate. If the carrying amount of an asset is higher than its recoverable amount, an impairment loss is recognised in profit or loss. In conjunction with this, the impaired asset's useful life will be re-determined.

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

Investment property

Investment property is held to earn rentals and for capital appreciation. The Group applies the cost model to investment property in the same way as it applies to property, plant and equipment. The depreciation periods and methods and the impairment principles are also the same as those applied to corresponding property occupied for own activities. In the Holding segment, the investment property of the associate Nordea is measured at fair value in item Investments in associates.

The fair value of investment property is estimated using a method based on estimates of future cash flows and a comparison method based on information from actual sales in the market. The fair value of investment property is presented in the Notes.

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

Provisions

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

Insurance and investment contracts

Insurance contracts are treated, in accordance with IFRS 4, either as insurance or investment contracts. Under the standard, insurance contracts are classified as insurance contracts if significant insurance risk is transferred between the policyholder and the insurer. If the risk transferred on the basis of the contract is essentially financial risk rather than significant insurance risk, the contract is classified as an investment contract. Classification of a contract as an insurance contract or investment contract determines the measurement principle applied to it.

Sampo treats the liabilities arising from contracts in the first phase of the standard according to national accounting standards, except for the equalisation reserve and the provision for collective guarantee item and their changes which are reported in equity and profit or loss, in accordance with the IFRS.

The risks involved in insurance and investment contracts are widely elaborated in the Group's financial statements' Risk Management section.

Reinsurance contracts

A reinsurance contract is a contract which meets the IFRS 4 requirements for insurance contracts and on the basis of which Sampo Group (the cedant) may receive compensation from another insurer (the reinsurer), if it becomes liable for paying compensation based on other insurance contracts it has issued. Such compensation received on the basis of reinsurance contracts is included in the balance sheet under 'Reinsurers' share of insurance liabilities' and 'Other assets'. The former item includes the reinsurers' share of the provisions for unearned premiums and claims outstanding in the Group's reinsured insurance contracts, while the latter includes short-term receivables from reinsurers.

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

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

P&C Insurance business

Classification of insurance contracts

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

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

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

Insurance liabilities

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

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

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

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

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

Liability adequacy test

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

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

Pay-as-you-go system for P&C insurance

Pensions and compensation for healthcare or medical rehabilitation paid on the basis of Finland's statutory P&C insurance (accident, motor third party liability and patient insurance) are raised annually by the TEL (Employee Pensions Act) index in order to maintain the real value of the pensions. The index raises are not the responsibility of the insurance companies, but are funded by the so-called pay-as-you-go principle, i.e. each year premiums written include index raises to the same amount that is paid out in that year. In practice, the P&C insurance companies collect a so-called expense loading along with their premiums written, which is then forwarded to the central organisation for the particular insurance line. The central organisation distributes the pay-as-you-go contributions collected so that the company undertaking the type of insurance in question receives an amount equal to the compensation falling under the pay-as-you-go system it has paid that year. The insurer's participation in the payment is proportional to the insurer's market share in the insurance line in question.

The pay-as-you-go system related to pension index raises is not treated as an insurance activity under IFRS 4 and does not generate any risk for the insurance company. Thus, the pay-as-you-go contribution collected together with the insurance premium is not deemed to be premium income, and the pension index raise paid out is not deemed to be claims incurred. Because the collected index raise corresponds in amount to the paid out pension index raise, the said items are set-off in the Income Statement item 'Other expenses from operations'. The share of a balancing figure not yet received from, or not paid by, a central organisation is presented as current receivables or liabilities in the balance sheet items 'Other assets' or 'Other liabilities'.

Deferred acquisition costs

In the P&C insurance business, acquisition costs clearly relating to the writing of insurance contracts and extending beyond the financial year are recognised as assets in the balance sheet. Acquisition costs include operating expenses directly or indirectly attributable to writing insurance contracts, fees and commissions, marketing expenses and the salaries and overheads of sales staff. Acquisition costs are amortised in the same way as provisions for unearned premiums, usually in 12 months at the maximum.

Life insurance business

Classification of insurance contracts

Policies issued by the life insurance business are classified as either insurance contracts or investment contracts. Insurance contracts are contracts that carry significant insurance risk or contracts in which the policyholder has the right to change the contract by increasing the risk. As capital redemption contracts do not carry insurance risk, these contracts are classified as investment contracts.

The discretionary participation feature (DPF) of a contract is a contractual right held by a policyholder to receive additional benefits, as a supplement to the guaranteed minimum benefits. The supplements are bonuses based on the reserves of policies credited to the policy reserve, additional benefits in the case of death, or lowering of insurance premiums. In Mandatum Life, the principle of fairness specifies the application of this feature. In unit-linked contracts the policyholder carries the investment risk by choosing the investment funds linked to the contracts.

Measurement of insurance and investment contracts

National accounting standards are applied to all insurance contracts and to investment contracts with DPF, with the exception of the equalisation provision and changes in it.

All contracts, except unit-linked contracts and the assumed reinsurance, include DPF. In those unit-linked contracts which are not insurance contracts, the policyholder has the possibility to transfer the return on savings from unit-linked schemes to guaranteed interest with DPF. Thus, these contracts are also measured as contracts with DPF.

The surrender right, guaranteed interest and the unbundling of the insurance component from the deposit component and similar features are not separated and measured separately.

Insurance and investment contract liabilities and reinsurance assets

Liabilities arising from insurance and investment contracts consist of provisions for unearned premiums and outstanding claims. In the life insurance business, various methods are applied in calculating liabilities which involve assumptions on matters such as mortality, morbidity, the yield level of investments, future operating expenses and the settlement of claims.

Changes in the liabilities of reinsurance have been calculated at variable rates of exchange. In direct insurance, the insurance liability is calculated by policy, while in reinsurance it is calculated on the basis of the reports of the ceding company or the company's own bases of calculation.

The interest rate used in discounting liabilities is, at most, the maximum rate accepted by the authorities in each country. The guaranteed interest used in the direct insurance premium basis varies on the basis of the starting date of the insurance from zero to 4.5 per cent. The interest rate used in discounting liabilities is the same or lower than that used in premium calculation. Most of the liabilities of the accrued benefits of pension business with DPF are discounted by an interest rate of 3.5 per cent, also being the highest discount rate used. In addition, Mandatum Life has for the year 2013 lowered the maximum rate to 2.5 %, and for the year 2014 to 3.25 %.

Due to the difference in the discount rate of liabilities and the guaranteed interest of 4.5 %, supplementary provisions for guaranteed interest have been added to technical provisions. In the subsidiary, Mandatum Life Insurance Baltic, the discount rate varies by country between 2.5 - 4.0 per cent and the average guaranteed interest rate between 2.5 – 4.0 per cent.

Mortality assumptions have an essential effect on the amount of liability, particularly in group pension insurance, the liability of which accounts for about 36 per cent of the technical provisions of the Finnish life company. A so-called cohort mortality model is used in calculating the group pension insurance liability since 2002, incorporating the insured person's birth year in addition to his or her age and sex. The cohort mortality model assumes that life expectancy increases by one year over a ten-year period.

For unit-linked contracts, all the liabilities and the assets covering the unit-linked insurance are matched. Both the liabilities and the assets have been presented in the Notes to the financial statements. In calculating the provision for claims outstanding of direct insurance, discounting is applied only in connection with the liabilities of pensions whose payment has commenced. The liabilities of assumed reinsurance are based on the reports of the ceding company and on an estimate of claims which have not yet been settled. The assets covering the unit-linked liabilities include debt securities issued by the Group companies. These have not been eliminated. Elimination would lead to misleading information, as the policy holders carry the investment risk related to these investments, and to a mismatch between the unit-linked liabilities and assets covering them.

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

The amounts of short- and long-term liabilities in technical provisions are determined annually. The Group's financial statements' Risk Management section elaborates on the change of technical provisions and their forecast annual maturities.

Liability adequacy test

A liability adequacy test is applied to all portfolios, company by company, and the need for augmentation is checked, company by company, on the basis of the adequacy of the whole technical provisions. The test includes all the expected contractual cash flows for non-unit-linked liabilities. The expected contractual cash flows include expected premiums, claims, bonuses and expenses. The claims have been estimated including surrenders and other insurance transactions based on historical data. The amounts of claims include the guaranteed interest and an estimation of future bonuses. The present values of the cash flows have been discounted to the balance sheet date by using a swap rate curve.

For the unit-linked business, the present values of the insurance risk and expense results are calculated correspondingly. If the aggregate amount of the liability for the unit-linked and other business presumes an augmentation, the liability is increased by the amount shown by the test and recognised in profit or loss.

Principle of fairness

According to Chapter 13, Section 2 of the Finnish Insurance Companies' Act, the Principle of Fairness must be observed in life insurance and investment contracts with a discretionary participation feature. If the solvency requirements do not prevent it, a reasonable part of the surplus has to be returned to these policies as bonuses.

Mandatum Life aims at giving a total return before charges and taxes on policyholders' savings in contracts with DPF that is at least the yield of those long term bonds, which are considered to have lowest risk. At the moment we consider German government bonds to be the most risk free long term bonds available. Nevertheless, Finnish government bonds are used as target levels at the moment. The total return consists of the guaranteed interest rate and bonuses determined annually. Continuity is pursued in the level of bonuses. The aim is to maintain the company's solvency status on such a level that it neither limits the giving of bonuses to policyholders nor the distribution of profit to shareholders. The principle is explained in detail on the company's website.

The legislation of Estonia, Latvia and Lithuania respectively does not contain provisions corresponding to the Principle of Fairness.

Employee benefits

Post-employment benefits

Post-employment benefits include pensions and life insurance.

Sampo has defined benefit plans in Sweden and Norway, and defined contribution plans in other countries. The most significant defined contribution plan is that arranged through the Employees' Pensions Act (TEL) in Finland.

In defined contribution plans, the Group pays fixed contributions to a pension insurance company and has no legal or constructive obligation to pay further contributions. The obligations arising from a defined contribution plan are recognised as an expense in the period that the obligation relates to.

In defined benefit plans, the company still has obligations after paying the contributions for the financial period and bears their actuarial and/or investment risk. The obligation is calculated separately for each plan using the projected unit credit method. In calculating the amount of the obligation, actuarial assumptions are used. The pension costs are recognised as an expense for the service period of employees.

Defined benefit plans are both funded and unfunded. The amounts reported as pension costs during a financial year consist of 1) the actuarially calculated earnings of old-age pensions during the year, calculated straight-line, based on pensionable income at the time of retirement, and 2) calculated effects in the form of interest expense for crediting/appreciating the preceding years' established pension obligations less 3) revenues from the assets covered by the plan. The calculation of pension costs during the financial year starts at the beginning of the year and is based on assumptions about such factors as salary growth and price inflation throughout the duration of the obligation and on the anticipated/expected return on the plan's assets and the market interest rate on the obligation during the financial year.

When reporting defined benefit plans in the balance sheet, the so-called corridor method is used. According to this model, accrued actuarial gains and losses resulting from differences between calculated assumptions and the actual outcome are not reported in the income statement unless the accumulated difference exceeds 10 per cent of the present value of the future obligations or the fair value of the plan's assets, whichever is higher. Accumulated differences that exceed the 10 per cent limit are accrued in the income statement as pension costs throughout the duration of the obligation. The accumulated accrued actuarial gains and losses calculated in this way that are not reported in the income statement are reported in the balance sheet as a net asset/net liability.

The Group also has certain voluntary defined benefit plans. These are intra-Group, included in the insurance liabilities of Mandatum Life and have no material significance.

Termination benefits

An obligation based on termination of employment is recognised as a liability when the Group is verifiably committed to terminate the employment of one or more persons before the normal retirement date or to grant benefits payable upon termination as a result of an offer to promote voluntary redundancy. As no economic benefit is expected to flow to the employer from these benefits in the future, they are recognised immediately as an expense. Obligations maturing more than 12 months later than the balance sheet date are discounted. The benefits payable upon termination at Sampo are the monetary and pension packages related to redundancy.

Share-based payments

During the financial year, Sampo had two valid share-based incentive schemes settled in cash (the long-term incentive schemes 2009 I and 2011 I for the management and key employees). The schemes have been measured at fair value at the grant date and at every reporting date thereafter.

In the schemes settled in cash, the valuation is recognised as a liability and changes recognised through profit or loss.

The fair value of the schemes has been determined using the Black-Scholes-pricing model. The fair value of the market-based part of the incentive takes into consideration the model's forecast concerning the number of incentive units to be paid as a reward. The effects of non-market based terms are not included in the fair value of the incentive; instead, they are taken into account in the number of those incentive units that are expected to be exercised during the vesting period. In this respect, the Group will update the assumption on the estimated final number of incentive units at every interim or annual balance sheet date.

Income taxes

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

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

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

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.

From the beginning of 2013, the tax rate in Sweden was lowered from 26.3 % to 22 %. The taxable income for the financial year is based on 26.3 %, but the lower rate has been used in the calculation of deferred taxes.

Share capital

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

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

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

Cash and cash equivalents

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

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

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

Accounting policies requiring management judgement and key sources of estimation uncertainties

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

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

Actuarial assumptions

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

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

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

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

Determination of fair value

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

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

Impairment tests

Goodwill, intangible assets not yet available for use, and intangible assets with an indefinite useful life are tested for impairment at least annually. The recoverable amounts from cash-generating units have mainly been determined using calculations based on value in use. These require management estimates on matters such as future cash flows, the discount rate, and general economic growth and inflation.

Application of new or revised IFRSs and interpretations

In 2013 and 2014, the Group will apply the following new or amended standards and interpretations related to the Group's business.

Applications in 2013

Amendment to IAS 1 (effective for annual periods beginning on 7 July 2012 or after) requires the grouping of items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. The amendment will have an impact on the Group's disclosures.

The amendment to IAS 19 *Employee Benefits* (effective for annual periods beginning on 1 Jan 2013 or after) mandates all actuarial gains and losses be recognised in other comprehensive income, thus the so-called corridor approach is eliminated and the benefit cost will be determined based on the net funding. The change will have an impact on the employee benefits recognised in the If subgroup. In the transition phase, the accumulated unrecognised losses EURm 157 plus social security fees related to the corridor method at 31 Dec 2011, will reduce the opening equity for the comparison year 2012. The corresponding amount at 31 Dec 2012 is EURm 113. The subsequent changes will be recognised in other comprehensive income. The effect has already been taken into account in the calculation of If-subgroup's capital base.

IFRS 13 *Fair Value Measurement* (effective for annual periods beginning on 1 Jan 2013 or after) combines in one standard the determination of fair value and defines the concept of fair value more precisely. The new standard will have an impact mainly on the Group's disclosures.

The amendment to IFRS 7 *Financial Instruments*: Disclosures (effective for annual periods beginning on 1 Jan 2013 or after) clarifies the disclosure requirements for e.g. offset financial instruments. The amendment will have no material impact on the Group's financial statements reporting.

Applications in 2014

IFRS 10 *Consolidated Financial Statements* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) defines closer the concept of control as the crucial factor for consolidation. The new standard will have no material impact on the Group's financial statements reporting.

IFRS 12 *Disclosure of Interests in Other Entities* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes requirements for disclosures regarding different involvements in other entities, such as associates and unconsolidated entities. The new standard will have an impact on the Group's disclosures.

Revised IAS 27 *Consolidated and Separate Financial Statements* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes the requirements for separate financial statements to the extent they have not been included in the new IFRS 10. The adoption of the revised standard will have no material impact on the Group's financial statements reporting.

Revised IAS 28 *Investments in Associates* (effective for annual periods beginning on 1 Jan 2013 or after, latest application for annual period beginning on 1 Jan 2014) includes the requirements for using the equity method accounting for investments in associates and joint ventures. The adoption of the revised standard will have no material impact on the Group's financial statements reporting.

The amendment to IAS 32 *Financial Instruments: presentation* (effective for annual periods beginning on 1 Jan 2014 or after) specifies the presentation of situations when financial assets and liabilities are offset.The adoption of the amendment will have no material impact on the Group's financial statements reporting.

Segment information

The Group’s business segments comprise P&C insurance, Life insurance and Holding company.

Geographical information has been disclosed about income from external customers and non-current assets. The reported areas are Finland, Sweden, Norway, Denmark, the Baltic countries and other countries.

Segment information has been produced in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements.The segment revenue, expense, assets and liabilities, either directly attributable or reasonably allocable, have been allocated to the segments. Inter-segment pricing is based on market prices. The transactions, assets and liabilities between the segments are eliminated in the consolidated financial statements on a line-by-line basis.

Depreciation and amortisation by segment are disclosed in notes 11 - 13 and investments in associates in note 14.

Consolidated income statement by business segment for year ended 31 December 2012

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premius written	4,441	977	-	-5	5,413
Net income from investments	359	574	51	-18	967
Other operating income	33	3	15	-16	35
Claims incurred	-2,876	-669	-	4	-3,540
Change in liabilities for insurance and investment contracts	-78	-642	-	1	-719
Staff costs	-527	-42	-18	0	-588
Other operating expenses	-521	-58	-13	16	-576
Finance costs	-19	-7	-65	16	-75
Share of associates' profit/loss	46	0	653	0	700
Profit before taxes	**858**	**136**	**623**	**-1**	**1,616**
Taxes	-185	-28	1	0	-212
Profit for the year	**673**	**108**	**624**	**-1**	**1,404**
Other comprehensive income for the year					
Exchange differences	48	0	-	-	48
Available-for-sale financial assets	281	236	-2	-6	509
Cash flow hedges	-	-1	-	-	-1
Share of associate's other comprehensive income	-	-	9	-	9
Income tax relating to components of other comprehensive income	-56	-58	0	0	-114
Other comprehensive income for the year, net of tax	**272**	**177**	**8**	**-6**	**451**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**945**	**286**	**631**	**-7**	**1,855**
Profit attributable to					
Owners of the parent					1,404
Non-controlling interests					-
Total comprehensive income attributable to					
Owners of the parent					1,855
Non-controlling interests					-

Consolidated income statement by business segment for year ended 31 December 2011

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Insurance premius written	4,201	849	-	-	5,050
Net income from investments	298	-41	18	-16	260
Other operating income	31	2	15	-15	32
Claims incurred	-2,801	-922	-	-	-3,723
Change in liabilities for insurance and investment contracts	-107	348	-	-	241
Staff costs	-494	-38	-11	-	-543
Other operating expenses	-497	-53	-13	15	-548
Finance costs	-2	-8	-86	14	-82
Share of associates' profit/loss	7	0	534	-	541
Profit before taxes	**636**	**137**	**457**	**-3**	**1,228**
Taxes	-159	-30	-1	0	-189
Profit for the year	**478**	**107**	**456**	**-3**	**1,038**
Other comprehensive income for the year					
Exchange differences	6	0	-	-	6
Available-for-sale financial assets	-239	-304	3	20	-520
Cash flow hedges	-	-2	-	-	-2
Share of associate's other comprehensive income	-	-	23	-	23
Income tax relating to components of other comprehensive income	63	84	-1	-5	141
Other comprehensive income for the year, net of tax	**-170**	**-222**	**25**	**15**	**-352**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**308**	**-115**	**481**	**12**	**686**
Profit attributable to					
Owners of the parent					1,038
Non-controlling interests					0
Total comprehensive income attributable to					
Owners of the parent					686
Non-controlling interests					0

Consolidated balance sheet by business segment at 31 December 2012

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	16	5	4	-	26
Investment property	27	95	4	-4	122
Intangible assets	606	164	0	-	771
Investments in associates	362	0	6,687	-	7,049
Financial assets	11,200	5,269	3,028	-2,641	16,857
Investments related to unit-linked insurance contracts	-	3,834	-	-1	3,833
Tax assets	31	0	18	-5	44
Reinsurers' share of insurance liabilities	577	3	-	-	580
Other assets	1,592	109	41	-13	1,729
Cash and cash equivalents	407	154	473	-	1,034
Total assets	**14,818**	**9,635**	**10,256**	**-2,663**	**32,045**
Liabilities					
Liabilities for insurance and investment contracts	9,854	4,071	-	-	13,925
Liabilities for unit-linked insurance and investment contracts	-	3,833	-	-1	3,832
Financial liabilities	362	105	2,181	-270	2,378
Tax liabilities	389	153	-	0	542
Provisions	56	-	-	-	56
Employee benefits	76	-	-	-	76
Other liabilities	807	177	152	-13	1,123
Total liabilities	**11,544**	**8,340**	**2,333**	**-284**	**21,932**
Equity					
Share capital					98
Reserves					1,531
Retained earnings					7,587
Other components of equity					898
Equity attributable to parent company's equityholders					**10,113**
Non-controlling interests					-
Total equity					**10,113**
Total equity and liabilities					**32,045**

Consolidated balance sheet by business segment at 31 December 2011

EURm	P&C insurance	Life insurance	Holding	Elimination	Group
Assets					
Property, plant and equipment	16	6	4	-	26
Investment property	26	92	4	-4	118
Intangible assets	580	165	0	-	745
Investments in associates	340	0	6,253	-	6,593
Financial assets	10,754	5,168	3,465	-2,642	16,745
Investments related to unit-linked insurance	-	3,053	-	-	3,053
Tax assets	52	-	17	-5	64
Reinsurers' share of insurance liabilities	528	3	-	-	532
Other assets	1,479	133	59	-12	1,659
Cash and cash equivalents	390	93	89	-	572
Total assets	**14,165**	**8,713**	**9,891**	**-2,662**	**30,107**
Liabilities					
Liabilities for insurance and investment contracts	9,547	4,249	-	-	13,796
Liabilities for unit-linked insurance and investment contracts	-	3,054	-	-	3,054
Financial liabilities	528	164	2,346	-269	2,768
Tax liabilities	388	85	-	-	474
Provisions	37	-	-	-	37
Employee benefits	98	-	-	-	98
Other liabilities	695	151	126	-12	960
Total liabilities	**11,294**	**7,703**	**2,472**	**-281**	**21,187**
Equity					
Share capital					98
Reserves					1,531
Retained earnings					6,844
Other components of equity					447
Equity attributable to parent company's equityholders					**8,920**
Non-controlling interests					0
Total equity					**8,920**
Total equity and liabilities					**30,107**

Geographical information

EURm	Finland	Sweden	Norway	Denmark	Baltic	Other	Total
At 31 Dec. 2012							
Revenue from external customers							
P&C insurance	903	1,321	1,637	389	112	1	4,363
Life insurance	944	-	-	-	33	-	977
Holding	66	-	-	-	-	-	66
Total	**1,913**	**1,321**	**1,637**	**389**	**145**	**1**	**5,406**
Non-current assets							
P&C insurance	110	529	23	338	11	-	1,011
Life insurance	264	-	-	-	1	-	265
Holding	8	6,687	-	-	-	-	6,696
Total	**382**	**7,217**	**23**	**338**	**12**	**0**	**7,972**
At 31 Dec. 2011							
Revenue from external customers							
P&C insurance	862	1,245	1,497	371	111	8	4,094
Life insurance	808	-	-	-	41	-	849
Holding	33	-	-	-	-	-	33
Total	**1,703**	**1,245**	**1,497**	**371**	**152**	**8**	**4,976**
Non-current assets							
P&C insurance	105	828	13	5	10	2	962
Life insurance	261	-	-	-	1	-	262
Holding	9	6,253	-	-	-	-	6,262
Total	**375**	**7,081**	**13**	**5**	**11**	**2**	**7,486**

The revenue includes insurance premiums according to the underwriting country, consisting of premiums earned for P&C insurance and premiums written for Life insurance, and net investment income and other operating income in the Holding segment.

Non-current assets comprise of intangible assets, investments in associates, property, plant and equipment, and investment property.

Notes to the Group's financial statements

1 Insurance premiums written

P&C insurance

EURm	2012	2011
Premiums from insurance contracts		
Premiums written, direct insurance	4,590	4,324
Premiums written, assumed reinsurance	109	90
Premiums written, gross	**4,698**	**4,414**
Reinsurers' share of premiums written	-258	-213
Premiums written, net	**4,441**	**4,201**
Change in unearned premium provision	-79	-106
Reinsurers' share	1	-1
Change in unearned premium provision, net	**-78**	**-107**
Premiums earned, total	**4,363**	**4,094**

Life insurance

EURm	2012	2011
Premiums from insurance contracts		
Premiums written, direct insurance	591	541
Premiums written, assumed reinsurance	2	2
Insurance contracts total, gross	**593**	**544**
Premium revenue ceded to reinsurers on insurance contracts issued	-5	-5
Insurance contracts total, net	**588**	**538**
Investment contracts	389	311
Premiums written, net [1)]	**977**	**849**
Group, total	**5,418**	**5,050**

[1)] The change in unearned premiums is presented in note 4 " The change in insurance and investment liabilities".

Specification of premiums written in Life insurance

EURm	2012	2011
Premiums from insurance contracts		
Premiums from contracts with discretionary participation feature	168	201
Premiums from unit-linked contracts	421	339
Premiums from other contracts	1	1
Total	**591**	**541**
Assumed reinsurance	2	2
Premiums from investment contracts		
Premiums from contracts with discretionary participation feature	0	1
Premiums from unit-linked contracts	389	310
Total	**389**	**311**
Insurance and investment contracts, total	**983**	**854**
Reinsurers' share	-5	-5
Premiums written, total	**977**	**849**
Single and regular premiums from direct insurance		
Regular premiums, insurance contracts	381	360
Single premiums, insurance contracts	210	186
Single premiums, investment contracts	389	307
Total	**981**	**852**

2 Net income from investments

P&C insurance

EURm	2012	2011
Financial assets		
Derivative financial instruments		
Gains/losses	-12	-18
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	3	3
Gains/losses	4	0
Equity securities		
Gains/losses	0	1
Dividend income	0	1
Total	**7**	**4**
Loans and receivables		
Interest income	18	21
Financial assets available-for-sale		
Debt securities		
Interest income	379	381
Impairment losses	3	3
Gains/losses	11	32
Equity securities		
Gains/losses	12	87
Impairment losses	-27	-169
Dividend income	40	30
Total	**418**	**363**
Total from financial assets	**430**	**370**
Other assets		
Investment properties		
Gains/losses	1	1
Other	-1	-1
Total from other assets	**0**	**0**
Expense on other than financial liabilities	-3	-7

Effect of discounting annuities	-57	-56
Fee and commission expenses		
Asset management	-11	-9
P&C insurance, total	**359**	**298**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm 28 (47) transferred from the fair value reserve.

Life insurance

EURm	2012	2011
Financial assets		
Derivative financial instruments		
Gains/losses	42	-14
Financial assets designated as at fair value through p/l		
Debt securities		
Interest income	3	8
Gains/losses	-1	0
Equity securities		
Gains/losses	0	0
Dividend income	0	0
Total	**3**	**8**
Investments related to unit-linked contracts		
Debt securities		
Interest income	34	23
Gains/losses	37	-14
Equity securities		
Gains/losses	237	-296
Dividend income	11	7
Loans and receivables		
Interest income	1	1
Other financial assets		
Gains/losses	-26	-19
Total	**294**	**-296**
Loans and receivables		
Interest income	1	4
Gains/losses	1	0
Total	**1**	**4**

Financial assets available-for-sale		
Debt securities		
Interest income	144	154
Gains/losses	13	5
Equity securities		
Gains/losses	37	91
Impairment losses	-37	-69
Dividend income	67	61
Total	**224**	**242**
Total financial assets	**563**	**-56**
Other assets		
Investment properties		
Gains/losses	0	0
Impairment losses	-2	-1
Other	4	6
Total other assets	**2**	**6**
Net fee income		
Asset management	-13	-14
Fee income	22	24
Total	**9**	**10**
Life insurance, total	**574**	**-41**

Included in gains/losses from financial assets available-for-sale is a net gain of EURm -58 (25) transferred from the fair value reserve.

Holding

EURm	**2012**	**2011**
Financial assets		
Derivative financial instruments		
Gains/losses	23	2
Loans and receivables		
Interest Income	0	1
Gains/losses	0	-3
Total	**0**	**-2**

Financial assets available-for-sale		
Debt securities		
Interest income	21	13
Gains/losses	3	-
Equity securities		
Gains/losses	0	3
Imparment losses	-1	0
Dividend income	5	2
Total	**28**	**18**
Total financial assets	**51**	**18**
Other assets		
Investment properties		
Gains/losses	0	0
Other	0	0
Total other assets	**0**	**0**
Net fee income	0	0
Holding, total	**51**	**18**
Included in gains/losses from financial assets available-for-sale is a net gain of EURm -2 (3) transferred from the fair value reserve.		
Elimination items between segments	-18	-16

EURm	**2012**	**2011**
Group, total	**967**	**260**

Other income and expenses comprise rental income, maintenance expenses and depreciation of investment property.

All the income and expenses arising from investments are included in Net income from investments. Gains/losses include realised gains/losses on sales, unrealised and realised changes in fair values and exchange differences. Unrealised fair value changes for financial assets available-for-sale are recorded in other comprehensive income and presented in the fair value reserve in equity.

The changes in the fair value reserve are disclosed in the Statement of changes in equity.

The effect of discounting annuities in P&C insurance is disclosed separately. The provision for annuities is calculated in accordance with actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future return on investments into account. To cover the costs for upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return on investments is added to annuity results.

3 Claims incurred

P&C insurance

EURm	2012 Gross	2012 Ceded	2012 Net	2011 Gross	2011 Ceded	2011 Net
P&C insurance						
Claims cost attributable to current-year operations						
Claims paid	-1,694	30	-1,665	-1,680	27	-1,653
Change in provision for claims outstanding (incurred and reported losses)	-894	166	-727	-834	126	-708
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	-622	13	-609	-589	17	-572
Claims-adjustment costs	2	-	2	3	-	3
Change in claims provision for annuities	-9	-	-9	-7	-	-7
Total claims cost attributable to current-year operations	**-3,218**	**209**	**-3,009**	**-3,107**	**171**	**-2,936**
Claims costs attributable to prior-year operations						
Claims paid	-1,341	139	-1,203	-1,146	96	-1,049
Annuities paid	-105	0	-105	-196	0	-196
Claims portfolio	-	-	-	-	-	0
Change in provision for claims outstanding (incurred and reported losses)	938	-100	837	833	-104	729
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	647	-44	603	677	-25	652
Total claims cost attributable to prior-year operations	**139**	**-6**	**133**	**169**	**-33**	**135**
Insurance claims paid						
Claims paid	-3,036	168	-2,867	-2,826	124	-2,702
Annuities paid	-127	-	-127	-121	-	-121
Total claims paid	**-3,163**	**168**	**-2,994**	**-2,947**	**124**	**-2,823**
Change in provision for claims outstanding						
Change in provision for claims outstanding (incurred and reported losses)	44	66	110	0	22	22
Change in provision for claims outstanding (incurred but not reported losses, IBNR)	25	-31	-6	88	-8	80
Change in claims provision for annuities	13	0	13	-82	-	-82
Claims-adjustment costs	2	-	2	3	-	3
Total change in provision for claims outstanding	**84**	**35**	**119**	**9**	**14**	**23**
P&C insurance, total	**-3,079**	**203**	**-2,876**	**-2,938**	**138**	**-2,801**

The provision for annuities is valued in accordance with normal actuarial principles taking anticipated inflation and mortality into consideration, and discounted to take the anticipated future investment return into account. To cover costs for the costs for the upward adjustment of annuity provisions required for the gradual reversal of such discounting, an anticipated return is added to the annuity results. Provisions for incurred but not reported losses pertaining to annuities in Finland are discounted. The provisions in 2012 amounted to EURm 289 (274).

The non-discounted value was EURm 513 (492). The exchange effect on the discounted provisions was a decrease of EURm 11, the real increase amounted to EURm 14. The increase is partly explained by the decrease in the discount rate in Finland from 3.15 % to 3.0 %.

Interest rate used in calculating the technical provisions of annuities (%):

	2012	2011
Sweden	0.18 %	0.24 %
Finland	3.00 %	3.15 %
Denmark	2.00 %	2.00 %

Life insurance

	Claims paid		Change in provision for claims outstanding		Claims incurred	
EURm	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Insurance contracts						
Life insurance						
Contracts with discretionary participation feature (DPF)	-77	-84	-3	1	-80	-83
Other contracts	0	0	-1	0	-1	0
Unit-linked contracts	-155	-187	4	-3	-152	-190
Total	**-233**	**-271**	**0**	**-2**	**-233**	**-273**
Pension insurance						
Contracts with discretionary participation feature (DPF)	-346	-353	51	-114	-296	-467
Unit-linked contracts	-10	-9	-10	-1	-20	-10
Total	**-357**	**-362**	**41**	**-115**	**-315**	**-478**
Assumed reinsurance	-1	-1	0	0	-1	-1
Insurance contracts total, gross	**-590**	**-634**	**41**	**-117**	**-548**	**-750**
Reinsurers´ share	4	3	0	0	4	3
Insurance contracts total, net	**-586**	**-631**	**41**	**-117**	**-545**	**-748**

Investment contracts						
Capital redemption policies						
Contracts with discretionary participation feature (DPF)	-1	-17	-	-	-1	-17
Unit-linked contracts	-123	-157	-	-	-123	-157
Investment contracts, total	**-124**	**-174**	**-**	**-**	**-124**	**-174**
Life insurance, total	**-710**	**-805**	**41**	**-117**	**-669**	**-922**

Claims paid by type of benefit

EURm	2012	2011
Insurance contracts		
Life insurance		
Surrender benefits	-8	-16
Death benefits	-26	-25
Maturity benefits	-33	-35
Loss adjustment expenses	0	0
Other	-10	-9
Total	**-77**	**-84**
Life insurance, unit-linked		
Surrender benefits	-89	-121
Death benefits	-27	-27
Maturity benefits	-40	-40
Loss adjustment expenses	0	0
Total	**-155**	**-187**
Pension insurance		
Pension payments	-320	-310
Surrender benefits	-19	-38
Death benefits	-7	-5
Loss adjustment expenses	0	0
Total	**-346**	**-353**
Pension insurance, unit-linked		
Surrender benefits	-8	-8
Death benefits	-2	-2
Other	0	0
Total	**-10**	**-9**

Assumed reinsurance	-1	-1
Insurance contracts total	**-590**	**-634**
Reinsurers´ share	4	3
Insurance contracts total, net	**-586**	**-631**
Investment contracts		
Capital redemption policy, with-profit		
Surrender benefits	0	-1
Loss adjustment expenses	0	-16
Total	**-1**	**-17**
Investment contracts		
Capital redemption policy, unit-linked		
Surrender benefits	-123	-157
Loss adjustment expenses	0	-1
Total	**-123**	**-157**
Investment contracts total, gross	**-124**	**-174**
Claims paid total, gross	-714	-808
Claims paid total, net	-710	-805

EURm	2012	2011
Group, total	**-3,545**	**-3,723**

4 Change in liabilities for insurance and investment contracts

P&C insurance

EURm	2012	2011
Change in unearned premium provision	-79	-106
Reinsurers' share	1	-1
Change in unearned premium provision, net	**-78**	**-107**

Life insurance

EURm	2012	2011
Insurance contracts		
Life-insurance		
Contracts with discretionary participation feature (DPF)	47	38
Other contracts	0	0
Unit-linked contracts	-241	117
Total	**-167**	**155**
Pension insurance		
Contracts with discretionary participation feature (DPF)	83	221
Unit-linked contracts	-229	52
Total	**-146**	**273**
Assumed reinsurance	0	0
Insurance contracts total, gross	**-313**	**428**
Reinsurers´ share	0	0
Insurance contracts total, net	**-313**	**428**
Investment contracts		
Capital redemption policy		
Contracts with discretionary participation feature (DPF)	1	15
Unit-linked contracts	-330	-95
Investment contracts, total	**-329**	**-80**
Change in liabilities for insurance and investment contracts in total, gross	**-642**	**348**
Change in liabilities for insurance and investment contracts in total, net	**-642**	**348**
Group, total	**-720**	**241**

5 Staff costs

P&C insurance

EURm	2012	2011
Staff costs		
Wages and salaries	-381	-356
Cash-settled share-based payments	-16	-5
Pension costs		
- defined contribution plans	-37	-46
- defined benefit plans (Note 31)	-19	-19
Other social security costs	-75	-68
P&C insurance, total	**-527**	**-494**

Life insurance

EURm	2012	2011
Staff costs		
Wages and salaries	-31	-30
Cash-settled share-based payments	-3	-1
Pension costs - defined contribution plans	-5	-5
Other social security costs	-2	-2
Life insurance, total	**-42**	**-38**

Holding

EURm	2012	2011
Staff costs		
Wages and salaries	-8	-8
Cash-settled share-based payments	-7	-2
Pension costs - defined contribution plans	-3	-1
Other social security costs	-1	-1
Holding, total	**-18**	**-11**

EURm	2012	2011
Group, total	**-588**	**-543**

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

6 Other operating expenses

P&C insurance

EURm	2012	2011
IT costs	-99	-100
Other staff costs	-17	-17
Marketing expenses	-45	-44
Depreciation and amortisation	-9	-11
Rental expenses	-53	-50
Change in deferred acquisition costs	10	17
Direct insurance comissions	-184	-174
Commissions on reinsurance ceded	19	16
Other	-144	-133
P&C insurance, total	**-521**	**-497**

Life insurance

EURm	2012	2011
IT costs	-14	-14
Other staff costs	-2	-2
Marketing expenses	-4	-3
Depreciation and amortisation	-4	-4
Rental expenses	-3	-3
Direct insurance comissions	-8	-7
Comissions of reinsurance assumed	-1	-1
Commissions on reinsurance ceded	1	1
Other	-24	-20
Life insurance, total	**-58**	**-53**

Item Other for P&C and Life Insurance includes e.g. expenses related to communication, external services and other administrative expenses.

Holding

EURm	2012	2011
IT costs	0	-1
Other staff costs	0	0
Marketing expenses	-1	-1
Depreciation and amortisation	0	0
Rental expenses	-1	-1
Other	-9	-9
Holding, total	**-13**	**-13**
Item Other includes e.g. consultancy fees and rental and other administrative expenses.		
Elimination items between segments	16	15

EURm	2012	2011
Group, total	**-576**	**-548**

7 Result analysis of P&C insurance

EURm	2012	2011
Insurance premiums earned	4,363	4,094
Claims incurred	-3,146	-3,058
Operating expenses	-748	-707
Other insurance technical income and expense	3	4
Allocated investment return transferred from the non-technical account	89	124
Technical result	**560**	**457**
Net investment income	397	353
Allocated investment return transferred to the technical account	-146	-181
Other income and expense	46	7
Operating result	**858**	**636**

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

EURm	2012	2011
Claims-adjustment expenses (Claims paid)	-271	-257
Acquisition expenses (Operating expenses)	-534	-491
Joint administrative expenses for insurance business (Operating expenses)	-244	-248
Administrative expenses pertaining to other technical operations (Operating expenses)	-30	-27
Asset management costs (Investment expenses)	-11	-9
Total	**-1,089**	**-1,032**

8 Performance analysis per class of P&C insurance

EURm	Accident and health	Motor, third party liability	Motor, other classes	Marine, air and transport	Fire and other damage to property	Third party liability	Credit insurance
Premiums written, gross							
2012	738	693	1,291	150	1,366	203	3
2011	669	681	1,207	139	1,287	198	3
Premiums earned, gross							
2012	720	694	1,249	148	1,352	203	2
2011	655	679	1,142	138	1,267	188	3
Claims incurred, gross [1)]							
2012	-477	-499	-911	-66	-1,006	-96	-1
2011	-449	-521	-852	-65	-998	-100	-1
Operating expenses, gross [2)]							
2012	-125	-144	-191	-26	-208	-31	0
2011	-121	-135	-183	-25	-190	-30	0
Profit/loss from ceded reinsurance							
2012	-18	5	-2	-25	-70	-34	0
2011	-11	-1	-1	-15	-40	-19	-
Technical result before investment return							
2012	**100**	**56**	**145**	**31**	**68**	**42**	**1**
2011	**75**	**22**	**107**	**33**	**40**	**39**	**2**

EURm	Legal expenses	Other	Total direct insurance	Reinsurance assumed	Elimination	Total
Premiums written, gross						
2012	34	117	4,596	109	-6	4,698
2011	32	115	4,329	90	-5	4,414
Premiums earned, gross						
2012	34	116	4,519	106	-6	4,619
2011	31	116	4,219	94	-5	4,308
Claims incurred, gross [1]						
2012	-24	-170	-3,250	-100	0	-3,350
2011	-19	-165	-3,169	-26	-1	-3,196
Operating expenses, gross [2]						
2012	-6	-10	-742	-26	3	-764
2011	-6	-12	-702	-22	6	-718
Profit/loss from ceded reinsurance						
2012	0	99	-46	7	6	-34
2011	-	27	-60	-7	6	-61
Technical result before investment return						
2012	**3**	**35**	**481**	**-13**	**3**	**472**
2011	**6**	**-35**	**288**	**39**	**6**	**333**

[1] Activity-based operating costs EURm 271 (257) have been allocated to claims incurred.

[2] Includes other technical income EURm 33 (31) and other technical expenses EURm 30 (27).

9 Earnings per share

EURm	2012	2011
Earnings per share		
Profit or loss attributable to the equity holders of the parent company	1,404	1,038
Weighted average number of shares outstanding during the period	560	561
Earnings per share (EUR per share)	2.51	1.85

10 Financial assets and liabilities

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

	2012				
EURm	**Carrying amount**	**Interest inc./exp.**	**Gains/ losses**	**Impairment losses**	**Dividend income**
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	168	2	32	-	-
Financial assets designated as at fair value through p/l	70	6	3	-	0
Loans and receivables	1,142	19	0	-	-
Financial assets available-for-sale	16,511	526	75	-62	112
Financial assets, Group total	**17,891**	**554**	**111**	**-62**	**112**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	62	-	-		
Other financial liabilities	2,316	-85	10		
Financial liabilities, Group total	**2,378**	**-85**	**10**		

EURm	Carrying amount	Interest inc./exp.	2011 Gains/ losses	Impairment losses	Dividend income
FINANCIAL ASSETS					
Financial assets at fair value through p/l					
Derivative financial instruments	179	24	-54	-	-
Financial assets designated as at fair value through p/l	206	10	0	-	1
Loans and receivables	679	25	-3	-	-
Financial assets available-for-sale	16,254	531	219	-236	93
Financial assets, Group total	**17,318**	**591**	**162**	**-236**	**94**
FINANCIAL LIABILITIES					
Financial liabilities at fair value through p/l					
Derivative financial instruments	283	-	-		
Other financial liabilities	2,486	-83	1		
Financial liabilities, Group total	**2,768**	**-83**	**1**		

11 Property, plant and equipment

P&C insurance

EURm	2012 Equipment	2011 Equipment
At 1 Jan.		
Cost	146	140
Accumulated depreciation	-131	-122
Net carrying amount	**16**	**19**
Opening net carrying amount	16	19
Additions	9	7
Disposals	-2	-1
Depreciation	-8	-9
Exchange differences	0	0
Closing net carrying amount	**16**	**16**
At 31 Dec.		
Cost	154	146
Accumulated depreciation	-138	-131
Net carrying amount	**16**	**16**

Life insurance

	2012			2011		
EURm	Land and buildings	Equipment	Total	Land and buildings	Equipment	Total
At 1 Jan.						
Cost	4	7	12	4	7	11
Accumulated depreciation	0	-5	-6	0	-5	-5
Net carrying amount	**4**	**2**	**6**	**4**	**2**	**5**
Opening net carrying amount	4	2	6	4	2	5
Additions		0	0	-	1	1
Depreciation	0	0	-1	0	0	0
Closing net carrying amount	**4**	**2**	**5**	**4**	**2**	**6**
At 31 Dec.						
Cost	4	8	12	4	7	12
Accumulated depreciation	-1	-6	-6	0	-5	-6
Net carrying amount	**4**	**2**	**5**	**4**	**2**	**6**

Holding

EURm	2012 Land and buildings	2012 Equipment	2012 Total	2011 Land and buildings	2011 Equipment	2011 Total
At 1 Jan.						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-1	-2
Net carrying amount	**1**	**3**	**4**	**1**	**4**	**5**
Opening net carrying amount	1	3	4	1	4	5
Additions	-	0	0	-	0	0
Depreciation	0	0	0	0	0	0
Closing net carrying amount	**1**	**3**	**4**	**1**	**3**	**4**
At 31 Dec.						
Cost	2	5	7	2	5	7
Accumulated depreciation	-1	-2	-3	-1	-2	-3
Net carrying amount	**1**	**3**	**4**	**1**	**3**	**4**

EURm	2012	2011
Group, total	**26**	**26**

Equipment in different segments comprise IT equipment and furniture.

12 Investment property

P&C insurance

EURm	2012	2011
At 1 Jan.		
Cost	34	34
Accumulated depreciation	-6	-6
Accumulated impairment losses	-2	-2
Net carrying amount	**26**	**26**
Opening net carrying amount	**26**	**26**
Additions	0	0
Disposals	-1	-1
Depreciation	-1	0
Impairment losses	2	1
Reversal of impairment losses	0	1
Exchange differences	1	-
Closing net carrying amount	**27**	**26**
At 31 Dec.		
Cost	34	34
Accumulated depreciation	-7	-6
Accumulated impairment losses	0	-2
Net carrying amount	**27**	**26**
Rental income from investment property	3	3
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	2	1
- later than one year and not later than five years	1	1
- later than five years	0	-
Total	**3**	**1**
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-2	-2
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	**-3**	**-3**
Fair value of investment property at 31 Dec.	**30**	**23**

Life insurance

EURm	2012	2011
At 1 Jan.		
Cost	150	152
Accumulated depreciation	-42	-39
Accumulated impairment losses	-16	-16
Net carrying amount	**92**	**96**
Opening net carrying amount	**92**	**96**
Additions	8	2
Disposals	0	-4
Depreciation	-3	-3
Impairment losses	-2	0
Closing net carrying amount	**95**	**92**
At 31 Dec.		
Cost	158	150
Accumulated depreciation	-45	-42
Accumulated impairment losses	-17	-16
Net carrying amount	**95**	**92**
Rental income from investment property	15	15
Property rented out under operating lease		
Non-cancellable minimum rental		
- not later than one year	6	7
- later than one year and not later than five years	11	10
- later than five years	3	5
Total	**20**	**22**
Total rental recognised as income during the financial period	0	0
Expenses arising from investment property		
- direct operating expenses arising from investment property generating rental income during the period	-8	-8
- direct operating expenses arising from investment property not generating rental income during the period	-1	-1
Total	**-8**	**-9**
Fair value of investment property at 31 Dec.	**112**	**105**

Holding

EURm	2012	2011
At 1 Jan.		
Cost	4	4
Accumulated depreciation	0	0
Accumulated impairment losses	0	0
Net carrying amount	**4**	**4**
Opening net carrying amount	**4**	**4**
Disposals	0	-
Closing net carrying amount	**4**	**4**
At 31 Dec.		
Cost	4	4
Accumulated depreciation	0	0
Accumulated impairment losses	0	0
Net carrying amount	**4**	**4**
Rental income from investment property	**0**	**0**
Fair value of investment property at 31 Dec.	**4**	**4.31**
Elimination items	-4	-4

EURm	2012	2011
Group, total	**122**	**118**

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

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

13 Intangible assets

P&C insurance

EURm	2012 Goodwill	Other intangible assets	Total
At 1 Jan.			
Cost	564	119	682
Accumulated amortisation	-	-102	-102
Net carrying amount	**564**	**17**	**580**
Opening net carrying amount	**564**	**17**	**580**
Exchange differences	22	1	22
Additions			
Acquired separately	-	6	6
Disposals	0	-1	-1
Amortisation	-	-2	-2
Closing net carrying amount	**585**	**21**	**606**
At 31 Dec.			
Cost	585	125	710
Accumulated amortisation	-	-104	-104
Net carrying amount	**585**	**21**	**606**

EURm	2011 Goodwill	Other intangible assets	Total
At 1 Jan.			
Cost	564	113	677
Accumulated amortisation	-	-100	-100
Net carrying amount	**564**	**13**	**577**
Opening net carrying amount	**564**	**13**	**577**
Exchange differences	3	0	4
Additions			
Acquired separately	-	5	5
Disposals	-4	-	-4
Amortisation	-	-2	-2
Closing net carrying amount	**564**	**17**	**580**

At 31 Dec.			
Cost	564	119	682
Accumulated amortisation	-	-102	-102
Net carrying amount	**564**	**17**	**580**

Life insurance

	2012			2011		
EURm	Goodwill	Other intangible assets	Total	Goodwill	Other intangible assets	Total
At 1 Jan.						
Cost	153	40	193	153	36	190
Accumulated amortisation	-	-28	-28	-	-25	-25
Net carrying amount	**153**	**12**	**165**	**153**	**12**	**165**
Opening net carrying amount	153	12	165	153	12	165
Additions	-	2	2	-	3	3
Amortisation	-	-3	-3	-	-3	-3
Closing net carrying amount	**153**	**11**	**164**	**153**	**12**	**165**
At 31 Dec.						
Cost	153	42	195	153	40	193
Accumulated amortisation	-	-31	-31	-	-28	-28
Net carrying amount	**153**	**11**	**164**	**153**	**12**	**165**

EURm	2012	2011
Group, total	**771**	**745**

Other intangible assets in all segments comprise mainly IT software.

Depreciation and impairment losses are included in the income statement item Other operating expenses.

Testing goodwill for impairment

Goodwill is tested for impairment in accordance with IAS 36 Impairment of assets. No impairment losses have been recognised based on these tests.

For the purpose of testing goodwill for impairment, Sampo determines the recoverable amount of its cash-generating units, to which goodwill has been allocated, on the basis of value in use. Sampo has defined these cash-generating units as If Group and Mandatum Life.

The recoverable amounts for If have been determined by using a discounted cash flow model. The model is based on Sampo's management's best estimates of both historical evidence and economic conditions such as volumes, margins, income and cost development. The value in use model for Mandatum Life has been fundamentally based on the embedded value model where the cash flow estimates for existing policies are based on budgets approved by the management and on historical evidence in terms of policy surrendering, death and accident frequencies etc. The derived cash flows were discounted at the pre-tax rates of the weighted average cost of capital which for If was 9.1 % and for Mandatum Life 9.5 %.

Forecasts for If, approved by the management, cover years 2013 – 2015. The cash flows beyond that have been extrapolated using a 2 % growth rate. A 2 % growth rate for years beyond 2012 has been used for the markets where Mandatum Life operates.

In Mandatum Life, the recoverable amount exceeds its carrying amount by some EURm 130. With the calculation method used, e.g. a long-term decline of several percentage points in annual investment returns could lead to a situation where the recoverable amount of the entity would equal its carrying amount.

As for the If Group, the management believes that any reasonably possible change in any of these key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

14 Investments in associates

Associates that have been accounted for by the equity method at 31 Dec. 2012

EURm

Name	Carrying amount	Fair value *)	Interest held %	Assets/ liabilities	Revenue	Profit/loss
Nordea Bank plc	6,687	6,226	21.25	677 420 / 649 204	10,236	3,126
Topdanmark A/S	352	512	25.44	8 291 / 7 612	1,253	178
Autovahinkokeskus Oy	3		35.54	9 / 1	8	1
Consulting AB Lennemark & Andersson	1		21.98	16 /1	16	1
Urzus Group AS	3		28.57	4 / -6	4	-6
Svithun Assuranse AS (Norway)	1		33	2 / 0	2	0
Watercircles Skandinavia AS (Norway)	2		27.68	3 / -4	3	-4

Associates that have been accounted for by the equity method at 31 Dec. 2011

EURm

Name	Carrying amount	Fair value *)	Interest held %	Assets/ liabilities	Revenue	Profit/loss
Nordea Bank Abp	6,253	5,141	21.26	716 204 / 690 084	9,501	2,634
Topdanmark A/S	329	379	23.59	8 033 / 7 397	1,106	93
Autovahinkokeskus Oy	3		35.54	9 / 1	7	1

Associates not accounted for by the equity method at 31 Dec. 2011 **)

EURm

Name	Assets/ liabilities	Revenue	Profit/loss
Consulting AB Lennemark & Andersson	11 / 7	15	1
Urzus Group AS	10 / 3	5	-1
Besure Forsikring Skandinavia AS	3 / 0	0	-1

*) Published price quatation

**) Excluded from accounting for by the equity method because of their immaterial effect on consolidated figures.

Changes in investments in associates

EURm	2012	2011
At beginning of year	6,593	5,699
Share of loss/profit	700	540
Additions	3	583
Disposals	-224	-250
Changes in the equity of associates	-21	18
Exchange differences	-1	2
At end of year	**7,049**	**6,593**

At 31 Dec. 2012, the carrying amount of investments in associates included goodwill EURm 1,100 (1,094), including goodwill from the Nordea acquisition EURm 978 (976).

Sampo's holding in Nordea

Nordea is an universal bank with positions within corporate merchant banking as well as retail banking and private banking. With approximately 1.400 branches, call centers in all Nordic countries and an e-bank, Nordea also has a large distribution network for customers in the Nordic and Baltic sea region, including more than 260 branches in five new European markets, Russia, Poland, Lithuania, Latvia and Estonia.

Nordea was first conslidated as an associate company from 31 Dec. 2009 with Sampo's holding of 20,05 %. In the financial year 2012, Sampo's holding in Nordea was 21.25 % with the goodwill related to the acquisitions of EURm 978.

Sampo’s share of Nordea’s loss/profit consists of the following as of 31 Dec. 2012:

EURm	2012
Share of loss/profit of the associate	664
Amortisation of the customer rlations	-35
Change in deferred tax (incl.the effect of the decrease of Sweden's tax rate to 22 %)	25
Share of the loss/profit of an associate	**653**

At the end of the financial year 2012, Nordea's market value was below its carrying amount in the Group. Sampo performed an impairment test in accordance with IAS 36 Impairment of Assets where the recoverable amount for Nordea was compared with its carrying amount in the Group.The recoverable amount was defined using a discounted cash flow model, where the cash flows were based on the public information on Nordea and Sampo's estimates of Nordea's future based on this information. Based on the test, the recoverable amount exceeded Nordea's carrying amount and no impairment losses were recognised.

15 Financial assets

Group's financial assets comprise investments in derivatives, financial assets designated as at fair value through p/l, loans and receivables, available-for-sale financial assets and investments in subsidiaries. The Holding segment includes also investments in subsidiaries.

The Group uses derivative instruments for trading and for hedging purposes. The derivatives used are foreign exchange, interest rate and equity derivatives. In P&C insurance business, fair value hedging has been applied during the financial year. In Life insurance, both fair value and cash flow hedging have been applied.

EURm	2012	2011
P&C insurance		
Derivative financial instruments	49	114
Financial assets designated as at fair value through p/l	22	155
Loans and receivables	85	83
Financial assets available-for-sale	11,045	10,402
P&C insurance, total	**11,200**	**10,754**
Life insurance		
Derivative financial instruments	60	36
Financial assets designated as at fair value through p/l	48	51
Loans and receivables	23	23
Financial assets available-for-sale	5,138	5,058
Life insurance, total	**5,269**	**5,168**
Holding		
Derivative financial instruments	59	29
Loans and receivables	1	1
Financial assets available-for-sale	599	1,066
Investments in subsidiaries	2,370	2,370
Holding, total	**3,028**	**3,465**
Elimination items between segments	-2,641	-2,642
Group, total	**16,857**	**16,745**

P&C insurance

Derivative financial instruments

	2012			2011		
		Fair value			Fair value	
EURm	Contract/ notional amount	Assets	Liabilities	Contract/ notional amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Intrerest rate swaps	50	0	1	162	19	16
Exchange traded derivatives						
Interest rate futures	163	2	-	393	0	-
Total interest rate derivatives	**213**	**2**	**1**	**555**	**19**	**16**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	2,173	37	36	11,749	94	185
Currency options, bought and sold	-	-	-	211	2	2
Total foreign exchange derivatives	**2,173**	**37**	**36**	**11,961**	**95**	**186**
Equity derivatives						
OTC derivatives						
Equity and equity index options	0	0	-	0	0	-
Total derivatives held for trading	**2,386**	**40**	**37**	**12,516**	**114**	**202**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	372	9	1	277	-	0
Total derivatives	**2,759**	**49**	**38**	**12,793**	**114**	**202**

Other financial assets

EURm	2012	2011
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	3	33
Certificates of deposit issued by banks	16	89
Other debt securities	1	33
Total debt securities	**19**	**155**
Equity securities		
Listed	2	0
Unlisted	-	-
Total	**2**	**0**
Total financial assets designated as at fair value through p/l	**22**	**155**
Loans and receivables		
Deposits with ceding undertakings	1	1
Other	83	82
Total loans and receivables	**85**	**83**
Financial assets available-for-sale		
Debt securities		
Issued by public bodies	152	258
Certificates of deposit issued by banks	3,729	2,967
Other debt securities	5,794	5,888
Total debt securities	**9,675**	**9,113**
Equity securities		
Listed	1,240	1,145
Unlisted	130	144
Total	**1,370**	**1,289**
Total financial assets available-for-sale	**11,045**	**10,402**
Financial assets available-for-sale for P&C insurance include impairment losses EURm 323 (330).		
P&C insurance, total financial assets	**11,200**	**10,754**

Life insurance

Derivative financial instruments

EURm	2012 Contract/ notional amount	2012 Fair value Assests	2012 Fair value Liabilities	2011 Contract/ notional amount	2011 Fair value Assets	2011 Fair value Liabilities
Derivatives held for trading						
Interest rate derivatives						
OTC derivatives						
Interest rate swaps	778	19	2	1,750	21	-
Credit risk swaps	531	0	2	558	10	0
Total	**1,309**	**19**	**3**	**2,308**	**31**	**0**
Foreign exchange derivatives						
OTC derivatives						
Currency forwards	1,149	17	2	708	2	24
Currency options, bought and sold	99	1	0	203	1	1
Total foreign exchange derivatives	**1,248**	**17**	**2**	**912**	**3**	**25**
Equity derivatives						
OTC derivatives						
Equity and equity index options	**-**	**-**	**-**	**29**	**0**	**0**
Total derivatives held for trading	**2,556**	**37**	**5**	**3,248**	**35**	**25**
Derivatives held for hedging						
Fair value hedges						
Currency forwards	575	23	-	430	-	38
Interest rate swaps	-	-	-	33	-	1
Total	**575**	**23**	**-**	**463**	**0**	**38**
Cash flow hedges						
Interest rate swaps	9	0	-	47	2	-
Total derivatives held for hedging	**584**	**23**	**-**	**510**	**2**	**38**
Total derivatives	**3,141**	**60**	**5**	**3,758**	**36**	**64**

Fair value hedges

Fair value hedging is used to hedge a proportion of foreign exchange and interest risk in available-for-sale financial assets. The interest elements of forward contracts have been excluded from hedging relationships in foreign exchange hedges, as well as the share of credit risk in interest risk hedges.

Net result from exchange derivatives designated as fair value hedges amounted to EURm 12 (-11). Net result from hedged risks in fair value hedges of available for sale financial assets amounted to EURm -11 (11).

The hedge of interest rate risk was assessed ineffective during the first quarter and the hedge accounting was terminated. The hedging result EURm 1 will be amortised with the effective interest method during the remaining 3 years of maturity of the hedged bonds. In the comparison year, the net losses from interest rate swaps designated as fair value hedges amounted to EURm -2. The net gains from hedged risks in fair value hedges of available for sale financial assets amounted to EURm 2.

Cash flow hedges

Cash flow hedges have been used to hedge future interest payments resulting from floating rate interest-bearing assets. The hedged items designated are interest payments from EUR denominated bonds.The effectiveness of the hedging relationships is assessed prospectively using the critical terms match method. An effectiveness test is carried out retrospectively using the hypothetical swap method.

At 31 Dec. 2012, the total amount of gains recognised in equity from the changes in the fair values of hedging instruments was EURm 0 (2). These gains are recognised in the income statement at the time when the hedged items affect profit or loss. The table below represents the periods when the cash flows are expected to occur and when they are expected to affect profit or loss. Any ineffectiveness is recognised in the income statement.

Other financial assets

EURm	2012	2011
Financial assets designated as at fair value through p/l		
Debt securities		
Issued by public bodies	12	11
Certificates of deposit issued by banks	35	39
Total debt securities	**47**	**50**
Listed equity securities	1	1
Total financial assets designated as at fair value through p/l	**48**	**51**
Loans and receivables		
Deposits with ceding undertakings	1	1
Loans	22	22
Total loans and receivables	**23**	**23**

Financial assets available-for-sale		
Debt securities		
Issued by public bodies	12	11
Issued by banks	1,066	1,150
Other debt securities	1,708	1,671
Total debt securities	**2,786**	**2,832**
Equity securities		
Listed	1,561	1,451
Unlisted	792	775
Total	**2,353**	**2,226**
Total financial assets available-for-sale	**5,138**	**5,058**
Financial assets available-for-sale for life insurance include impairment losses EURm 29 (173).		
Life insurance, total financial assets	**5,269**	**5,168**

Financial assets available for sale / debt securities: Debt securities available for sale include EURm 2,381 (2,494) investments in bonds and EURm 405 (338) investments in money market instruments.

Financial assets available for sale /shares and participations: Listed equity securities include EURm 589 (635) listed equities. Unlisted equity securities include EURm 752 (692) investments in capital trusts.

Holding

Derivative financial instruments

		2012			2011	
		Fair value			Fair value	
EURm	**Contract/ notional amount**	**Assets**	**Liabilities**	**Contract/ notional amount**	**Assets**	**Liabilities**
Derivatives held for trading						
Interest derivatives						
OTC-derivatives						
Interest rate swaps	800	42	-	1,050	16	-
Credit risk swaps	20	1	-	20	0	-
Total interest derivatives	**820**	**43**	**-**	**1,070**	**16**	**-**

Equity derivatives						
Exchange traded derivatives						
Equity and euqity index options	90	16	19	80	13	17
Total derivatives	**910**	**59**	**19**	**1,150**	**29**	**17**

Other financial assets

EURm	2012	2011
Loans and receivables		
Deposits	1	1
Financial assets available-for-sale		
Debt securities		
Certificates of deposit issued by banks	100	809
Other debt securities	475	223
Total debt securities	**575**	**1,032**
Equity securities		
Listed	1	-
Unlisted	24	34
Total	**24**	**34**
Total financial assets available-for-sale	**599**	**1,066**
Financial assets available-for-sale for Holding business include impairment losses EURm 0 (0).		
Investments in subsidiaries	2,370	2,370
Holding, total financial assets	**3,028**	**3,465**
Elimination items between segments	-2,641	-2,642

EURm	2012	2011
Group, total	**16,856**	**16,745**

16 Fair values

EURm	2012 Fair value	2012 Carrying amount	2011 Fair value	2011 Carrying amount
Financial assets, Group				
Financial assets	16,858	16,857	16,747	16,745
Investments related to unit-linked contracts	3,834	3,834	3,053	3,053
Other assets	9	9	10	10
Cash and cash equivalents	1,029	1,034	572	572
Total	**21,730**	**21,734**	**20,383**	**20,381**
Financial liablities, Group				
Financial liabilities	2,485	2,378	2,775	2,768
Other liabilities	4	4	2	2
Total	**2,489**	**2,382**	**2,777**	**2,771**

In the table above are presented fair values and carrying amounts of financial assets and liabilities. The detailed measurement bases of financial assets and liabilities are disclosed in Group Accounting policies.

The fair value of investment securities is assessed using quoted prices in active markets. If published price quotations are not available, the fair value is assessed using discounting method. Values for the discount rates are taken from the market's yield curve.

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

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

The fair value for short-term non-interest-bearing receivables and payables is their carrying amount.

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

17 Determination and hierarchy of fair values

A large majority of Sampo Group's financial assets are valued at fair value. The valuation is based on either published price quatations or valuation techniques based on market observable inputs, where available. For a limited amount of assets the value needs to be determined using other techniques.

The financial instruments measured at fair value have been classified into three hierarchy levels in the notes, depending on e.g. if the market for the instrument is active, or if the inputs used in the valuation technique are observable.

On level 1, the measurement of the instrument is based on quoted prices in active markets for identical assets or liabilities.

On level 2, inputs for the measurement of the instrument include also other than quoted prices observable for the asset or liability, either directly or indirectly by using valuation techniques.

In level 3, the measurement is based on other inputs rather than observable market data.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31 Dec. 2012				
Derivative financial instruments				
Interest rate swaps	2	62	-	64
Other interest derivatives	-	2	-	2
Foreign exchange derivatives	-	87	-	87
Equity derivatives	-	16	-	16
	2	**16**	**-**	**168**
Financial assets designated at fair value through profit or loss				
Equity securities	3	-	-	3
Debt securities	-	66	-	66
	3	**66**	**-**	**70**
Financial assets related to unit-linked insurance				
Equity securities	239	67	14	320
Debt securities	-	808	17	826
Derivative financial instruments	1,821	520	50	2,390
Mutual funds	-	16	-	16
	2,060	**1,412**	**81**	**3,553**

Financial assets available-for-sale *)				
Equity securities	1,535	-	69	1,603
Debt securities	253	12,439	73	12,764
Mutual funds	1,131	118	894	2,143
	2,918	**12,557**	**1,036**	**16,511**
Total financial assests measured at fair value	**4,984**	**14,051**	**1,117**	**20,301**
FINANCIAL LIABILITIES 31 Dec. 2012				
Derivative financial instruments				
Interest rate derivatives	-	4	-	4
Foreign exchange derivatives	-	39	0	39
Equity derivatives	-	-	19	19
Other derivatives	-	-	-	0
Total financial liabilities measured at fair value	**0**	**43**	**19**	**62**

*) During the financial year, debt securities EURm 7 have been transferred from level 1 to level to 2. Mutual funds EURm 34 have been transferred from level 2 to level 1.

EURm	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS 31 Dec. 2011				
Derivative financial instruments				
Interest rate swaps	-	67	-	67
Foreign exchange derivatives	-	98	-	98
Equity derivatives	0	13	-	13
	0	**13**	**-**	**179**
Financial assets designated at fair value through profit or loss				
Equity securities	1	-	-	1
Debt securities	31	174	-	205
	32	**174**	**-**	**206**
Financial assets related to unit-linked insurance				
Equity securities	150	1	0	151
Debt securities	4	566	0	570
Derivative financial instruments	0	2	-	2
Mutual funds	1,458	519	62	2,039
	1,612	**1,087**	**63**	**2,762**

Financial assets available-for-sale				
Equity securities	1,394	-	71	1,465
Debt securities	317	12,290	99	12,706
Mutual funds	1,053	127	905	2,084
	2,764	12,417	1,074	16,254
Total financial assests measured at fair value	**4,409**	**13,690**	**1,137**	**19,401**

FINANCIAL LIABILITIES 31 Dec. 2011				
Derivative financial instruments				
Interest rate derivatives	-	1	-	1
Foreign exchange derivatives	-	265	-	265
Equity derivatives	-	17	-	17
Total financial assests measured at fair value	**-**	**282**	**-**	**282**

Sensitivity analysis of fair values

The sensitivity of financial assets and liabilites to changes in exchange rates is assessed on business area level due to differenct base currencies. In P&C insurance, 10 percentage point depreciation of all other currencies against SEK would result in an effect recognised in profit/loss of EURm 15 (9) and in an effect recognised directly in equity of EURm 11 (1). In Life insurance, 10 percentage point depreciation of all other currencies against EUR would result in an effect recognised in profit/loss of EURm 52 (20) and in an effect recognised directly in equity of EURm 64 (60). In Holding, 10 percentage point depreciation of all other currencies against EUR would have no impact in profit/loss, but an effect recognised in equity of EURm 3 (2). The sensitivity analysis of the Group's fair values of financial assets and liabilities in differenct market risk scenarios is presented below. The effects represent the instantaneous effects of a one-off change in the underlying market variable on the fair values on 31 Dec. 2012. The sensitivity analysis includes the effects of derivative positions. All sensitivities are calculated before taxes.

The debt issued by Sampo plc is not included.

	Interest rate		Equity	Other financial investments
	1 % parallel shift down	1 % parallel shift up	20 % fall in prices	20 % fall in prices
Effect recognised in profit/loss	-62	39	0	-4
Effect recognised directly in equity	171	-166	-569	-176
Total effect	**109**	**-127**	**-569**	**-180**

18 Movements in level 3 financial instruments measured at fair value

EURm	At Jan. 2012	Total gains /losses in income statement	Total gains/ losses recorded in other compre-hensive income.	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec. 2012	Gains/ losses included in p/l for financial assets 31 Dec. 2012
FINANCIAL ASSETS 2012								
Financial assets designated at fair value through profit or loss								
Debt securities	0	-	-	-	-	-	0	-
	0	**0**	**-**	**-**	**0**	**0**	**0**	**0**
Financial assets related to unit-linked insurance								
Equity securities	0	0	-	19	-6	-	13	0
Debt securities	0	1	-	17	0	-	17	1
Mutual funds	62	2	-	31	-45	0	50	2
	63	**2**	**0**	**66**	**-50**	**0**	**81**	**3**
Financial assets available-for-sale								
Equity securities	72	0	1	2	-6	-	69	-1
Debt securities	99	17	-16	4	-31	-	73	15
Mutual funds	904	4	13	168	-196	-	894	12
	1,074	**21**	**-2**	**174**	**-232**	**-**	**1,035**	**25**
Total financial assests measured at fair value	**1,137**	**23**	**-2**	**240**	**-282**	**0**	**1,117**	**28**

EURm	2012 Realised gains /losses	Fair value gains and losses	Total
Total gains or losses included in profir or loss for the financial year	23	5	29
Total gains or losses included in profit and loss for assets held at the end of the financial year	23	5	28

EURm	At Jan. 2011	Total gains/ losses in income statement	Total gains/ losses recorded in other compre-hensive income.	Purchases	Sales	Transfers between levels 1 and 2	At 31 Dec. 2011	Gains/ losses included in p/l for financial assets 31 Dec. 2011
FINANCIAL ASSETS 2011								
Financial assets designated at fair value through profit or loss								
Debt securities	18	8	-	-	-26	-	0	-
Financial assets related to unit-linked insurance								
Equity securities	0	-	-	0	-	-	0	-
Debt securities	0	-1	-	-	0	1	0	-1
Mutual funds	57	2	-	22	-19	-	62	2
	58	**1**	**0**	**22**	**-19**	**1**	**63**	**1**
Financial assets available-for-sale								
Equity securities	77	3	12	1	-22	0	72	-5
Debt securities	111	24	12	50	-96	-3	99	24
Mutual funds	742	14	33	250	-134	0	904	12
	930	**41**	**57**	**302**	**-252**	**-3**	**1,074**	**31**
Total financial assests measured at fair value	**1,005**	**50**	**57**	**324**	**-297**	**-2**	**1,137**	**32**

	2011		
	Realised gains /losses	Fair value gains and losses	Total
Total gains or losses included in profir or loss for the financial year	35	15	**50**
Total gains or losses included in profit and loss for assets held at the end of the financial year	25	8	**32**

19 Sensitivity analysis of level 3 financial instruments measured at fair value

	2012		2011	
EURm	Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)	Carrying amount	Effect of reasonably possible alternative assumptions (+ / -)
Financial assets				
Financial assets available-for-sale				
Equity securities	69	-14	71	-14
Debt securities	73	-3	99	-4
Mutual funds	894	-163	905	-166
Total	**1,036**	**-180**	**1,074**	**-185**

The value of financial assets regarding the debt security instruments has been tested by assuming a rise of 1 per cent unit in interest rate level in all maturities. For other financial assets, the prices were assumed to go down by 20 %. The Sampo Group bears no investment risks relatted to unit-linked insurance, so a change in assumptions regarding these assets does not affect profit or loss. On the basis of the these alternative assumptions, a possible change in interest levels would cause descend of EURm 3 (4) for the debt instruments, and EURm 177 (181) valuation loss for other instruments in the Group's other comprehensive income. The reasonably possible effect, proportionate to the Group's equity, would thus be 1.8 % (2.1).

20 Investments related to unit-linked insurance contracts

Life insurance

EURm	2012	2011
Financial assets designated at fair value through p/l		
Debt securities		
Issued by public bodies	34	32
Certificates of deposit issued by banks	207	137
Other debt securities	585	401
Total	**826**	**570**
Equity securities		
Listed	2,702	2,181
Unlisted	9	8
Total	**2,711**	**2,190**
Total financial assets designated at fair value through p/l	281	291
Other	16	2
Investment related to unit-linked contracts, total	**3,834**	**3,053**

The historical cost of the equity securities related to unit-linked contracts was EURm 2,460 (2,157) and that of the debt securities EURm 776 (556).

21 Deferred tax assets and liabilities

Changes in deferred tax during the financial period 2012

EURm	1 Jan.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31 Dec.
Deferred tax assets					
Tax losses carried forward	19	0	0	0	18
Changes in fair values	0	0	0	0	0
Employee benefits	37	-7	0	1	31
Other deductible temporary differences	29	-28	2	2	5
Total	**85**	**-36**	**2**	**3**	**54**
Netting of deferred taxes					-10
Deferred tax assets in the balance sheet					**44**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	356	-29	0	11	337
Changes in fair values	107	-2	92	-1	197
Other taxable temporary differences	28	-10	0	1	18
Total	**491**	**-41**	**92**	**10**	**552**
Netting of deferred taxes					-10
Total deferred tax liabilities in the balance sheet					**542**

Changes in deferred tax during the financial period 2011

EURm	1 Jan.	Recognised in comprehensive income statement	Recognised in equity	Exchange differences	31 Dec.
Deferred tax assets					
Tax losses carried forward	20	0	-2	0	19
Changes in fair values	0	0	0	0	0
Employee benefits	38	-2	0	0	37
Other deductible temporary differences	16	-1	0	0	15
Total	**75**	**-3**	**-2**	**0**	**71**
Netting of deferred taxes					-7
Deferred tax assets in the balance sheet					**64**
Deferred tax liabilities					
Depreciation differences and untaxed reserves	377	-22	0	1	356
Changes in fair values	249	-2	-141	0	107
Other taxable temporary differences	20	-2	0	0	18
Total	**647**	**-27**	**-141**	**2**	**481**
Netting of deferred taxes					-7
Total deferred tax liabilities in the balance sheet					**474**

In Sampo plc, EURm 22 of deferred tax asset has not been recognised on unused tax losses. The first losses will expire in 2021.

In life insurance, EURm 4 of deferred tax asset has not been recognised on unused tax losses.

22 Taxes

EURm	2012	2011
Profit before tax	1,616	1,228
Tax calculated at parent company's tax rate	-396	-319
Different tax rates on overseas earnings	-11	0
Income not subject to tax	4	69
Expenses not allowable for tax purposes	-4	-4
Consolidation procedures and eliminations	183	73
Tax losses for which no deferred tax asset has been recognised	-6	-17
Changes in tax rates	16	7
Tax from previous years	1	2
Total	**-212**	**-189**

23 Components of other comprehensive income

EURm	2012	2011
Other comprehensive income:		
Exchange differences	48	6
Available-for-sale financial assets		
Gains/losses arising during the year	540	-559
Reclassification adjustments	-31	40
Cash flow hedges		
Gains/losses arising during the year	-1	-2
Share of associate's other comprehensive income	9	23
Income tax relating to components of other comprehensive income	-114	141
Total	**451**	**-352**

24 Tax effects relating to components of other comprehensive income

	2012			2011		
EURm	Before-tax amount	Tax	Net-of-tax amount	Before-tax amount	Tax	Net-of-tax amount
Exchange differences	48	-	48	6	-	6
Available-for-sale financial assets	509	-114	395	-520	140	-379
Cash flow hedges	-1	0	-1	-2	1	-2
Share of associate's other comprehensive income	9	-	9	23	-	23
Total	**556**	**-114**	**451**	**-516**	**141**	**-352**

25 Other assets

P&C insurance

EURm	2012	2011
Interests	126	131
Assets arising from direct insurance operations	1,098	1,014
Assets arising from reinsurance operations	79	67
Settlement receivables	3	2
Deferred acquisition costs [1)]	172	157
Assets related to Patient Insurance Pool	56	55
Other	57	54
P&C insurance, total	**1,592**	**1,479**

Other assets include non-current assets EURm 55 (57).

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

[1)] Change in deferred acquisition costs in the period

EURm	2012	2011
At 1 Jan.	157	139
Net change in the period	10	17
Exchange differences	5	1
At 31 Dec.	**172**	**157**

Life insurance

EURm	2012	2011
Interests	45	54
Receivables from policyholders	6	5
Assets arising from reinsurance operations	0	0
Settlement receivables	6	5
Taxes	19	0
Assets pledged for trading in derivatives	6	40
Other	27	29
Life insurance, total	**109**	**133**

Item Other comprise e.g. pensions paid in advance and receivables from co-operation companies.

Holding

EURm	2012	2011
Interests	36	51
Other	5	8
Holding, total	**41**	**59**

Item Other includes e.g. asset management fee receivables.

Elimination items between segments	-13	-12

EURm	2012	2011
Group, total	**1,729**	**1,659**

26 Cash and cash equivalents

P&C insurance

EURm	2012	2011
Cash at bank and in hand	145	225
Short-term deposits (max 3 months)	261	166
P&C insurance, total	**407**	**390**

Life insurance

EURm	2012	2011
Cash at bank and in hand	55	93
Short-term deposits (max 3 months)	99	-
P&C insurance, total	**154**	**93**

Holding

EURm	2012	2011
Cash	200	89
Short-term deposits (max 3 months)	273	-
Holding, total	**473**	**89**
Group, total	**1,034**	**572**

27 Liabilities from insurance and investment contracts

P&C insurance

Change in insurance liabilities

EURm	2012 Gross	2012 Ceded	2012 Net	2011 Gross	2011 Ceded	2011 Net
Provision for unearned premiums						
At 1 Jan.	1,972	53	1,919	1,845	53	1,792
Exchange differences	56	1	57	20	1	20
Change in provision	79	1	81	106	-1	107
At 31 Dec.	**2,107**	**55**	**2,053**	**1,972**	**53**	**1,919**

EURm	2012 Gross	2012 Ceded	2012 Net	2011 Gross	2011 Ceded	2011 Net
Provision for claims outstanding						
At 1 Jan.	7,576	476	7,100	7,494	457	7,037
Disposed insurance holdings	-1	0	-1	-	-	-
Exchange differences	199	12	187	34	5	29
Change in provision	-27	35	-62	48	14	34
At 31 Dec.	**7,747**	**522**	**7,225**	**7,576**	**476**	**7,100**

Liabilities from insurance contracts

EURm	2012	2011
Provision for unearned premiums	2,107	1,972
Provision for claims outstanding	7,747	7,576
Incurred and reported losses	2,050	2,037
Incurred but not reported losses (IBNR)	3,573	3,485
Provisions for claims-adjustment costs	275	269
Provisions for annuities and sickness benefits	1,849	1,785
P&C insurance total	**9,854**	**9,547**

Reinsurers' share		
Provision for unearned premiums	55	53
Provision for claims outstanding	522	476
Incurred and reported losses	401	328
Incurred but not reported losses (IBNR)	121	148
Total reinsurers' share	**577**	**528**

As the P&C insurance is exposed to various exchange rates, comparing the balance sheet data from year to year can be misleading.

Claims cost trend of P&C insurance

The tables below show the cost trend for the claims for different years. The upper part of the tables shows how an estimate of the total claims costs per claims year evolves annually. The lower section shows how large a share of this is presented in the balance sheet.

More information on P&C insurance's insurance liabilities in the Risk Management section of the Annual accounts.

Claims costs before reinsurance

Estimated claims cost

EURm	< 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
At the close of the claims year	5,181	2,665	2,604	2,774	2,789	2,853	3,015	3,026	3,149	3,231	3,251	
One year later	5,414	2,622	2,567	2,715	2,774	2,851	2,967	2,973	3,191	3,359		
Two years later	5,515	2,537	2,501	2,659	2,744	2,814	2,904	2,940	3,134			
Three years later	5,599	2,527	2,495	2,630	2,739	2,778	2,874	2,894				
Four years later	5,698	2,507	2,477	2,595	2,696	2,730	2,847					
Five years later	5,738	2,488	2,449	2,558	2,644	2,702						
Six years later	5,741	2,475	2,406	2,501	2,610							
Seven years later	5,831	2,488	2,369	2,475								
Eight years later	5,930	2,463	2,329									
Nine years later	5,993	2,439										
Ten years later	5,998											
Current estimate of total claims costs	5,998	2,439	2,329	2,475	2,610	2,702	2,847	2,894	3,134	3,359	3,251	34,039
Total disbursed	3,630	2,202	2,078	2,208	2,314	2,352	2,419	2,439	2,602	2,617	1,720	26,581
Provision reported in the balance sheet	**2,368**	**237**	**251**	**267**	**296**	**350**	**428**	**455**	**533**	**742**	**1,531**	**7,458**
of which established vested annuities	1,325	67	51	66	68	67	64	54	51	27	9	1,849
Other provision												14
Provision for claims-adjustment costs												275
Total provision reported in the BS												**7,747**

Claims costs after reinsurance

Estimated claims cost

EURm	< 2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
At the close of the claims year	4,549	2,539	2,529	2,622	2,675	2,750	2,887	2,901	2,991	3,052	3,041	
One year later	4,769	2,487	2,491	2,556	2,649	2,741	2,853	2,866	3,040	3,132		
Two years later	4,875	2,408	2,426	2,499	2,618	2,714	2,794	2,832	2,997			
Three years later	4,938	2,397	2,419	2,478	2,621	2,679	2,765	2,801				
Four years later	5,021	2,376	2,405	2,445	2,580	2,633	2,742					
Five years later	5,053	2,358	2,376	2,408	2,534	2,606						
Six years later	5,052	2,346	2,333	2,366	2,502							
Seven years later	5,090	2,359	2,299	2,341								
Eight years later	5,207	2,339	2,260									
Nine years later	5,267	2,321										
Ten years later	5,282											
Current estimate of total claims costs	5,282	2,321	2,260	2,341	2,502	2,606	2,742	2,801	2,997	3,132	3,041	32,025
Total disbursed	2,991	2,097	2,022	2,084	2,217	2,272	2,324	2,368	2,537	2,488	1,688	25,089
Provision reported in the balance sheet	**2,291**	**224**	**238**	**257**	**285**	**334**	**418**	**434**	**459**	**4,939**	**7,587**	**6,936**
of which established vested annuities	1,325	67	51	66	68	67	64	54	51	27	9	1,849
Other provision												14
Provision for claims-adjustment costs												275
Total provision reported in the BS												**7,225**

Life insurance

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2012	4,242	7	**4,249**
Premiums	172	0	**172**
Claims paid	-425	-1	**-426**
Expense charge	-38	0	**-38**
Guaranteed interest	148	0	**148**
Bonuses	3	0	**3**
Other	-37	-1	**-38**
At 31 Dec. 2012	4,065	6	**4,071**
Reinsurers' share	-3	0	**-3**
Net liability at 31 Dec. 2012	**4,062**	**6**	**4,067**

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2011	**4,388**	**22**	**4,410**
Premiums	204	1	**206**
Claims paid	-438	-17	**-455**
Expense charge	-37	0	**-37**
Guaranteed interest	153	0	**153**
Bonuses	6	0	**6**
Other	-34	0	**-34**
At 31 Dec. 2011	4,242	7	**4,249**
Reinsurers' share	-3	0	**-3**
Net liability at 31 Dec. 2011	**4,239**	**7**	**4,245**

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

EURm	Insurance contracts	Investment contracts	Total
At 1 Jan. 2012	2,216	838	**3,054**
Premiums	421	389	**810**
Claims paid	-165	-123	**-289**
Expense charge	-32	-14	**-46**
Other	225	79	**303**
At 31 Dec. 2012	**2,665**	**1,168**	**3,833**
At 1 Jan. 2011	**2,381**	**743**	**3,124**
Premiums	339	310	**649**
Claims paid	-196	-157	**-354**
Expense charge	-31	-12	**-43**
Other	-277	-44	**-321**
At 31 Dec. 2011	**2,216**	**838**	**3,054**

The liabilities at 1 Jan. and at 31 Dec. include the future bonus reserves and the effect of the reserve for the decreased discount rate. The calculation is based on items before reinsurers' share. A more detailed specification of changes in insurance liabilities is presented in Group's Risk Management.

EURm	2012	2011
Insurance contracts		
Liabilities for contracts with discretionary participation feature (DPF)		
Provision for unearned premiums	2,090	2,219
Provision for claims outstanding	1,972	2,020
Liabilities for contracts without discretionary participation feature (DPF)		
Provision for unearned premiums	0	0
Provision for claims outstanding	1	0
Total	**4,063**	**4,240**
Assumed reinsurance		
Provision for unearned premiums	1	1
Provision for claims outstanding	1	1
Total	**2**	**2**
Insurance contracts total		
Provision for unearned premiums	2,091	2,220
Provision for claims outstanding	1,975	2,022
Total	**4,065**	**4,242**

Investment contracts		
Liabilities for contracts without discretionary participation feature (DPF)		
Vakuutusmaksuvastuu	6	7
Liabilities for insurance and investment contracts total		
Provision for unearned premiums	2,096	2,227
Provision for claims outstanding	1,975	2,022
Life insurance total	**4,071**	**4,249**
Reinsurers' share		
Provision for unearned premiums	0	0
Provision for claims outstanding	-3	-3
Total	**-3**	**-3**

Investment contracts do not include a provision for claims outstanding.

Liability adequacy test does not give rise to supplementary claims.

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

EURm	2012	2011
Group Total	**13,925**	**13,796**

28 Liabilities from unit-linked insurance and investment contracts

Life insurance

EURm	2012	2011
Unit-linked insurance contracts	2,665	2,216
Unit-linked investment contracts	1,168	838
Total	**3,833**	**3,054**
Elimination items between segments	-1	-

EURm	2012	2011
Group, total	**3,832**	**3,054**

29 Financial liabilities

The segment financial liabilities include derivatives, debt securities and other financial liabilities.

P&C insurance

EURm		2012	2011
Derivative financial instruments (note 15)		38	202
Subordinated debt securities			
Subordinated loans			
Euro-denominated loans	**Maturity**		
Preferred capital note, 2002 (nominal value EURm 65)	20 years	66	68
Preferred capital note, 2005 (nominal value EURm 150)	perpetual	149	149
Preferred capital note, 2011 (nominal value EURm 110)	30 years	109	109
Total subordinated debt securities		**324**	**217**
P&C insurance, total financial liabilities		**362**	**419**

The loans are issued with fixed interest rates for the first ten years, after which they become subject to variable interest rates. At that point, there is the possibility of redemption. All loans and their terms are approved by supervisory authorities and the loans are utilised for solvency purposes.

The loan issued in 2002 was issued to If's previous owners in relation to their holding in If. The loan issued in 2011 is wholly subscribed by Sampo Plc.

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

Life insurance

EURm	2012	2011
Derivative financial instruments (note 15)	5	64
Subordinated debt securities		
Subordinated loans	100	100
Life insurance, total	**105**	**164**

Mandatum Life issued in 2002 EURm 100 Capital Notes. The loan is perpetual and pays floating rate interest. The interest is payable only from distributable capital. The loan is repayable only with the consent of the Insurance Supervisory Authority and at the earliest on 2012 or any interest payment date after that. The loans is wholly subscribed by Sampo Plc.

Holding

EURm	2012	2011
Derivative financial instruments (note 15)	19	17
Debt securities in issue		
Commercial papers	451	652
Bonds	1,710	1,677
Total	**2,162**	**2,329**
Holding, total	**2,181**	**2,346**
Elimination items between segments	-270	-269

EURm	2012	2011
Group, total	**2,378**	**2,659**

30 Provisions

P&C insurance

EURm	2012
At 1 Jan. 2012	37
Exchange rate differences	2
Additions	26
Amounts used during the period	-7
Unused amounts reversed during the period	-3
At 31 Dec. 2012	**56**
Current (less than 1 year)	49
Non-current (more than 1 year)	7
Total	**56**

The development of efficient administrative and claims-adjustment processes and structural changes in distribution channels result in organisational changes that affect all business areas. The provision consists mainly of assets reserved for future expenses attributable to previously implemented or planned future organisational changes.

31 Employee benefits

Employee benefits

Sampo has defined benefit plans in P&C insurance business in Sweden and Norway.

In addition to statutory retirement pension insurance, the Group has certain voluntary defined benefit plans. The voluntary defined benefit plans are intra-Group and included in the insurance liabilities of Mandatum Life. The amount is negligible and they have no material impact on the Group profit or loss or equity.

Employee benefit obligations of P&C Insurance 31 Dec.

EURm	2008	2009	2010	2011	2012
Present value of estimated pension obligation	390	424	458	577	565
Fair value of plan assets	220	272	326	347	392
Net obligation/liability	170	152	132	230	174
Net cumulative unrecognised					
actuarial gains/losses	-94	-67	-46	-151	-113
Net pension obligation recognised in the balance sheet	**76**	**85**	**85**	**79**	**60**
Provision for social security	17	19	20	19	16
Provision for pensions 31 Dec.	**92**	**104**	**105**	**98**	**76**

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

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

The Norwegian pension rules and regulations are undergoing a material change. As part of the efforts to gradually adapt to these changes, a significant portion of If's early retirement plan has been phased out, resulting a considerable revenue pertaining to prior-year service.

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

	Sweden 31 Dec. 2012	Sweden 31 Dec. 2011	Norway 31 Dec. 2012	Norway 31 Dec. 2011
Discount interest rate	3.50 %	3.75 %	4.00 %	2.75 %
Anticipated return	-	3.00 %	-	3.75 %
Future pay increases	3.00 %	3.00 %	3.75 %	3.75 %
Price inflation	2.00 %	2.00 %	2.25 %	2.25 %

The expected rate of return on the plan assets has been calculated based on the following division of investment assets:

Debt instruments	40 %	43 %	53 %	64 %
Equity instruments	29 %	34 %	18 %	15 %
Property	10 %	11 %	15 %	17 %
Other	21 %	12 %	14 %	4 %

	2012			2011		
EURm	**Funded plans**	**Unfunded plans**	**Total**	**Funded plans**	**Unfunded plans**	**Total**
Analysis of the employee benefit obligation						
Present value of estimated pension obligation	516	50	565	506	71	577
Fair value of plan assets	392	-	392	347	-	347
Net obligation/liability	124	50	174	159	71	230
Net cumulative unrecognised actuarial gains/losses	-105	-9	-113	-138	-13	-151
Net pension obligation recognised in the balance sheet	**19**	**41**	**60**	**21**	**58**	**79**

Recognised in Income Statement

EURm	2008	2009	2010	2011	2012
Current service cost	15	15	14	14	18
Interest cost	17	17	19	19	18
Expected rate of return on plan assets at the beginning of the year	-13	-13	-14	-16	-13
Actuarial gains (-) or losses (+) recognised during the financial year	5	5	2	1	8
Losses (+) or gains (-) on curtailments and settlements	1	1	0	1	1
Costs pertaining to prior-year service	-	-	-	-	-20
Pension costs	**26**	**26**	**22**	**19**	**11**

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

EURm	2008	2009	2010	2011	2012
Pension obligations:					
At the beginning of the year	406	390	424	458	577
Earned during the financial year	14	14	14	14	18
Interest cost	18	17	19	19	18
Actuarial gains or losses	41	-42	-19	100	-37
Losses or gains on curtailments and settlements	1	1	0	1	1
Costs pertaining to prior-year service	-	-	-	-	-20
Exchange differences on foreign plans	-79	32	35	3	29
Benefits paid	-12	11	-16	-18	-20
Defined benefit plans at 31 Dec.	**390**	**424**	**458**	**577**	**565**
Reconciliation of plan assets:					
At the beginning of the year	255	220	272	326	347
Expected return on assets	13	13	15	16	13
Actuarial gains or losses	-17	-7	2	-6	1
Contributions	21	23	24	21	28
Exchange differences on foreign plans	-44	32	23	2	18
Benefits paid	-8	-9	-11	-13	-15
Plan assets at 31 Dec.	**220**	**272**	**326**	**347**	**392**

Other short-term employee benefits

There are other short-term staff incentive programmes 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 short-term incentives, social security costs included, for 2012 is EURm 62.

32 Other liabilities

P&C insurance

EURm	2012	2011
Liabilities arising out of direct insurance operations	149	163
Liabilities arising out of reinsurance operations	103	69
Liabilities related to Patient Insurance Pool	55	54
Tax liabilities	176	105
Prepayments and accrued income	199	177
Other	125	127
P&C insurance, total	**807**	**695**

The non-current share of other liabilities is EURm 45 (57).

Item Other includes e.g. witholding taxes, social expenses related to Workers Compensation insurance policies and employee benefits, unpaid premium taxes and other accruals.

Life insurance

EURm	2012	2011
Interests	9	9
Tax liabilities	0	7
Liabilities arising out of direct insurance operations	6	6
Liabilities arising out of reinsurance operations	5	5
Settlement liabilities	4	2
Guarantees received	122	88
Other liabilities	32	35
Life insurance, total	**177**	**151**

Item Guarantees received comprise assets accepted as guarantees required in derivative trading and securities lending. Item Other includes e.g. liabilities arising from withholding taxes and social security costs, liabilities to creditors and insurance premium advances.

Holding

EURm	2012	2011
Interests	34	52
Guarantees for trading in derivatives	78	43
Liability for dividend distribution	24	21
Other	16	10
Holding, total	**152**	**126**
Item Other includes e.g. reservations for share-based incentive programmes and other incentive salaries.		
Elimination items between segments	-13	-12

EURm	2012	2011
Group, total	**1,123**	**960**

33 Contingent liabilities and commitments

P&C insurance

EURm	2012	2011
Off-balance sheet items		
Guarantees	37	43
Other irrevocable commitments	6	11
Total	**43**	**54**

Assets pledged as collateral for liabilities or contingent liabilities

	2012		2011	
EURm	Assets pledged	Liabilities/ commit-ments	Assets pledged	Liabilities/ commit-ments
Assets pledged as collateral				
Cash at balances at central banks	6	4	10	8
Investments				
- Investment securities	285	153	142	114
Total	**290**	**157**	**152**	**122**

EURm	12/2012	12/2011
Assets pledged as security for derivative contracts, carrying value		
Investment securities	40	40

The pledged assets are included in the balance sheet item Other assets.

EURm	2012	2011
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	37	41
later than one year and not later than five years	110	105
later than five years	101	120
Total	**248**	**266**
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-45	-36
- sublease payments	-	0
Total	**-45**	**-36**

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

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

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

Normal seller's guarantees have been given in connection the disposal of the subsidiary IPSC Region.

If P&C Insurance Company Ltd has outstanding commitments to private equity funds totalling EURm 6, which is the maximum amount that the company has committed to invest in the funds. Capital will be called to these funds over several years as the funds make investments.

With respect to certain IT systems If and Sampo use jointly, If P&C Insurance Holding Ltd has undertaken to indemnify Sampo for any costs caused by It that Sampo may incur in relation to the owners of the systems.

Life insurance

EURm	2012	2011
Off-balance sheet items		
Investment commitments	367	309
Acquisition of IT-software	1	1
Total	**368**	**310**

EURm	12/2012	12/2011
Assets pledged as security for derivative contracts, carrying value		
Cash and cash equivalents	6	40
The pledged assets are included in the balance sheet item Other assets.		
Lent securities		
Domestic shares		
Remaining acquisition cost	67	86
Fair value	53	73

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

EURm	2012	2011
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	2	2
later than one year and not later than five years	3	5
Total	**5**	**7**
Total of sublease payments expected to be received under non-cancellable operating sub-leases at 31 Dec.	1	1
Lease and sublease payments recognised as an expense in the period		
- minimum lease payments	-3	-3
- sublease paymentst	0	0
Total	**-3**	**-3**

Holding

EURm	2012	2011
Off-balance sheet items		
Investment commitments	1	1

EURm	2012	2011
Commitments for non-cancellable operating leases		
Minimum lease payments		
not later than one year	1	1
later than one year and not later than five years	3	3
later than five years	-	0
Total	**4**	**5**

The Group had at the end of 2012 premises a total of 178,971 m2 (182,570) taken as a lessee. The contracts have been made mainly for 3 to 10 years.

34 Equity and reserves

Equity

The number of Sampo plc's shares at 31 Dec. 2012 was 560,000,000, of which 558,000,000 were A-shares and 1,200,000 B-shares. There was no change in the company's share capital of EURm 98 during the financial year.

At the end of the financial year 2012, the mother company or other Group companies held no shares in the parent company.

Reserves and retained earnings

Legal reserve

The legal reserve comprises the amounts to be transferred from the distributable equity according to the articles of association or on the basis of the decision of the AGM.

Invested unrestricted equity

The reserve includes other investments of equity nature, as well as issue price of shares to an extent it is not recorded in share capital by an express decision.

Other components of equity

Other components of equity include fair value changes of financial assets available for sale and derivatives used in cash flow hedges, and exchange differences.

Changes in the reserves and retained earnings are presented in the Group's statement of changes in equity.

35 Related party disclosures

Key management personnel

The key management personnel in Sampo Group consists of the members of the Board of Directors of Sampo plc and Sampo Group's Executive Committee.

Key management compensation

EURm	2012	2011
Short-term employee benefits	6	6
Post employment benefits	3	2
Other long-term benefits	6	3
Total	**16**	**10**

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

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

Other long-term benefits consist of the benefits under long-term incentive schemes accounted for for the year (see Note 36).

Related party transactions of the key management

The related party transactions of the key management are not material nor does the key management have any loans from the Group companies.

Associates

Outstanding balances with related parties/Associate Nordea

EURm	2012	2011
Assets	1,074	1,913
Liabilities	122	165

The Group's receivables from Nordea coprise mainly long-term investments in bonds and deposits. In addition, the Group has several on-going derivative contracts related to the Group's risk management of investments and liabilities.

36 Incentive schemes

Long-term incentive schemes 2009 I- 2011 I

The Board of Directors of Sampo plc has decided on the long-term incentive schemes 2009 I - 2011 I for the management and key employees of Sampo Group. The Board has authorised the CEO to decide who will be included in the scheme, as well as the number of calculated incentive units granted for each individual used in determining the amount of the incentive reward. In the schemes, the number of calculated incentive units granted for the members of the Group Executive Committee is decided by the Board of Directors. Over 140 persons were included in the schemes at the end of year 2012.

The amount of the performance-related bonus is based on the value performance of Sampo's A share and on the insurance margin (IM) and, regarding the 2011 I scheme, also on Sampo's return on the risk adjusted capital (RORAC). The value of one calculated incentive unit is the trade-weighted average price of Sampo's A-share at the time period specified in the terms of the scheme, and reduced by the starting price adjusted with the dividends per share distributed up to the payment date. The pre-dividend starting prices vary between eur 16.69 - 24.07. The maximum value of one incentive unit varies between eur 28.49 - 39.07, reduced by the dividend-adjusted starting price. The IM criteria in the scheme 2009 I has three levels. If the IM reaches 4 per cent or more, the incentive reward is paid in its entirety. If the IM is between 2 - 3.99 per cent, the payout is 50 per cent. In the case of IM staying below these benchmarks, no reward will be paid out. In the 2011 I scheme, the incentive reward depends on two benchmarks. The payout is 70 per cent, if the IM is 6 per cent or more, and 35 per cent, if the IM is between 4 - 5.99 per cent. No IM-related reward will be paid out, if the IM stays below these. In addition, the return on the risk adjusted capital is taken into account so that an incentive reward of 30 per cent is paid out, if the return is at least risk free return + 4 per cent. If the return is risk free return + 2 percent, but less than risk free return + 4 percent, the payout is 15 per cent. If the return stays below these benchmarks, no RORAC-based reward will be paid out.

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

		2009 I	2011 I	2011 I/2
Terms approved *)		27/08/2009	14/09/2011	14/09/2011
Granted (1,000) 31 Dec. 2009		4,392	-	-
Granted (1,000) 31 Dec. 2010		4,369	-	-
Granted (1,000) 31 Dec. 2011		3,002	4,359	-
Granted (1,000) 31 Dec. 2012		1,444	4,199	130
End of performance period I 30 %		Q2-2011	Q2-2014	Q2-2015
End of performance period II 35 %		Q2-2012	Q2-2015	Q2-2016
End of performance period III 35 %		Q2-2013	Q2-2016	Q2-2017
Payment I 30 %		9-2011	9-2014	9-2015
Payment II 35 %		9-2012	9-2015	9-2016
Payment III 35 %		9-2013	9-2016	9-2017
Price of Sampo A at terms approval date *)		16.74	18.1	18.1
Starting price **)		16.49	18.37	24.07
Dividend-adjusted starting price at 31 Dec. 2012		13.14	17.17	24.07
Sampo A - closing price 31 Dec. 2012	24.34			
Total intrinsic value, meur		13	10	0
Total debt	23			
Total cost for the financial period, meur (incl. social costs)	28			

*) Grant dates vary

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

37 Auditors' fees

EURm	2012	2011
Auditing fees	-2	-2
Other fees	-1	0
Total	**-3**	**-2**

38 Legal proceedings

There are a number of legal proceedings against the Group companies outstanding on 31 Dec. 2012, arising in the ordinary course of business. The companies estimate it unlikely that any significant loss will arise from these proceedings.

39 Investments in subsidiaries

Name	Group holding %	Carrying - amount
P&C insurance		
If P&C Insurance Holding Ltd	100	1,886
If P&C Insurance Ltd	100	1,408
If P&C Insurance Company Ltd	100	517
If P&C Insurance AS	100	52
AS If Kinnisvarahaldus	100	0
CJSC If Insurance	100	10
If Livförsäkring Ab	100	8
Life insurance		
Mandatum Life Insurance Company Ltd	100	484
Mandatum Life Insurance Baltic SE	100	11
Other business		
If IT Services A/S	100	0
Riskienhallinta Oy	100	0
Sampo Capital Oy	100	1

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

40 Investments in shares and participations other than subsidiaries and associates

P&C insurance

	Country	No. of shares	Holding %	Carrying amount/Fair value
Listed companies				
A P Moller - Maersk	Denmark	1,125	0.03 %	6
ABB	Switzerland	3,162,541	0.14 %	49
Atlas Copco A+B	Sweden	2,394,240	0.19 %	44
BB Tools	Sweden	264,500	0.93 %	2
Be Group	Sweden	3,774,669	7.55 %	7
Clas Ohlson	Sweden	3,114,337	4.75 %	31
CTT Systems	Sweden	511,200	4.49 %	2
Eitzen Maritime	Norway	8,231,616	30.16 %	4
G&L Beijer B	Sweden	188,774	0.44 %	2
Gunnebo	Sweden	8,849,114	11.67 %	25
Hennes Mauritz B	Sweden	2,180,192	0.13 %	57
Husqvarna	Sweden	5,833,987	1.01 %	27
Husqvarna	Sweden	2,249,321	0.39 %	10
Investor	Sweden	3,794,111	0.49 %	75
Lindab Intl	Sweden	3,890,055	4.94 %	19
Nederman	Sweden	1,160,400	9.90 %	19
Nobia	Sweden	21,075,000	12.02 %	65
Nolato	Sweden	322,933	1.23 %	3
Oceanteam Shipping	Norway	1,212,684	8.04 %	1
Reservoir Exploration Tech	Norway	7,263,261	8.16 %	0
Sandvik	Sweden	3,945,780	0.31 %	48
Scania	Sweden	3,044,397	0.38 %	48
Sectra	Sweden	4,322,927	11.65 %	22
SSAB	Sweden	663,760	0.20 %	4
SSAB	Sweden	1,360,353	0.42 %	8
Statoil	Norway	1,783,700	0.06 %	34
Svedbergs i Dalstrop	Sweden	2,427,790	11.45 %	6
Teliasonera	Sweden	15,150,000	0.35 %	78
VBG Group	Sweden	540,211	3.94 %	6
Veidekke	Norway	12,111,648	9.06 %	72
Volvo	Sweden	1,287,600	0.06 %	13
Volvo	Sweden	4,409,972	0.21 %	46
Yara	Norway	596,861	0.21 %	22
Total listed companies				**856**

Other			16

Unit trusts			
Aberdeen GL Asia Pacific	Luxemburg	940,169	52
Danske Invest	Finland	34,833,513	59
Danske Invest	Finland	22,375,015	32
Danske Invest	Finland	1,133,287	37
Danske Invest	Finland	179,837,934	17
DB Platinum Advisors	Luxemburg	160,000	12
PEQ Eqt III	Guernsey	6,402,551	3
PEQ Eqt IV	Guernsey	8,199,702	7
PEQ GS Loan	Cayman islands	7,796,116	11
PEQ GS Loan	Cayman islands	76,587,655	57
PEQ GS Loan	Cayman islands	21,242,240	21
Henderson Global	Great Britain	1,845,097	32
Investec Asset Mgmt	Great Britain	739,898	12
Barclays Global Investment	Irland	752,200	20
Blackrock	United States	595,000	65
Lyxor	France	220,000	6
Lyxor	France	1,000,000	24
PEQ Mandatum I	Finland	6,622,141	6
PEQ Mandatum II	Finland	1,598,700	2
PEQ Mandatum II	Finland	4,256,573	5
PEQ Private Egy mkt	Finland	3,132,520	3
State Street Global	United States	155,000	17
Total unit trusts			**499**

Total shares and participations			**1,372**

Life insurance

	Country	No. of shares	Holding %	Carrying amount/Fair value
Listed companies				
Alma Media Oyj	Finland	2,618,793	3.47 %	12
Amer Sports Oyj	Finland	4,000,000	3.38 %	45
Comptel Oyj	Finland	20,532,625	19.18 %	8
Elecster Oyj	Finland	117,000	6.43 %	1
eQ Oyj	Finland	2,053,296	5.95 %	4
Finnlines Oyj	Finland	703,500	1.50 %	5
Fortum Oyj	Finland	4,954,834	0.56 %	70
F-Secure Oyj	Finland	6,674,081	4.20 %	10
Kemira Oyj	Finland	2,741,613	1.76 %	32
Kesko Oyj	Finland	316,363	0.47 %	8
Lassila & Tikanoja Oyj	Finland	2,231,238	5.75 %	26
Metso Oyj	Finland	1,525,000	1.01 %	49
Neste Oil Oyj	Finland	1,163,989	0.45 %	11
Nokian Renkaat Oyj	Finland	971,899	0.74 %	29
Norvestia Oyj	Finland	1,789,538	12.41 %	11
Oriola KD Oyj	Finland	4,286,778	4.12 %	10
Outokumpu Oyj	Finland	25,000,000	1.72 %	20
Pöyry Oyj	Finland	2,075,287	3.47 %	6
Stora Enso Oyj	Finland	7,840,444	1.28 %	41
Suominen Oyj	Finland	22,222,222	9.04 %	8
Teleste Oyj	Finland	1,679,200	8.97 %	7
Tikkurila Oyj	Finland	2,100,000	4.76 %	31
UPM-Kymmene Oyj	Finland	9,531,219	1.81 %	84
Vaisala Oyj	Finland	766,650	4.21 %	12
Wärtsila Oyj	Finland	909,255	0.46 %	30
YIT Oyj	Finland	6,108,449	4.80 %	90
Total				**661**
Other listed companies				21
Listed companies in total				**682**
Unit trusts				
Danske Invest Emerging Asia Kasvu	Finland	765,617		25
Fourton Odysseus Kasvu	Finland	161,517		33
KJK Fund SICAV-SIF Baltic States	Finland	5,817		9
Total				**66**

Capital trusts		
Amanda III Eastern Private Equity Ky	Finland	16
Amanda IV West Ky	Finland	14
CapMan Real Estate I Ky	Finland	11
CapMan Real Estate II Ky	Finland	8
Mandatum Pääomarahasto I Ky	Finland	11
Mandatum Pääomarahasto II Ky USD	Finland	7
MB Equity Fund III Ky		8
Total		**75**

Other shares and participations	27

Domestic shares and participations in total	**850**

Other companies				
EQT IV ISS Co-investment Limited Partnership	United States	872,610	12.52 %	11
BenCo Insurance Holding B.V.	Netherlands	389,329	6.49 %	7
Ekahau Inc.	Guernsey	24,882,712	24.96 %	4
Total				**22**

Foreign unit trusts			
Aberdeen Global Asia Pacific Equity Fund	Luxemburg	1,382,572	76
Allianz RCM Europe Equity Growth W	Luxemburg	29,697	49
Brummer & Partners Nektar Fund	Swedem	59,915	16
Comgest Panda	Luxemburg	19,776	34
Danske Invest Europe High Dividend I	Luxemburg	4,193,065	41
DB X-TRACKERS DAX	Luxemburg	931,200	70
DB X-TRACKERS DJ S6 UTILITIES	Luxemburg	463,000	27
DJ STOXX 600 OPT AUTO & PART	Ireland	67,000	15
DJ STOXX 600 OPT HEALTHCARE	Ireland	135,000	19
DJ STOXX 600 OPT TELECOM	Ireland	354,402	25
Henderson Gartmore Latin America R	Great Britain	3,798,776	66
INVESTEC GSF-ASIA PACIFIC-I	Great Britain	1,076,501	17
ISHARES CORE S&P 500 INDEX FUND	United States	1,463,990	159
MFS European Value Fund Z	Luxemburg	284,433	34
MFS MER-EUROPE SM COS-I1EUR	Luxemburg	52,774	10
PROSPERITY CUB FUND	Guernsey	161,961	53
Prosperity Russia Domestic Fund	Guernsey	83,936,000	51
TECHNOLOGY SELECT SECT SPDR	United States	1,954,000	43
UNIDEUTSCHLAND XS	Germany	74,361	5
Total			**810**

Foreign unit trusts		
Activa Capital Fund II FCPR	France	7
Avenue Special Situations Fund VI (C-Feeder), L.P.	Cayman islands	22
Capman Buyout IX Fund A L.P.	Guernsey	8
Capman Buyout VIII Fund A L.P.	Guernsey	7
EQT Credit (No.1) L.P.	Guernsey	46
EQT IV (No. 1) L.P.	Guernsey	7
EQT V (No.1) L.P.	Guernsey	11
EQT VI (No.1) L.P.	Guernsey	7
Financial Credit Investment I, L.P.	Cayman islands	10
Fortress Credit Opportunities Fund II (C) L.P.	Cayman islands	71
Fortress Credit Opportunities Fund III (C) L.P.	Cayman islands	11
Fortress Life Settlement Fund (C) L.P.	Cayman islands	18
Gilde Buy-Out Fund III	Guernsey	10
Goldman Sachs Loan Partners I Offshore B, L.P.	Cayman islands	16
Goldman Sachs Loan Partners I Offshore Inv. Fund L.P.	Cayman islands	103
Goldman Sachs Petershill Fund Offshore L.P.	Cayman islands	19
Goldman Sachs Real Estate Mezzanine Partners L.P.	United States	9
Gresham IV Fund L.P.	Great Britain	7
Highbridge Liquid Loan Opportunities Fund, L.P	Cayman islands	42
Highbridge Principal Strategies - Senior Loan Fund II L.P.	Cayman islands	28
Highbridge Senior Loan Fund II	Cayman islands	16
Montagu Fund III L.P.	Great Britain	6
Mount Kellet Capital Partners (Cayman) II, L.P.	Cayman islands	36
Mount Kellet Capital Partners (Cayman), L.P.	Cayman islands	25
Oaktree PPIP Private Fund GP Ltd	Cayman islands	7
Permira Europe IV	Guernsey	9
Russia Partners II L.P.	Guernsey	7
Russia Partners II, L.P.	Cayman islands	12
Verdane Capital VII K/S	Denmark	8
Victory Park Capital Fund II (Cayman), L.P.	Cayman islands	12
Total		**594**

Other share and participations	78
Foreign shares and participations in total	**1,504**
Shares and participations in total	**2,354**

Holding

	Country	Holding %	No. of shares	Carrying amount/Fair value
Domestic other than listed companies				
Varma Mutual Pension Insurance Company	Finland	57	80.28	14
Other	Finland			4
Total domestic shares and participations				**18**
Foreign unit trusts				5
Total shares and participations				**23**

Holdings exceeding EURm 5 and holdings in listed companies exceeding five per cent specified.

The table does not include investments related to unit-linked insurance contracts.

41 Events after the balance sheet date

In the meeting of 13 Feb. 2013, the Board of Directors decided to propose at the Annual General Meeting on 18 April 2013 a dividend distribution of EUR 1.35 per share, or total EUR 756.000.000, for 2012. The dividends to be paid will be accounted for in the equity in 2013 as a deduction of retained earnings.

SAMPO PLC'S FINANCIAL STATEMENTS

Sampo plc's income statement

EURm	Note	2012	2011
Other operating income	1	15	15
Staff expenses			
Salaries and remunerations		-15	-10
Social security costs			
Pension costs		-3	-1
Other		-1	0
Depreciation and impairment	2		
Depreciation according to plan		0	0
Other operating expenses	3	-13	-13
Operating profit		**-17**	**-10**
Financial income and expense	5		
Income from shares in Group companies		544	510
Income from other shares		229	252
Other interest and financial income			
Group companies		13	7
Other		8	6
Other investment income and expense		30	-14
Other interest income		48	67
Interest and other financial expense			
Group companies		0	-2
Other		-124	-139
Exchange result		6	5
Proft before taxes		**737**	**683**
Income taxes			
Tax from previous years		0	0
Deferred taxes		1	-1
Profit for the financial year		**737**	**682**

Sampo plc's balance sheet

EURm	Note	2012	2011
ASSETS			
Non-current assets			
Intangible assets	6	0	1
Property, plant and equipment	7		
Buildings		1	1
Equipment		1	1
Other		2	2
Investments			
Shares in Group companies	8	2,370	2,370
Receivables from Group companies	8	225	223
Shares in participating undertakings	9	5,557	5,557
Receivables from participating undertakings		-	325
Other shares and participations	10	28	38
Other receivables	11	350	484
Short-term receivables			
Deferred tax assets	19	18	17
Other receivables	12	11	12
Prepayments and accrued income	13	89	76
Cash at bank and in hand		473	89
TOTAL ASSETS		**9,126**	**9,195**
LIABILITIES			
Equity	14		
Share capital		98	98
Fair value reserve		0	2
Invested unrestricted equity		1,527	1,527
Other reserves		273	273
Retained earnings		4,158	4,142
Profit for the financial year		737	682
		6,793	**6,724**

Liabilities			
Long-term liabilities			
Bonds		1,710	1,677
Short-term liabilities			
Debt securities		451	652
Other liabilities	15	111	81
Accruals and deferred income	16	60	61
TOTAL LIABILITIES		**9,126**	**9,195**

Sampo plc's statement of cash flows

EURm	2012	2011
Profit before taxes		
Profit before taxes	737	683
Adjustments:		
Depreciation and amortisation	0	0
Unrealised gains and losses arising from valuation	1	0
Realised gains and losses on investments	-3	-3
Other adjustments	-144	-296
Adjustments total	**-145**	**-298**
Change (+/-) in assets of operating activities		
Investments *)	441	-347
Other assets	14	-5
Total	**455**	**-352**
Change (+/-) in liabilities of operating activities		
Financial liabilities	3	7
Other liabilities	43	4
Paid interests	-87	-83
Paid taxes	0	0
Total	**-41**	**-71**
Net cash from operating activities	**1,006**	**-38**
Investing activities		
Investments in group and associated undertakings	224	-4
Net investment in equipment and intangible assets	0	0
Net cash used from investing activities	**224**	**-4**

Financing activities		
Acquisition of own shares	-	-24
Dividends paid	-663	-637
Issue of debt securities	2,181	2,440
Repayments of debt securities in issue	-2,362	-1,703
Net cash used in financing activities	**-845**	**75**
Total cash flows	**385**	**33**
Cash and cash equivalents at 1 January	89	56
Cash and cash equivalents at 31 December	473	89
Net change in cash and cash equivalents	**385**	**33**

*) Investments include both investment property and financial assets.

Additional information to the statement of cash flows:

EURm	2012	2011
Interest income received	84	72
Interest expense paid	-142	-137
Dividend income received	769	762

Summary of Sampo plc's significant accounting policies

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

Notes to Sampo plc's financial statements

Notes to the income statement

1 Other operating income

EURm	2012	2011
Income from property occupied for own activities	0	0
Other	15	15
Total	**15**	**15**

2 Depreciation and impairment

EURm	2012	2011
Depreciation according to plan		
Property, plant and equipment	0	0
Intangible assets	0	0
Total	**0**	**0**

3 Other operating expenses

EURm	2012	2011
Rental expenses	-1	-1
Expense on property occupied for own activities	0	0
Other	-12	-12
Total	**-13**	**-13**

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

4 Auditors' fees

EURm	2012	2011
Authorised Public Accountants Ernst & Young Oy		
Auditing fees	-0.1	-0.1
Other fees	-0.1	-0.0
Total	**-0.2**	**-0.2**

5 Financial income and expense

EURm	2012	2011
Received dividends in total	773	762
Interest income in total	69	80
Interest expense in total	-124	-141
Gains on disposal in total	3	3
Losses on disposal in total	-1	0
Exchange result	6	5
Other	27	-17
Total	**753**	**693**

Notes to the assets

6 Intangible assets

	2012		2011	
EURm	**IT**	**Othert**	**IT**	**Other**
Cost at beginning of year	3	2	3	2
Accumulated amortisation at beginning of year	-3	-2	-3	-2
Amortisation according to plan during the financial year	-	0	-	0
Carrying amount at end of year	**0**	**0**	**0**	**1**

7 Property, plant and equipment

	2012		2011	
EURm	Land and buildings	Other	Land and buildings	Other
Cost at beginning of year	1	4	**1**	**4**
Additions	-	0	-	-
Disposals	-	0	-	0
Transfers	-	-	-	-
Accumulated depreciation at beginning of year	-	-1	-	-1
of which related to disposals	-	-	-	0
Depreciation according to plan during the financial year	0	0	0	0
Carrying amount at end of year	**1**	**3**	**1**	**3**

8 Receivables from Group companies

EURm	2012	2011
Cost at beginning of year	223	**145**
Additions	13	109
Disposals	-11	-32
Carrying amount at end of year	**225**	**223**

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

9 Shares in participating undertaking

EURm	2012	2011
Cost at beginning of year	5,557	**5,304**
Additions	-	254
Carrying amount at end of year	**5,557**	**5,557**

10 Other shares and participations

	2012	Fair value changes		2011	Fair value changes	
EURm	**Fair value**	**Recognised in p/l**	**Recognised in fair value reserve**	**Fair value**	**Recognised in p/l**	**Recognised in fair value reserve**
Avalaible-for-sale equity securities	24	2	0	34	3	5

Changes in property shares

EURm	2012	2011
Cost at beginning of year	4	4
Disposals	0	-
Carrying amount at end of year	**4**	**4**
Difference between current cost and carrying amount	0	0

11 Other investment receivables

	2012	Fair value changes		2011	Fair value changes	
EURm	**Fair value**	**Recognised in p/l**	**Recognised in fair value reserve**	**Fair value**	**Recognised in p/l**	**Recognised in fair value reserve**
Market money	350	2	1	484	0	1
Bonds	0	0	2	0	-	0
Total	**350**	**2**	**3**	**484**	**0**	**1**

12 Other receivables

EURm	2012	2011
Trading receivables	0	4
Derivatives	7	4
Other	4	4
Total	**11**	**12**

13 Prepayments and accrued income

EURm	2012	2011
Accrued interest	36	51
Derivatives	52	24
Other	1	0
Total	**89**	**76**

Notes to the liabilities

14 Movements in the equity

EURm	Restricted equity				Unrestricted equity			
	Share capital	Share premium account	Legal reserve	Fair value reserve	Invested unrestricted capita	Other reservest	Retained earnings	Total
Carrying amoun at 1 Jan. 2011	**98**	**0**	**0**	**0**	**1,527**	**273**	**4,799**	**6,696**
Dividends							-645	**-645**
Recognition of undrawn dividends							13	**13**
Financial assets available-for-sale								
- recognised in equity				4				**4**
- recognised in p/l				-2				**-2**
Acquisition of own shares							-24	**-24**
Profit for the year							682	**682**
Carrying amount at 31 Dec. 2011	**98**	**0**	**0**	**2**	**1,527**	**273**	**4,824**	**6,724**

EURm	Restricted equity				Unrestricted equity			
	Share capital	Share premium accoun	Legal reserve	Fair value reserve	Invested unrestricted capita	Other reservest	Retained earnings	Total
Carrying amount at 1 Jan. 2012	98	0	0	2	1,527	273	4,824	6,724
Dividends							-672	-672
Recognition of undrawn dividends							6	6
Financial assets available-for-sale								
- recognised in equity				0				0
- recognised in p/l				-1				-1
Profit for the year							737	737
Carrying amount at 31 Dec. 2012	**98**	**0**	**0**	**0**	**1,527**	**273**	**4,895**	**6,793**

Distributable assets

EURm	2012	2011
Parent company		
Profit for the year	737	682
Retained earnings	4,158	4,142
Invested unrestricted capital	1,527	1,527
Other reserves	273	273
Total	**6,695**	**6,624**

15 Share capital

Information on share capital is disclosed in Note 34 in the consolidated financial statements.

16 Other liabilities

EURm	2012	2011
Unredeemed dividends	24	21
Derivatives	9	17
Guarantees for derivate contracts	78	43
Other	0	0
Total	**111**	**81**

17 Accruals and deferred income

EURm	2012	2011
Deferred interest	34	52
Derivatives	11	0
Other	15	10
Total	**60**	**61**

Notes to the income taxes

18 Deferred tax assets and liabilities

EURm	2012	2011
Deferred tax assets		
Losses	18	18
Timing differences	0	0
Fair value reserve	0	-
Total	**18**	**18**
Deferred tax liabilities		
Timing differences	0	-1
Fair value reserve	0	-1
Total	-1	-1
Total net	**18**	**17**

Notes to the liabilities and commitments

19 Pension liabilities

The basic and suplementary pension insurance of Sampo plc's staff is handled through insurances in Varma Mutual Insurance Company and in Mandatum Life Insurance Company Limited.

20 Future rental commitments

EURm	2012	2011
Not more than one year	1	1
Over one year but not more than five years	3	3
Over five years	-	0
Total	**4**	**5**

21 Off-balance sheet items

EURm	2012	2011
Underwriting commitments	1	1
Off-balance sheet items total	**1**	**1**
To or on behalf of Group companies	-	-
To or on behalf of associates	-	-

Notes to the staff and management

22 Staff numbers

EURm	2012 Average during the year	2011 Average during the year
Full-time staff	51	52
Part-time staff	2	2
Temporary staff	3	2
Total	**55**	**56**

23 Management's remuneration and post-employment benefits

		2012	2011 (EUR thousand)
Managing Director	Kari Stadigh	2,454	1,566
Hallituksen jäsenet			
Björn Wahlroos		160	160
Anne Brunila		80	80
Adine Grate Axén		80	80
Mattila Veli-Matti		80	80
Eira Palin-Lehtonen		80	80
Jukka Pekkarinen		80	80
Per Arthur Sørlie		80	-
Christoffer Taxell		80	80
Matti Vuoria		100	100

Pension liability

The retirement age of the Managing Director is 60 years, when the pension benefit is 60% of the pensionable salary.

Notes to the shares held

24 Shares held as of 31 Dec, 2012

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

APPROVAL OF THE FINANCIAL STATEMENTS AND THE BOARD OF DIRECTORS' REPORT

Helsinki, 13 February 2013

Sampo plc

Board of Directors

Anne Brunila	Adine Grate Axén	Veli-Matti Mattila
Eira Palin-Lehtinen	Jukka Pekkarinen	Per Arthur Sørlie
Christoffer Taxell		Matti Vuoria

Björn Wahlroos	Kari Stadigh
Chairman	*Group CEO*

AUDITOR’S REPORT

(Translation)

To the Annual General Meeting of Sampo plc

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Sampo plc for the financial period 1.1. - 31.12.2012. The financial statements comprise the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the consolidated financial statements, as well as the parent company’s balance sheet, income statement, cash flow statement and notes to the financial statements.

Responsibility of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the preparation of financial statements and the report of the Board of Directors that give a true and fair view in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company’s accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

Auditor’s Responsibility

Our responsibility is to express an opinion on the financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. The Auditing Act requires that we comply with the requirements of professional ethics. We conducted our audit in accordance with good auditing practice in Finland. Good auditing practice requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the report of the Board of Directors are free from material misstatement, and whether the members of the Board of Directors of the parent company or the Managing Director are guilty of an act or negligence which may result in liability in damages towards the company or have violated the Limited Liability Companies Act or the articles of association of the company.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of financial statements and report of the Board of Directors that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion on the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Opinion on the company's financial statements and the report of the Board of Directors

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Opinions based on the assignment of the Audit Committee

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 28 February 2013

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant