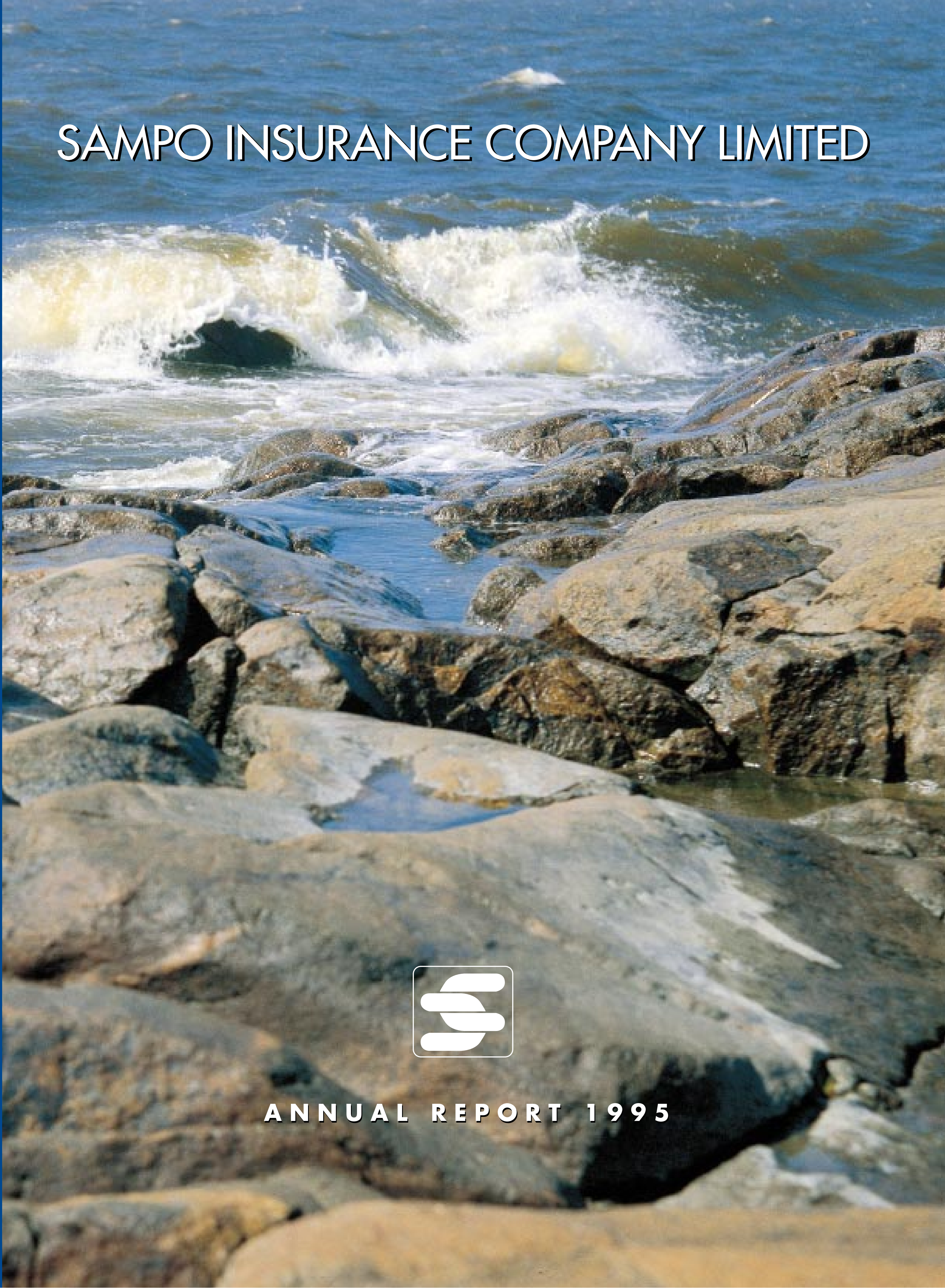
SAMPO INSURANCE COMPANY LIMITED



ANNUAL REPORT 1995

SHAREHOLDER INFORMATION

The Annual General Meeting of
Sampo Insurance Company Limited

will be held at the Company´s Head Office in Turku,
at Puutarhakatu 1, on Wednesday, April 24, 1996
at 3 p.m.

Reports for the Year 1995

Sampo Insurance Company Limited
Contains Summaries of the Non-Life Group companies,
of Kaleva Mutual Insurance Company and Insurance
Company Sampo Pension Limited
- available in Finnish, Swedish and English

Industrial Insurance Company Limited
- available in Finnish, Swedish and English

Insurance Company of Finland Limited
- available in Finnish, Swedish and English

ST International Insurance Company Limited
- available in English

Patria Reinsurance Company Limited
- available in English

Kaleva Mutual Insurance Company
- available in Finnish and Swedish

Insurance Company Sampo Pension Limited
- available in Finnish and Swedish

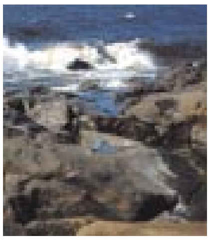
Interim Report 1996

During the year 1996, Sampo Insurance Company Limited
will publish an interim report for the period
January 1 to June 30, 1996.
The report will be published on Tuesday, August 27, 1996
- available in Finnish, Swedish and English

SAMPO INSURANCE COMPANY LIMITED

Sampo, the leading non-life insurance group in Finland, is made up of non-life insurance companies specialised in client segments. Their services are completed by the life and pension insurance companies that are associated with the Sampo Group. The Sampo Group is a full service insurer that offers its clients high quality insurance products and risk management expertise. Sampo wishes to offer its shareholders a competitive total return by conducting a profitable insurance business supported by well managed investments. Sampo's success is built on the commitment of personnel to our mutual values: the continuous development of professional expertise, enterprise and innovation.

ANNUAL REPORT 1995



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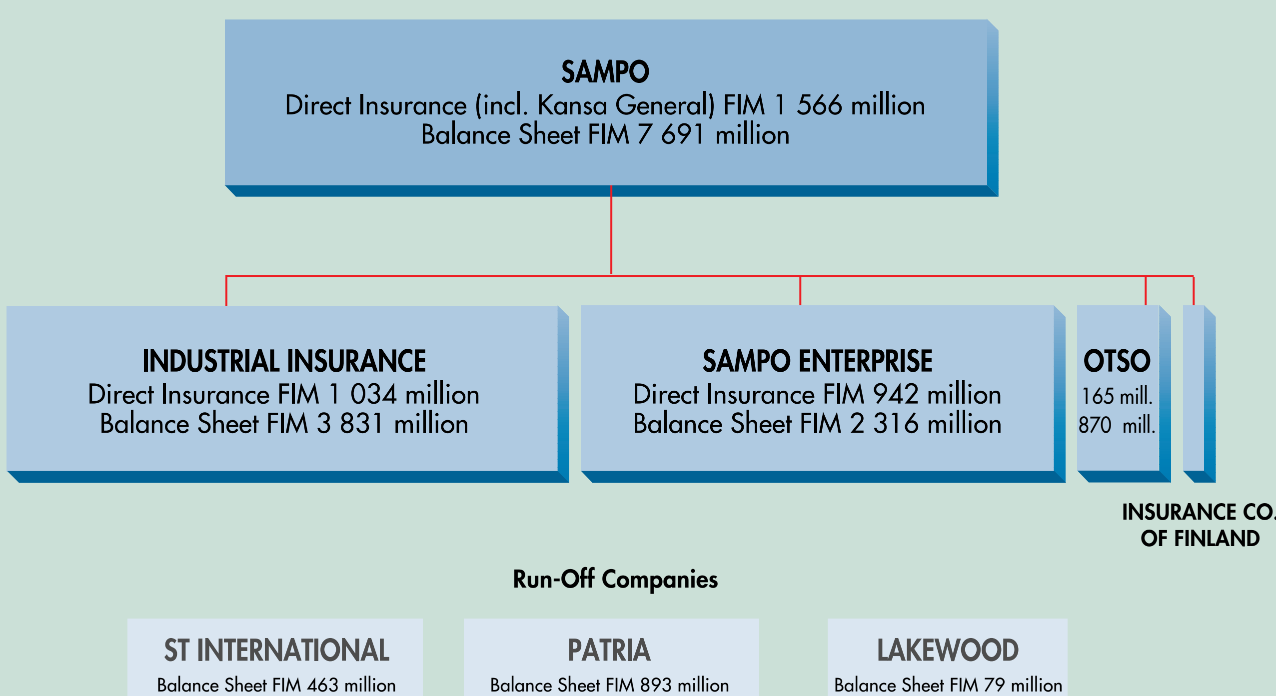
KEY INFORMATION ON THE SAMPO NON-LIFE GROUP

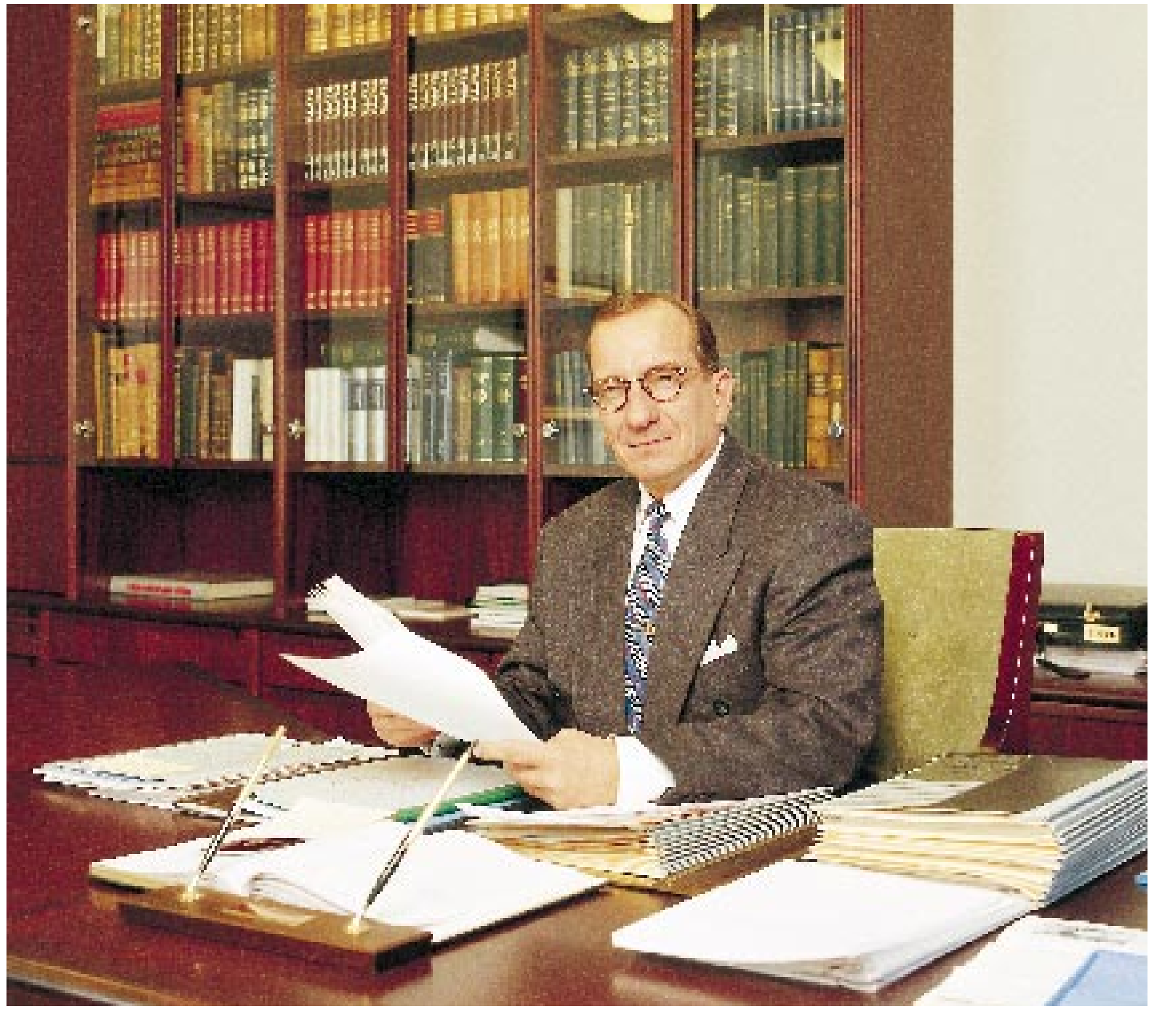
	1995	1994	Change %
Turnover, FIM mill.	**5 896**	5 882	0.3
Gross premiums written, FIM mill.	**4 219**	4 150	1.7
Claims incurred, FIM mill.	**–3 310**	–3 243	2.1
Net operating expenses, FIM mill.	**–741**	–736	0.7
Net investment income, FIM mill.	**708**	625	13.2
Operating profit, FIM mill.	**319**	176	81.4
Total on balance sheet, FIM mill.	**15 205**	15 529	–2.1
Combined ratio, %	**109.1**	112.2	–2.7
Solvency ratio, %	**170.2**	198.2	–14.1
Earnings per share, FIM	**11.8**	9.5	24.7
Net asset value per share, FIM	**392.1**	411.6	–4.8
Average number of personnel	**3 023**	2 966	1.9

The exchange rate of 1 FIM (Finnish markka) is USD 4.3586.

Sampo Non-Life Group Main Organisation by Premiums Written



CHIEF EXECUTIVE OFFICER'S REVIEW



As a late-cycle industry, insurance performed markedly better in 1995 than in the previous year. Non-life insurance premiums written increased for the first time in four years. Life insurance business grew considerably, thanks to the restructuring of the Finnish financial market. Finns supplemented their statutory social security and pension cover by taking out voluntary insurance, partly due to increasing public concern about the state's ability to pay in the next century.

In spite of more than four per cent growth in GNP, the overall performance of the economy was below expectations. Employment improved only slightly, and the expected boost in consumption on the domestic market did not materialise. Export industries reported record profits as anticipated, but towards the end of the year, the forest industry was forced to resort to temporary shutdowns as demand fell.

Traditional measures were taken to solve the central problem of the Finnish economy: the public sector deficit. Cuts in public expenditure checked the budget deficit, but the overall deficit level is still unsustainable in the long run.

A complete overhaul of the structures of public expenditure is vital if the present high marginal rate of income tax is to be returned to a more reasonable level. This would permit an economic recovery with long-term effects on the domestic market.

New Legislation

Until now, a statutory collective guarantee has been applied to statutory pension insurance only. A work group set up to consider the matter recommended that collective guarantees be extended to encompass statutory non-life insurance, i.e. motor TPL, workers' compensation and patient insurance.

The decision is logical - statutory insurance must be treated differently from voluntary insurance.

The authorities have suggested that collective guarantees should also be applied to voluntary insurances. Insurance companies have opposed this suggestion, since it could result in unhealthy competition and might ultimately weaken the competitiveness of the whole field.

A new model is now being drafted to apply to voluntary insurance. It would provide the claimant with greater security in case the insurer should encounter problems, but it would not reduce the client's interest in choosing a stable and safe company. The planned post-tariffing method would keep the market healthy and maintain the competitive edge of solvent insurers. This is a reasonable solution from the viewpoint of the economy as a whole, the insurance industry, and the client, as those who have chosen a strong insurance company would not have to answer for the debts of bad companies.

So far, no decision has been made on the position of statutory workers' compensation insurance with respect to the EU third non-life insurance directive. Finland's EU membership and the consequent liberalisation of competition, together with the still unsolved question of statutory workers' compensation insurance affect the competitive situation and require insurers to consider alternative strategies.

Operating Profit Almost Doubled

Sampo Non-Life Group almost doubled its operating profit compared with the previous year, to FIM 319 million. Group solvency remained on a high level. Of the profit and loss account items, investment income developed favourably, whereas claims incurred increased more than expected. Large losses, including a higher percentage of arson than usual, had a particularly serious impact on Sampo Enterprise's insurance portfolio.

The Sampo Non-Life Group strengthened its market share by 0.3 percentage points during the year under review, and our share of the Finnish non-life insurance market is 35.4 per cent. In principle, the composition of the non-life insurance field remained as it had been after Sampo's restructuring in 1993–1994.

Within the Group, however, we have streamlined the organisation both at home and abroad in order to improve further our efficiency and service capacity.

Vahinkovakuutusosakeyhtiö Kansa, acquired in the spring of 1994, was merged with its parent company at the end of the accounting year. Operatively, Kansa's functions had already been integrated prior to the actual merger, mainly with those of Private Sampo. After the merger, one company in the Group specialises in private household non-life insurances. Of the smaller group companies, Vastuu Reinsurance Company Ltd and Teva Re were also merged into other group companies. We plan to restructure the Group even further.

We strengthened our operational basis abroad by implementing the strategic decision to operate through wholly-owned subsidiaries rather than associated companies. In this way, we can gain more effective control of our foreign direct insurance activities.

In Estonia, we sold our minority holding in Hansa Kindlustus. Even before this transaction was confirmed, we had established a subsidiary of our own, Sampo Kindlustus, in Estonia. This is the first insurance company entirely in foreign ownership operating on the Estonian market. The company was licensed to operate on both the private and the corporate market.

In Western Europe we redeemed the remaining 60 per cent of the share capital of Hansa Industrial Insurance (HII), which specialises in insuring industrial risks. Before the transaction, Sampo held 40 per cent of HII's shares. Final agreement on the transaction was reached this year. Sampo has also decided to start underwriting direct insurance business in Sweden.

Steady Rise in Life Insurance

The life insurance market underwent a process of change, as banks began to establish their own life insurance companies. However, their entry to the market has not threatened the stable position gained by the old life insurance companies. Over the last two years, Sampo Group's Kaleva has in fact doubled its premiums written.

Kaleva has been particularly strong in those groups of insurance classes that build on long-term customer relationships, such as voluntary pension insurances.

The life insurance market continues to grow. The large proportion of savings capital traditionally held by banks in Finland is falling to approaching the average European level, and a certain amount of mature bank deposits is being transferred into life insurance companies. The purchase of private cover from life insurance companies is also increasing, as the government has and will continue to cut social security expenditure.

The Sampo Group and its affiliates are ready to respond to market changes. The administrative organs of the life insurance companies Kaleva and Nova have authorised their managements to continue to investigate co-operative arrangements between them. Kaleva and Nova are healthy and stable companies, but by combining their strengths they would form an effective spearhead in the changing life insurance market.

Negotiations on the insurance portfolio transfers of Sampo Pension and Pension-Varma were carried out during the year under review, but they were discontinued at the end of the year. The companies' Boards did not see any possibilities for an arrangement that would have included the rearrangement of Enterprise Fennia's employment pension insurance portfolio, as a non-member of the Sampo Group.

The Number of Shareholders has Halved

For historical reasons, Sampo has numerous shareholders holding 1-5 shares, which they mainly acquired free of charge when the company reorganised. Altogether, shares were allocated free of charge to over 810 000 clients. There are still nearly 400 000 shareholders in the register.

Sampo has responded positively to types of special offer, which are rare in the stock market. These offers allow companies to accept Sampo shares as payment for services or products.

Sampo wants to ensure that as many of the, even minor, passive shareholders as possible receive proper compensation for their holdings. Through normal stock exchange trading, it is disadvantageous to sell small numbers of shares, and it will become even more complicated to handle such small lots in the computerised securities system which Sampo will adopt in the near future.

For Clients' Benefit

Sampo personnel have performed commendably throughout the recession. I would like to express my thanks to them for their efforts. In future, however, we will also have to face great challenges, since the economy has not recovered as rapidly or decisively as expected.

Mr Carl-Olaf Homén who has headed Industrial Insurance for more than two decades retired at the beginning of the year. I would like to express my warmest thanks to him for his excellent service to corporate insurance underwriting in Finland.

I also wish to thank our shareholders and clients for their cooperation. Every strategic decision we make aims at strengthening your confidence in our operations.

March, 1996

Jouko K. Leskinen

SHARES AND SHAREHOLDERS

Sampo A Shares are quoted on the Helsinki Stock Exchange and on the SEAQ, a trading system that operates in connection with the London Stock Exchange.

After the first quarter of 1995, the price of Sampo shares experienced an upward trend, but stabilized on the latter half of the year. The lowest share price of the year was FIM 165 in March, and the highest FIM 274 in September on the Helsinki Stock Exchange. The average share price in 1995 was FIM 227, and the closing share price on Dec. 31 was FIM 233, with net asset value per share at FIM 392.

The annual relative trading volume on the Helsinki Stock Exchange amounted to 1 947 909 shares, or FIM 443 million. In addition, 519 208 Sampo shares were exchanged on the SEAQ. As a result of its system, some of the shares exchanged on the SEAQ are booked twice.

The market value of the total share portfolio amounted to FIM 3 542 million, the net asset value of the company to FIM 5 959 million, and solvency capital to FIM 6 319 million at the end of the year.

Share Capital

According to the Articles of Association, Sampo's minimum share capital is FIM 179 000 000, and maximum share capital FIM 716 000 000, within which limits the share capital can be increased or reduced without amending the Articles of Association. At the end of 1995, the paid-up share capital registered in the trade register was FIM 310 000 000.

Shares and Votes

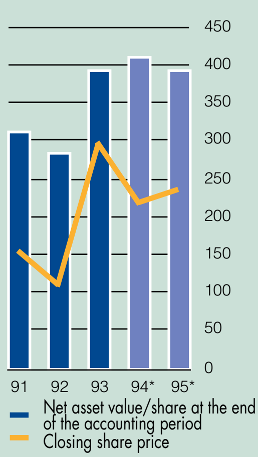
The par value of a share is FIM 20. 300 000 shares were cancelled in 1988 without a reduction of the share capital, so that there were 15 200 000 shares on the market at the end of 1995. Sampo shares have not yet been transferred to the computerised securities system.

Sampo's shares have been divided into A Shares and B Shares. According to the Articles of Association, A Shares number at most 35 560 000 and B Shares number at least 60 000 and at most 240 000. At the end of the accounting period, there

Increases in the share capital in 1988–1995

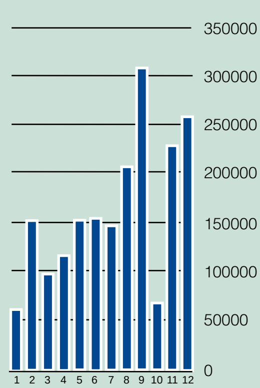
Mode	Subscription period	Terms of subscription or subscriber	Price/share (FIM)	No. of new shares	Share capital after the issue
New issue A and B shares	April 11 to May 20, 1988	1:1 plus subscription right	250 280	3 000 000	126 million
New issue A and B shares	October 17 to November 18, 1988	2:1 plus subscription right	325 400	3 000 000	186 million
Merger compensation A shares	December 31, 1993	Owners of Industrial Mutual Insurance Company		4 700 000	280 million
Directed issue A shares	June 30, 1994	Kansallis-Osake-Pankki	380	1 500 000	310 million

Net asset value per share and stock exchange quotation, FIM

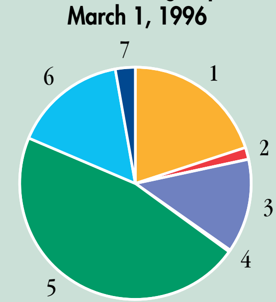


*) According to the new accounting practice.

Stock Exchange trading volume of Sampo A share per month 1995



Shareholder groups March 1, 1996



1.	Banks	20.1%
2.	Foundations	1.5%
3.	Insurance companies	13.0%
4.	Registered associations	0.3%
5.	Companies	46.6%
6.	Private persons	15.7%
7.	Others	2.8%

were 15 140 000 A shares and 60 000 B Shares on the market.

The two shares only differ in the number of votes the holder is entitled to at the Annual General Meeting. Each A Share entitles the holder to one vote, and each B Share to five votes. In accordance with the Insurance Companies Act, however, no one may for himself or authorised by another, vote more than one tenth (1/10) of the total number of votes represented at the meeting.

Agreements Concerning Sampo Shares

According to the agreement signed between Unsa Ltd and Kaleva Mutual Insurance Company, Kaleva or a party assigned by Kaleva has pre-emption over Sampo shares held by Unsa Ltd at current price, if Unsa Ltd intends to surrender them.

Executive Shareholdings

Shareholdings by Members and Deputy Members of the Supervisory Board, of the Board of Directors, and by the Managing Director and the Deputy Managing Director amounted on December 31, 1995 to a total of 306 shares, which represent 0.002 per cent of the total number of votes.

The Board's Issue Authority

The Annual General Meeting of April 26, 1995 authorised the Board of Directors to decide on an increase in the share capital through a rights issue in one or more instalments, so that the increase may be FIM 60 000 000 at maximum. The Board was also authorised to decide the subscription price of the new shares as well as the other terms of subscription. It can also waive shareholders' subscription priority if, from the company's standpoint, good reason for such an action existed. The Board can also pass a resolution on increasing the share capital against property given as subscription in kind. The authorisation is in force for one year as of the Annual General Meeting.

The Board has no other authorities.

Earnings per Share and Proposed Dividend

The Group's Earnings per Share index increased from the previous year, to FIM 11.83. However, the Net Asset Value per Share index that indicates solvency decreased by about FIM 20, standing at FIM 392.06 at the end of the accounting period.

The Sampo Board of Directors have proposed that a dividend of FIM 5.00 per share be paid for the accounting period. The amount of the avoir fiscal tax credit paid by Sampo is one third of the amount of dividend, or FIM 1.67 per share for a shareholder liable to pay taxes in Finland. The taxable capital income per share for such a shareholder is thus FIM 6.67.

The total amount of dividend payable for 1995 is FIM 76 000 000, provided that the Annual General Meeting accepts the Board's proposal on the dividend.

The dividend is drawable as of April 26, 1996 against dividend coupon no. 8 at all offices of Osuuspankkien Keskusosakepankki Oy, Osuuspankki, Postipankki, and at all post offices.

Shareholders by number of shares owned, March 1, 1996

Shareholding A and B shares	No. of shareholders	Total no. of shares	% of share capital
1 – 2	143 340	270 800	1.8
3 – 5	99 265	371 454	2.4
6 – 10	88 093	654 403	4.3
11 – 100	64 265	1 317 098	8.7
101 – 1 000	2 132	586 216	3.9
1 001 – 10 000	424	1 184 441	7.8
10 001 – 100 000	63	1 840 924	12.1
100 001 or more	20	8 974 664	59.0
Total	397 602	15 200 000	100.0

As of December 1, 1995, the lot of Sampo shares on the Helsinki Stock Exchange is 50 shares.

Major shareholders as recorded in the share register on March 1, 1996

A and B Shares	Number of shares	% of share capital	% of votes
Unsa Ltd	2 125 623	14.0	13.8
Merita Ltd	1 849 695	12.2	12.0
Merita Bank Ltd	960 043	6.3	6.2
Kaleva Mutual Insurance Company	769 399 [1]	5.1	6.5
Insurance Company Sampo Pension Ltd	577 149	3.8	3.7
Enso-Gutzeit Oy	310 119	2.0	2.0
Pension-Varma Mutual Insurance Company	292 571	1.9	1.9
Oy Silja Line Ab	248 796 [2]	1.6	1.6
Nova Life Insurance Company Limited	231 002	1.5	1.5
Kymmene Corporation	223 606	1.5	1.5
Sampo Finance Ltd	205 075	1.3	1.3
A. Ahlstrom Corporation	184 333	1.2	1.2
Outokumpu Oy	175 784	1.1	1.1
Asko Oy	155 810	1.0	1.0
Den Danske Bank	131 476	0.9	0.9
Oy Nokia Ab	116 547	0.8	0.8
Profit Trading Oy	108 727 [3]	0.7	0.7
Metsä-Serla Oy	104 095	0.7	0.7
Neste Corporate	102 602	0.7	0.7
Veitsiluoto Oy	102 212	0.7	0.7

1) 709 399 registered A Shares and 60 000 registered B Shares.
2) The company has reported that they have sold nearly all these shares.
3) The company has reported that they have sold these shares.

ACCOUNTS FOR THE YEAR 1995

CONTENTS

Pages 18–53 contain the final accounts presented in full thousand Finnish markka.
The official final accounts can be inspected at Sampo's head office in Turku,
at Yliopistonkatu 27.

Board of Directors of the Sampo Non-Life Group. Seated, from the left: Jukka Härmälä, Vesa Vainio and Kari O. Sohlberg. Standing, from the left: Georg Ehrnrooth, Jouko K. Leskinen, Ari Heiniö and Thor Björn Lundqvist.

SAMPO INSURANCE COMPANY LIMITED
REPORT BY THE BOARD OF DIRECTORS

NON-LIFE GROUP PERFORMANCE

The Sampo Non-Life Group almost doubled its operating profit, to FIM 319 million. Balance on technical account before changes in the equalisation provision improved by FIM 94 million. Net investment income grew by FIM 83 million, to FIM 708 million. The Group's planned depreciation totalled FIM 257 million, FIM 35 million of which was allocated to 1995 as a non-recurring item. Earnings per share increased to FIM 11.83.

Direct insurance premiums written increased by 2.9 per cent on the previous year. According to preliminary information, the Group's market position strengthened by 0.3 percentage points, to 35.4 per cent. Results and other performance measures developed well during the accounting period and are in line with the expectations presented in the Interim Report.

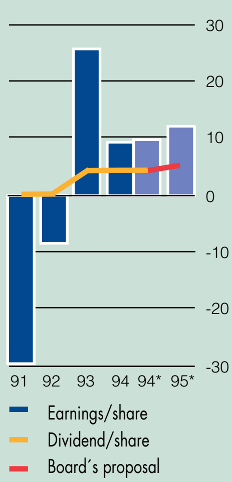
Changes in the Finnish accounting practice required by the EU directives became effective for insurance companies last year. The most substantial changes compared with the former accounting practice have been specified in the accounting principles.

Due to the changed accounting practice, the following items allocated to 1994 and earlier years have been entered under extraordinary expenses: change in the claims settlement liability included in the provision for outstanding claims (FIM 297 million), discontinuation of the practice of discounting the provision for outstanding claims (FIM 121 million), and change in the provision for outstanding premiums (FIM 127 million). The change in the equalisation provision of FIM 455 million corresponding to the above items has been booked under extraordinary income. Furthermore, FIM 21 million of income and expenses from participating interests founded by the parent company allocated to earlier years have been entered under extraordinary items.

Table 1. Non-Life Group: Analysis of Result

FIM mill.	1995	1994
Premiums earned	**3 713.3**	3 547.5
Claims incurred	**–3 309.7**	–3 243.1
Net operating expenses	**–741.1**	–736.0
Balance on technical account before change in equalisation provision	**–337.6**	–431.6
Investment income and charges	**710.9**	643.6
Other income and expenses	**–70.4**	–36.3
Share of participating interests' profit	**15.8**	–
Operating profit	**318.8**	175.7
Change in the equalisation provision	**–44.9**	25.6
Unrealised gains on investments and revaluation adjustments	**–3.1**	–18.6
Profit before extraordinary items, untaxed provisions and tax	**270.7**	182.7
Extraordinary income	**507.5**	–
Extraordinary expenses	**–544.5**	–
Profit before untaxed provisions and tax	**233.7**	182.7

Earnings and dividend per share, FIM

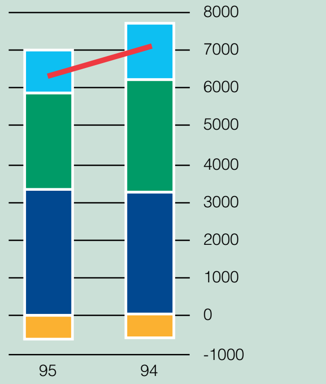


*) according to the new accounting principles

Table 2. Non-Life Group: Solvency

FIM mill.	1995	1994
Capital and reserves after proposed profit distribution	**3 299.3**	3 231.0
Valuation differences on investments	**2 583.9**	2 965.2
Intangible assets	**–677.0**	–683.9
Solvency margin	**5 206.3**	5 512.3
Equalisation provision	**1 110.2**	1 492.9
Minority interest	**2.3**	25.2
Solvency capital	**6 318.8**	7 030.4

Solvency capital, FIM mill.



On the merger of Sampo and Industrial Mutual Insurance Company on December 31, 1993, Sampo Insurance Company Limited held 108 727 of its own A shares. These shares were sold on the Stock Exchange at the end of 1995. Sampo made a sales profit of FIM 26 million from the transaction which has been booked under extraordinary income. In addition, FIM 5 million from dividends that have not been redeemed and that have become subject to limitation by law have been entered as income under extraordinary income.

The Group's taxes for the year amounted to FIM 88 million. The Group companies paid FIM 10 million of real estate tax. Real estate tax is included in investment charges in the year's accounts.

The parent company Sampo's profit for the accounting period amounted to FIM 10 million. The merger loss of FIM 61 million resulting from the merger of Vahinkovakuutusosakeyhtiö Kansa on December 31, 1995, was written off. The total amount of FIM 49 million of avoir fiscal tax credits on dividends received was not released to income in the parent company and consolidated accounts. This was due to the amendment of the law in 1993, prescribing that the amount of avoir fiscal tax credit credited to the taxpayer cannot exceed the amount of income tax levied on the company, nor can the tax credit be entered as income in the company's accounts at a higher amount.

NON-LIFE GROUP SOLVENCY

The Group maintained a high solvency level, with solvency capital at FIM 6.3 billion and the solvency ratio at 170 per cent. Net asset value per share was FIM 392. Valuation differences fell by FIM 381 million due to an almost eight per cent drop in quotations on the Helsinki Stock Exchange, combined with the effect of realised gains. The changed accounting practice brought the equalisation provision down by FIM 455 million, but this was counterbalanced by the normal annual change, which added FIM 45 million to the equalisation provision.

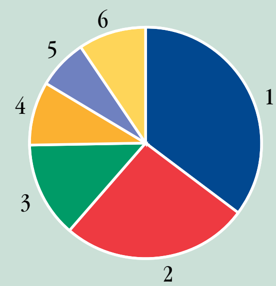
INSURANCE BUSINESS

Direct Insurance

The Group's gross premiums written amounted to FIM 4 219 million, of which FIM 3 740 million was accounted for by direct insurance. Direct insurance premiums written increased by 10.9 per cent on the previous year. Allowing for the change in group structure, the comparable increase in direct insurance premiums written was 2.9 per cent. The most important group of insurance classes was fire and other property insurance, with premiums written standing at FIM 938 million. Premiums written on workers' compensation insurance increased by 13 per cent, to FIM 838 million. Premiums written on motor TPL insurance also went up by almost 13 per cent, and stood at FIM 520 million.

The overall profitability of the insurance business improved. However, direct insurance profitability deteriorated slightly compared with the previous year, fire and other property insurance and

Domestic direct insurance non-life market shares 1995*
(excl. banks´ and Garantia´s credit insurance)



1.	Sampo	35.4%
2.	Pohjola	26.1%
3.	Tapiola	13.3%
4.	Enterprise Fennia	8.7%
5.	Local insurers	7.0%
6.	Others	9.5%

Total FIM 10.4 billion

* Projection

statutory workers' compensation insurance being affected in particular. On the other hand, motor TPL insurance and credit and suretyship insurance profitability improved.

Credit losses on premiums remained at the previous year's level, totalling FIM 36 million. Credit losses accounted for less than one per cent of direct insurance premiums.

Claims paid by the Group totalled FIM 3 775 million. After several years of exceptionally good loss experience, the group companies received ten claims of over FIM 10 million each, eight of which were fire and property losses and two liability losses. The Group's loss ratio was 89.1 per cent. Measured in comparable terms the combined ratio improved by three percentage points, and stood at 109.1 per cent.

The parent company Sampo's gross premiums written amounted to FIM 1 098 million, FIM 1 085 million of which related to direct insurance. Direct insurance premiums written increased by six per cent on the previous year. Claims paid by the parent company totalled FIM 983 million, and the loss ratio for the whole business was 85.6 per cent.

Reinsurance

Reinsurance premiums written by the Group totalled FIM 480 million, 39 per cent down on 1994. Premiums written in 1994 were exceptionally high due to the change in life reinsurance accounting practice. Premiums written on reinsurance accrued from domestic business, to a limited degree from foreign optional property insurance, life reinsurance and reciprocal business. Premiums written for the insurance of Finnish companies operating overseas amounted to FIM 147 million.

Foreign Reinsurance Run-Off Operations

The Non-Life Group's reinsurance companies ST International Insurance Company Limited, Patria Reinsurance Company Limited and Lakewood Insurance Company Ltd continued to run off the foreign reinsurance portfolio. Technical provisions decreased by FIM 501 million compared with the previous year, and stood at FIM 1.7 billion.

Sampo and Industrial Insurance have provided their subsidiaries with Stop Loss reinsurance cover. ST International had exhausted this cover in the 1995 final accounts. Patria still has FIM 110 million of the cover granted by Industrial Insurance at its disposal.

INVESTMENTS

Net investment income of the Sampo Non-Life Group increased by 13 per cent on the previous year, to FIM 708 million. Due to the changed accounting practice, operating expenses and depreciation on investments and planned depreciation on buildings are entered under investment charges.

Direct income increased by 15 per cent, to FIM 866 million. Despite the sharp decline in interest rates, interest income grew compared with the previous year, totalling FIM 473 million. The focus of new investments was on debt securities. Debt securities and other fixed-income securities, deposits with ceding undertakings and other deposits and investment loans accounted for 36 per cent of all investments.

Income from investments in land and buildings remained at the previous year's level. The proportion of unoccupied premises in the total land and buildings portfolio continued to decrease, and stood at six per cent. The calculated return on the market value of the total land and buildings portfolio was five per cent. The Group itself occupied about a fifth of the land and buildings in the portfolio. Investments in land and buildings accounted for 29.5 per cent of all investments.

Table 3. Non-Life Group: Investment income and expenses

FIM mill.	1995	1994
Interest income	**473.2**	432.6
Dividend income	**137.7**	73.9
Income from land and buildings	**220.7**	228.1
Other direct income	**34.7**	21.0
Direct income	**866.4**	755.6
Realised gains on investments	**698.9**	854.2
Value re-adjustments	**8.0**	52.0
Exchange rate gains	**64.5**	35.6
Extraordinary income	**771.4**	941.8
Gross income	**1 637.7**	1 697.4
Interest expenses	**62.0**	82.8
Expenses for land and buildings	**138.4**	179.3
Operating expenses and depreciation on investments	**20.6**	24.1
Depreciation according to plan on buildings	**75.0**	47.8
Other direct expenses	**36.7**	36.5
Direct expenses	**332.7**	370.6
Realised losses on investments	**70.1**	8.9
Value adjustments	**339.7**	348.2
Exchange rate losses	**184.3**	326.1
Extraordinary expenses	**594.1**	683.2
Charges	**926.8**	1 053.8
Revaluation adjustment on investments	**–3.1**	–18.6
Net investment income	**707.8**	625.0

Table 4. Non-Life Group: Investments

FIM mill.	1995	1994
Investments		
Money market investments	**1 336.2**	1 862.3
Loans	**821.8**	1 068.5
Debt securities	**2 758.3**	1 944.2
Shares and participations	**3 294.1**	3 661.7
Land and buildings	**3 600.0**	3 534.8
Other	**316.3**	383.8
Total book value	**12 126.7**	12 455.3
Valuation differences		
Money market investments	**0.5**	6.1
Debt securities	**99.9**	–55.0
Shares and participations	**1 714.7**	2 311.7
Land and buildings	**736.1**	671.3
Other	**32.8**	31.1
Total valuation differences	**2 584.0**	2 965.2

Sampo Non-Life Group's dividend income almost doubled, totalling FIM 138 million.

The current value of the Group's stock portfolio was FIM 5 009 million, and its share of the total investment portfolio 34 per cent. The Sampo Non-Life Group sold its holding of 5.64 per cent in the American company Home Holding Inc. on the basis of a redemption offer. The sale was made at book value and therefore had no impact on the result. All new foreign stock investments were quoted shares, and they accounted for approximately four per cent of all investments in shares.

Realised gains on investments amounted to FIM 699 million, 18 per cent down on 1994. Of these gains, Nokia shares accounted for FIM 498 million and Kymmene shares for FIM 68 million. Value adjustments remained almost unchanged, totalling FIM 340 million. Of these, listed securities accounted for FIM 257 million, investments in unlisted securities for FIM 22 million and investments in land and buildings for FIM 61 million. Value re-adjustments totalled FIM 8 million, less than a sixth of the amount in the previous year. No revaluations were made on assets, but a revaluation adjustment of FIM 3 million on debt securities was made.

In the group companies a total amount of FIM 53 million of value re-adjustments directed at investments in the nature of fixed assets was eliminated in the consolidated final accounts.

Currency conversion losses on investments decreased markedly after the stabilisation of Finnish markka. Fluctuations in exchange rates reduced the Group's net investment income by FIM 120 million, compared with FIM 290 million in the previous year. Exchange rate losses were compensated through the underwriting result, by reducing the foreign currency technical provisions and claims paid. The Group's overall currency position was in balance.

The investment portfolio of the Sampo Non-Life Group totalled FIM 14.7 billion.

PERSONNEL AND OPERATING EXPENSES

The Group employed an average number of 3 023 persons in 1995. The number of personnel increased by nearly two per cent, which corresponds to the figures for 1994, allowing for the changes in group organisation.

The occupational health service department initiated a programme to chart the wellbeing of personnel, with the aim of improving their work capacity. Emphasis has been placed on the training and development of personnel. A trial bonus system based on company results has been introduced in Sampo Enterprise and Industrial Insurance. This year, the experiment will be extended to encompass almost the entire Group personnel.

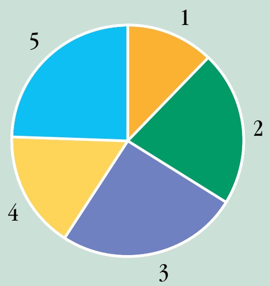
Net operating expenses in accordance with the former accounting practice stood at FIM 885 million, FIM 58 million down on the comparable operating expenses in 1994.

The Group's expense ratio was 20.0 per cent, compared to 20.8 per cent in the previous accounting period.

The Group's total expenditure on incentive salaries and commissions, including fringe benefits, amounted to FIM 510 698 004.49, of which the remuneration and commissions paid to executives and Board members accounted for FIM 9 284 717.72.

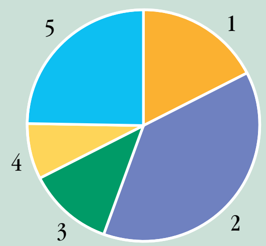
The parent company Sampo employed an average of 1 602 persons, their incentive salaries and commissions, including fringe benefits, amounting to FIM 252 954 128.00. Of this sum FIM 2 540 302.00 was paid to executives and Board members.

Personnel by years of service, Dec. 1995
Sampo Non-Life Group



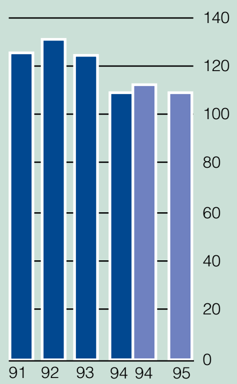
1. over 30 yrs 12.1%
2. 20 – 29 yrs 21.7%
3. 10 – 19 yrs 25.5%
4. 6 – 9 yrs 16.3%
5. under 6 yrs 24.4%

Personnel by education, Dec. 1995
Sampo Non-Life Group
(permanent personnel)



1. University 17.4%
2. College 38.1%
3. Vocational school 11.8%
4. Secondary school graduate 7.9%
5. Elementary school, intermediate school, comprehensive school 24.7%

Combined ratio, %



According to the old accounting principles
According to the new accounting principles

Table 5. Sampo Non-Life Group Companies: Key figures 1995

FIM mill.	Sampo*)	Kansa General*)	Sampo Enterprise*)	Industrial Insurance	Otso	Insurance Co. of Finland	ST International	Patria	Non-Life Group consolidated
Direct insurance premiums written	1 085.3	480.6	942.1	1 034.1	164.9	31.9	–	–	3 739.5
Reinsurance premiums written	12.9	–0.3	29.7	357.6	114.1	2.8	4.7	–7.0	479.5
Claims incurred	–894.9	–483.2	–886.3	–1 076.5	–29.2	0.0	18.7	35.4	–3 309.7
Net operating expenses	–301.3	–130.3	–148.7	–143.3	–30.8	–0.2	–4.9	–5.6	–741.1
Net investment income	217.1	–16.6	195.9	342.8	92.0	19.3	–20.5	15.4	707.8
Profit/loss for the accounting period	9.8	–50.4	85.8	113.6	51.1	4.3	–2.1	–4.7	139.8
Technical provisions, net	3 871.5	*)	1 752.6	2 925.7	600.8	53.5	219.3	522.5	9 973.2
Total on Balance Sheet	7 690.5	*)	2 316.2	3 831.3	869.8	220.2	462.7	893.2	15 205.4
Solvency capital	5 491.2	*)	687.1	2 186.2	992.4	187.7	102.5	83.4	6 318.8
Average number of personnel	1 602	374	525	372	54	17	26	18	3 023

*) Kansa General's Balance Sheet is included in Sampo's and Sampo Enterprise's Balance Sheets due to portfolio transfer and merger.

GROUP COMPOSITION

On December 31, 1995, the final accounts of the Sampo Non-Life Group comprised, in addition to the parent company Sampo Insurance Company Limited, the subsidiaries Industrial Insurance Company Ltd, Sampo Enterprise Insurance Company Limited, Otso Loss of Profits Insurance Company Ltd, Insurance Company of Finland Ltd, and Sampo Holdings (UK) Limited, each with their subholdings, ST International Insurance Company Limited, Risk Management Ltd, Sampo Kindlustuse AS, and 23 housing and real estate companies owned by Sampo.

Sampo's wholly-owned subsidiary Vahinkovakuutusosakeyhtiö Kansa was merged with its parent company on December 31, 1995. The merger loss of FIM 615 million arising from the merger will be written off as straight-line depreciation over a period of ten years. Before the merger, the client portfolio comprising small and medium-sized enterprises was transferred to Sampo Enterprise Insurance Company Limited. In the transfer of assets covering technical provisions to Sampo Enterprise, the transfer price was book value on receivables and current value on other assets, as agreed in the contract concluded on the partial transfer of the insurance portfolio.

The figures for Vahinkovakuutusosakeyhtiö Kansa have been incorporated in the consolidated accounts of 1994 as from the acquisition date, April 15, 1994.

The bankrupt's estates Eläkevakuutusosakeyhtiö Kansa, Henkivakuutusosakeyhtiö Kansa and Vahinkovakuutusosakeyhtiö Kansa International have presented certain recovery claims to Vahinkovakuutusosakeyhtiö Kansa, and negotiations are still in progress. In Sampo's view, the claims advanced are unfounded.

On January 13, 1995 Sampo Insurance Company Limited acquired the remainder of Vastuu Reinsurance Company Ltd's shares. On December 31, 1995 the company was merged with Sampo's wholly-owned subsidiary, ST International Insurance Company Limited.

Teva-Re Mutual Insurance Company was merged with Industrial Insurance Company Ltd on May 31, 1995.

On January 27, 1995, Sampo became the first foreign insurance company to be granted permission by the Estonian Ministry of Finance to establish an insurance company in Estonia. Sampo Kindlustus started business in the spring of 1995, concentrating first on insuring private households, but expanding its activities later into corporate insurance business. In connection with the establishment of Sampo Kindlustus, Sampo sold its holding in Hansa Kindlustus.

In December 1995, Sampo Kindlustus' share capital was raised through a rights issue, in which Sampo Enterprise subscribed all 600 new shares. The subscription price of the shares was EEK 9 million, or FIM 3.5 million.

GROUP ADMINISTRATION

The Annual General Meeting on April 26, 1995 confirmed the number of members of the Supervisory Board at 41. Of those members due to step down, Mr Kalevi Aro, Mr Robert G. Ehrnrooth, Mr Ahti Hirvonen, Mr Yrjö M. Lehtonen, Mr Pekka Luhtanen, Mr Esko Muhonen, Mr Kalevi Numminen, Mr Voitto Ranne, Mr Jarmo Rytilahti, Mr Matti Sundberg and Mr Christoffer Taxell were re-elected and Mr Jukka Viinanen was elected as a new member.

There were no changes in the composition of the Board of Directors of Sampo in 1995. Its members were Mr Jukka Härmälä (Chairman), Mr Kari O. Sohlberg (Vice Chairman), Mr Georg Ehrnrooth, Mr Ari Heiniö, Mr Jouko K. Leskinen, Mr Thor Björn Lundqvist and Mr Vesa Vainio.

The company's auditors are Authorised Public Accountants Mr Jaakko Nyman and Mr Thor Nyroos.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE ACCOUNTING PERIOD

In February 1996, Industrial Insurance Company Ltd and Otso Loss of Profits Insurance Company Limited decided to purchase the 60 per cent share of Hansa Industrial Insurance Company N.V. (HII) from Trygg-Hansa. HII specialises in insuring industrial and liability risks, and its head office is situated in Rotterdam. After the transaction the companies, which belong to the Sampo Non-Life Group, own the entire share capital of HII. The purchase price is NLG 34.2 million, approximately FIM 95 million. The acquisition is integral to Sampo's international expansion strategy, according to which Sampo will operate in the most important markets through its own companies only.

The Sampo Non-Life Group will also establish an office in Sweden to serve its clients operating there. Corporate insurance operations will be started in autumn 1996.

CHANGES IN LEGISLATION

The new Insurance Contracts Act came into force on July 1, 1995. The Act tightens the obligation of insurance companies to provide insurance applicants with information, and further improves the position of policyholders in other respects as well.

The amendments to the Accounting Act and the Companies Act affecting insurance companies came into force at the beginning of 1995. The amendments to the Insurance Companies Act became effective on April 1, 1995. The Ministry of Social Affairs and Health issued instructions and guidelines on accounting and final accounts on May 31, 1995, and these became effective on August 1, 1995. The instructions comply with the EU regulations.

The Environmental Liability Act came into force on June 1, 1995. According to the new Act, a company has strict liability for damage to water, air or soil after this date. Thus the Act is significant from the viewpoint of liability insurance.

PROSPECTS

The threat of slackening economic growth makes it more difficult to estimate how the Group's performance will develop in 1996. However, insurance companies' premiums written are expected to increase also this year. The growth in dividend income and increased demand for rental facilities will improve investment profitability. On the other hand, the low level of interest and fluctuations in Helsinki Stock Exchange prices are factors causing uncertainty.

Sampo 2000, the Group's biggest development project was launched last year. Sampo 2000 is an extensive process aimed at upgrading private client service, operations, products and information systems. The project will be carried out in four stages. The results of the first stage will be put into practice at the end of this year.

The wholly-owned subsidiary HII operating in Western Europe, and the office in Sweden both support the Group's comprehensive client-oriented strategy. Development of operations in Estonia and St. Petersburg will continue, and the run-off companies will also continue with the process of running off the foreign reinsurance portfolio.

The Sampo Non-Life Group's result is expected to develop steadily and its market share to remain at 35 per cent. The high level of solvency and stable performance ensure that the Group will be able to maintain an active dividend policy.

PROPOSAL OF THE BOARD FOR DISTRIBUTION OF PROFIT

The Board of Directors of Sampo Insurance Company Limited recommends that the company's profit for the year be applied as follows:

to be transferred to the contingency fund	FIM	9 500 000.00
to be placed at the disposal of the Board for public good causes	FIM	150 000.00
to be retained on the closing account	FIM	170 442.16
Parent company's profit	FIM	9 820 442.16

Sampo's non-restricted capital and reserves stood at FIM 438 219 990.63, which includes a profit for the period of FIM 9 820 442.16. The Sampo Non-Life Group's non-restricted capital and reserves were FIM 685 562 805.97.

The Board of Directors will propose that a dividend of FIM 5 per share be paid from non-restricted capital and reserves on the 15 200 000 A and B shares, amounting to a total of FIM 76 million. The closing price of Sampo's A share for the accounting period 1995 was FIM 233, giving an effective dividend yield of 2.2 per cent. The proposed dividend is 42.3 per cent of earnings per share.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FIM '000	Appendix	Jan. 1 to Dec. 31, 1995	Jan. 1 to Dec. 31, 1994
Technical Account			
Premiums earned			
Gross premiums written	1, 2	4 183 038	4 114 953
Reinsurers' share		–461 320	–594 483
		3 721 718	3 520 469
Change in the gross provision for unearned premiums			
Total change		34 467	34 512
Merger		393	–
		34 860	34 512
Reinsurers' share			
Total change		–43 104	–7 439
Merger		–175	–
		–43 279	–7 439
		–8 419	27 072
		3 713 299	3 547 542
Claims incurred	2		
Claims paid		–3 775 461	–3 849 382
Reinsurers' share		255 595	417 408
		–3 519 866	–3 431 973
Change in the provision for outstanding claims			
Total change		183 081	368 840
Merger		49 004	–
		232 085	368 840
Reinsurers' share			
Total change		–30 331	–179 966
Merger		8 370	–
		–21 962	–179 966
		210 124	188 874
		–3 309 743	–3 243 100
Net operating expenses	2, 3	–741 112	–736 023
Balance on technical account before change in the equalisation provision	2	–337 555	–431 581
Change in the equalisation provision			
Total change		–72 302	25 639
Merger		27 386	–
		–44 916	25 639
Balance on technical account		–382 471	–405 942

FIM '000	Appendix	Jan. 1 to Dec. 31, 1995	Jan. 1 to Dec. 31, 1994
Non-technical account			
Investment income	4	**1 637 649**	1 697 390
Investment charges	4	**–926 753**	–1 053 777
Investment revaluation adjustment		**–3 118**	–18 635
		707 778	624 978
Other income		**4 677**	6 927
Other expenses			
Depreciation on consolidation goodwill		**–65 416**	–40 773
Depreciation on goodwill		**–4 439**	–
Other		**–5 227**	–2 440
		–75 082	–43 213
Direct taxes on ordinary activities	5		
Taxes for the accounting period		**–85 075**	–62 978
Taxes from previous periods		**–2 248**	–5
Change in deferred tax		**–3 508**	–4 032
		–90 831	–67 015
Share of participating interests' profit/loss after tax		**15 839**	–
Profit on ordinary activities after tax		**179 910**	115 735
Extraordinary income and expenses			
Extraordinary income			
Change in the equalisation provision		**455 000**	–
Other extraordinary income		**31 218**	–
		486 218	–
Extraordinary expenses			
Change in the provision for unearned premiums		**–126 903**	–
Change in the provision for outstanding claims		**–422 609**	–
Reinsurers' share		**5 036**	–
		–544 476	–
Direct taxes on extraordinary income and expenses		**–3 105**	–
Incidental share of participating interests' profit/loss after tax		**21 265**	–
		–40 099	–
Profit after extraordinary items		**139 811**	115 735
Minority interest in the profit for the accounting period		**25**	–3 694
Profit for the accounting period		**139 836**	112 041

CONSOLIDATED BALANCE SHEET

FIM '000	Appendix	Dec. 31, 1995	Dec. 31, 1994
ASSETS	**13**		
Intangible assets	**6**		
Intangible rights		**32 367**	24 001
Goodwill		**33 611**	
Consolidation goodwill		**408 047**	451 726
Other expenses with long-term effects		**202 946**	208 145
		676 970	683 872
Investments	**7**		
Investments in land and buildings	**8**		
Land and buildings		**3 599 978**	3 534 753
Investments in participating interests	**11**		
Shares and participations	**9**	**760 158**	755 019
Debt securities issued by, and loans to, participating interests		**100 006**	18
		860 164	755 037
Other investments			
Shares and other variable-yield securities and units in unit trusts	**9**	**2 533 928**	2 906 720
Debt securities and other fixed-income securities		**3 222 959**	3 132 964
Loans guaranteed by mortgages		**329 879**	433 054
Other loans	**12**	**491 967**	635 428
Deposits		**771 478**	673 584
		7 350 211	7 781 750
Deposits with ceding undertakings		**316 309**	383 813
		12 126 663	12 455 354
Debtors			
Arising out of direct insurance operations			
Policyholders		**676 610**	690 618
Arising out of reinsurance operations		**462 526**	519 628
Other debtors		**272 460**	246 569
		1 411 597	1 456 814
Other assets			
Tangible assets	**6**		
Equipment		**173 172**	168 715
Other tangible assets		**16 421**	14 536
		189 593	183 252
Cash at bank and in hand		**433 930**	292 250
		623 523	475 501
Prepayments and accrued income			
Accrued interest and rent		**155 304**	142 305
Other prepayments and accrued income		**211 383**	315 550
		366 687	457 856
		15 205 440	15 529 396

FIM '000	Appendix	Dec. 31, 1995	Dec. 31, 1994
LIABILITIES	**13**		
Capital and reserves	**14**		
Restricted			
Subscribed capital	**15**	**310 000**	310 000
Reserve fund		**2 182 872**	2 182 871
Revaluation reserve		**209 388**	209 388
Other restricted reserves		**28**	28
Currency conversion differences		**–12 542**	10 570
		2 689 746	2 712 857
Non-restricted			
Non-restricted reserves		**644 591**	615 236
Profit/Loss brought forward		**–98 865**	–148 380
Profit for the accounting period		**139 836**	112 041
		685 563	578 896
		3 375 309	3 291 753
Minority interest		**2 290**	25 207
Technical provisions	**16**		
Provision for unearned premiums		**1 358 411**	1 265 947
Reinsurers' share		**–94 721**	–138 001
		1 263 691	1 127 945
Claims outstanding		**8 179 075**	7 899 271
Reinsurers' share		**–579 813**	–611 977
		7 599 262	7 287 294
Equalisation provision		**1 110 232**	1 492 930
		9 973 185	9 908 170
Obligatory provisions	**17**	**8 249**	8 706
Deposits received from reinsurers		**108 418**	109 178
Creditors	**18**		
Arising out of reinsurance operations		**617 316**	772 545
Amounts owed to credit institutions		**215**	–
Pension loans		**388 932**	414 413
Deferred tax		**59 886**	52 998
Other creditors		**125 474**	390 425
		1 191 823	1 630 382
Accruals and deferred income		**546 166**	555 999
		15 205 440	15 529 396

PARENT COMPANY PROFIT AND LOSS ACCOUNT

FIM '000	Appendix	Jan. 1 to Dec. 31, 1995	Jan. 1 to Dec. 31, 1994
Technical Account			
Premiums earned	1, 2		
Gross premiums written		1 083 857	1 037 699
Reinsurers' share		–9 338	–12 845
		1 074 519	1 024 854
Change in the gross provision for unearned premiums			
Total change		–219 412	42 544
Merger		190 586	–
		–28 826	42 544
Reinsurers' share		–150	–17 179
		–28 976	25 364
		1 045 543	1 050 218
Claims incurred			
Claims paid		–982 968	–1 099 751
Reinsurers' share		10 545	10 644
		–972 422	–1 089 106
Change in the provision for outstanding claims			
Total change		–554 787	63 829
Merger		636 672	–
		81 885	63 829
Reinsurers' share			
Total change		629	–15 775
Merger		–5 000	–
		–4 371	–15 775
		77 514	48 054
		–894 909	–1 041 052
Net operating expenses	2, 3	–301 257	–289 692
Balance on technical account before change in the equalisation provision	2	–150 622	–280 526
Change in the equalisation provision		5 309	80 381
Balance on technical account		–145 313	–200 145

FIM '000	Appendix	Jan. 1 to Dec. 31, 1995	Jan. 1 to Dec. 31, 1994
Non-technical account			
Investment income	4	**664 499**	734 524
Investment charges	4	**–447 439**	–439 615
		217 060	294 909
Other income		**2 800**	3 032
Other expenses			
Depreciation on goodwill		**–61 476**	–
Other		**–38**	–1 112
		–61 514	–1 112
Direct taxes on ordinary activities			
Taxes for the accounting period		**–1 417**	–25 075
Taxes from previous periods		**–2 924**	72
		–4 341	–25 003
Profit on ordinary activities after tax		**8 692**	71 680
Extraordinary income and expenses			
Extraordinary income			
Change in the equalisation provision		**284 913**	
Other extraordinary income		**31 218**	–
		316 132	–
Extraordinary expenses			
Change in the provision for unearned premiums		**–107 284**	–
Change in the provision for outstanding claims			
Total change		**–241 170**	–
Merger		**46 006**	–
		–302 447	–
Direct taxes on extraordinary income and expenses		**–3 421**	–
		10 263	–
Profit after extraordinary items		**18 955**	71 680
Increase in depreciation difference		**–11 135**	–2 389
Increase/decrease in optional reserves			
Increase/decrease in credit loss reserve		**2 000**	–2 091
Decrease in transition reserve		**–**	6 191
		2 000	4 100
Profit for the accounting period		**9 820**	73 391

PARENT COMPANY BALANCE SHEET

FIM '000	Appendix	Dec. 31, 1995	Dec. 31, 1994
ASSETS	**13**		
Intangible assets	**6**		
Intangible rights		**14 115**	4 022
Goodwill		**553 283**	–
Other expenses with long-term effects		**136 356**	119 500
		703 754	123 522
Investments			
Investments in land and buildings	**7**		
Land and buildings		**1 986 635**	1 929 264
Loans to group companies		**73 710**	78 891
		2 060 345	2 008 155
Investments in group companies and participating interests	**11**		
Group companies			
Shares and participations	**10**	**897 100**	1 480 606
Participating interests			
Shares and participations	**10**	**528 195**	244 429
Debt securities issued by, and loans to, participating interests		**20 006**	–
		1 445 300	1 725 035
Other investments			
Shares and other variable-yield securities and units in unit trusts	**10**	**913 143**	1 043 589
Debt securities and other fixed-income securities		**1 180 550**	671 454
Loans guaranteed by mortgages		**234 635**	305 434
Other loans	**12**	**243 277**	298 085
Deposits		**111 720**	3 348
		2 683 325	2 321 910
Deposits with ceding undertakings		**2 859**	4 438
		6 191 830	6 059 538
Debtors			
Arising out of direct insurance operations			
Policyholders		**383 857**	324 818
Arising out of reinsurance operations		**14 374**	18 407
Other debtors		**63 812**	157 237
		462 043	500 463
Other assets			
Tangible assets	**6**		
Equipment		**126 848**	90 966
Other tangible assets		**14 539**	11 182
		141 387	102 148
Cash at bank and in hand		**83 566**	62 854
		224 953	165 002
Prepayments and accrued income			
Accrued interest and rent		**52 969**	43 360
Other prepayments and accrued income		**54 962**	99 517
		107 931	142 877
		7 690 511	6 991 401

FIM ’000	Appendix	Dec. 31, 1995	Dec. 31, 1994
LIABILITIES	**13**		
Capital and reserves	**14**		
Restricted			
Subscribed capital	**15**	**310 000**	310 000
Reserve fund		**2 177 892**	2 177 892
Revaluation reserve		**172 633**	172 633
		2 660 525	2 660 525
Non-restricted			
Security reserve		**69 693**	69 693
Contingency reserve		**350 948**	339 348
At the disposal of the Board		**658**	797
Profit brought forward		**7 101**	6 110
Profit for the accounting period		**9 820**	73 391
		438 220	489 339
		3 098 745	3 149 863
Untaxed provisions			
Accumulated depreciation difference		**82 643**	71 508
Credit loss reserve		**7 000**	9 000
		89 643	80 508
Technical provisions	**16**		
Provision for unearned premiums		**703 810**	377 114
Reinsurers’ share		**–9**	–159
		703 801	376 955
Claims outstanding		**3 051 473**	2 255 516
Reinsurers’ share		**–38 918**	–38 290
		3 012 554	2 217 226
Equalisation provision		**155 175**	445 397
		3 871 530	3 039 578
Deposits received from reinsurers		**2**	–
Creditors	**18**		
Arising out of reinsurance operations		**6 617**	13 053
Pension loans		**309 077**	332 341
Other creditors		**72 173**	158 723
		387 867	504 117
Accruals and deferred income		**242 724**	217 334
		7 690 511	6 991 401

WORKING CAPITAL FLOW CALCULATION

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Source of funds				
Cash-flow financing				
Profit/Loss before interest expenses, extraordinary items, untaxed provisions and tax	**332 734**	265 589	**60 003**	161 081
Extraordinary income and expenses	**–36 993**	–	**13 685**	–
Adjustment items				
Changes in technical provisions	**65 015**	1 328 676	**831 951**	–153 799
Unrealised losses and gains on investments	**334 829**	314 859	**211 607**	111 698
Depreciation	**257 051**	186 160	**155 054**	83 167
	952 635	2 095 284	**1 272 299**	202 147
Capital financing				
Increase in long-term liabilities	**51 558**	–	**–**	–
Increase in capital and reserves	**4 522**	579 810	**–**	580 000
	56 081	579 810	**–**	580 000
Source of funds, total	**1 008 716**	2 675 094	**1 272 299**	782 147
Application of funds				
Profit distribution				
Interest on liabilities	**61 993**	82 839	**46 970**	64 398
Tax	**90 428**	62 983	**7 762**	25 003
Dividends	**60 664**	58 868	**60 800**	36 000
Other profit distribution	**139**	171	**139**	171
	213 224	204 862	**115 671**	125 572
Investments				
Increase in investments	**79 173**	968 548	**373 409**	561 780
Increase in tangible and intangible assets	**181 541**	656 732	**745 014**	135
	260 714	1 625 281	**1 118 423**	561 914
Repayment of capital				
Decrease in long-term liabilities	**–**	248 828	**5 778**	25 015
Decrease in minority interest	**21 885**	2 857	**–**	–
	21 885	251 685		
Application of funds, total	**495 823**	2 081 828	**1 239 872**	712 501
Increase in working capital	**512 893**	593 267	**32 427**	69 646
Change in working capital				
Change in receivables	**–45 218**	240 831	**–38 420**	–37 113
Change in cash at bank and in hand	**141 681**	93 204	**20 712**	35 307
Change in prepayments and accrued income	**–91 168**	172 372	**–34 945**	–7 098
	5 295	506 407	**–52 653**	–8 904
Change in deposits received from reinsurers	**760**	28 661	**–2**	103
Change in liabilities	**497 005**	–35 985	**110 472**	46 238
Change in accruals and deferred income	**9 833**	94 184	**–25 390**	32 209
	507 598	86 860	**85 080**	78 550
Increase in working capital	**512 893**	593 267	**32 427**	69 646

APPENDICES

Accounting Principles in the Sampo Non-Life Group

Provisions and Regulations; Implications of Changes

The final accounts have been compiled in accordance with the new Accounting Act, Companies Act and Insurance Companies Act and the instructions and regulations issued by the Ministry of Social Affairs and Health, the authority supervising the insurance business. Furthermore, provisions of the Act on the Securities Market, the Ministry of Finance's decision on the obligation of the launchers of securities issues to submit regular reports and the recommendations and rules of the Helsinki Stock Exchange have been taken into account. The Finnish Accounting Standards Board has granted insurance companies whose shares are publicly traded special permission (16.10.95 No. 1358), for the years 1995-1996, to report key figures and other information referred to in the decision of the Ministry of Finance according to the instructions issued by the Ministry of Social Affairs and Health.

The most substantial changes compared with the earlier accounting practice are as follows:

– The Profit and Loss Account is divided into two parts, comprising the technical and non-technical accounts.

– The previous division into groups by lines of insurance has been replaced by a division into groups of insurance classes.

– The premiums written from reinsurance assumed and the reinsurers' share of premiums written are shown as gross figures. The commissions and profit shares previously deducted from these are included in net operating expenses.

– Net operating expenses and depreciation on equipment and capitalised systems are allocated to items in the Profit and Loss Account by function, as follows; claims to claims paid for claims incurred, insurance policy acquisition, management and administration to net operating expenses, investment to investment charges and other activities to other expenses. Commissions from reinsurance assumed are included under policy acquisition. Commissions on reinsurance ceded are deducted from net operating expenses as a separate item. The Notes to the Accounts also give the figures for net operating expenses in compliance with the regulations applied before 1995 as a total sum.

– Realised gains and losses on land and buildings and securities in the nature of fixed assets are shown in investment income and charges, whereas they were previously under other income and expenses.

– Planned depreciation on buildings is entered under investment charges.

– Other income and expenses are divided into ordinary and extraordinary income and expenses.

– Goodwill entered as income is shown in other income, and planned depreciations on goodwill and consolidation goodwill in other expenses.

– Depreciation difference and optional provisions are allocated in the Consolidated Final Accounts on the one hand to result for the accounting period and on the other to change in deferred tax and deferred tax.

– The order in which Balance Sheet items are presented has been changed and the division into investments and fixed assets has been abolished. The balance sheet item "Investments" incorporates what was formerly investments and parts of fixed and current assets.

– The technical provisions are presented as a net amount. Earlier, reinsurers' share of the provision for unearned premiums and the provision for outstanding claims were shown under assets in the Balance Sheet.

– Provision for unearned premiums in annual insurance policies is calculated on a 1/12 or pro rata basis.

– Discounting of the provision for outstanding claims other than pension claims is only permitted if the average time of settlement for the loss group is estimated to be not less than 4 years. The maximum interest rate of 5% may not exceed the level of investment income from the asset determined as being sufficient to cover the liability securely.

– The provision for outstanding claims includes claims settlement expenses as a separate item. In accordance with the principles applying to the provision for outstanding claims, this includes direct and indirect claims settlement expenses incurred for losses that have already occurred.

– The equalisation provision and the motor insurance buffer reserve are no longer handled separately, but combined to form an equalisation provision.

– Obligatory provisions are entered under liabilities in the Balance Sheet.

– In the Consolidated Final Accounts, participating interests are consolidated by the equity method.

– The Statement of Changes in Financial Position is presented in compliance with the new regulations, in the form of a working capital flow calculation.

The figures of the previous year's final accounts have been regrouped to render them comparable to those of the year under review. Only in the case of optional provisions and accumulated depreciation difference has their treatment in the consolidated accounts affected the result for the accounting period and the profit/loss brought forward. Items arising from the changed accounting practice allocated to the previous or earlier years and having an impact on the result are entered in the Profit and Loss Account for the year under review as extraordinary items.

Consolidated Final Accounts

Sampo's Consolidated Final Accounts include the parent company Sampo Insurance Company Ltd, and all the subsidiaries in which the parent company either directly or indirectly holds more than half of the voting rights. The group companies and changes in group structure are presented in the Annual Report.

Subsidiaries' final accounts have been drawn up according to the parent company's accounting practices. On land and buildings on which no planned depreciation has been made in the final accounts of the real estate companies, planned depreciation has been calculated separately in the Consolidated Final Accounts. The final accounts of overseas subsidiaries have been compiled in a manner corresponding to the accounting practices of the parent company, the accounting regulations in their countries of domicile being based on the EU Directives on accounting and bookkeeping. Any differences are insignificant.

The Consolidated Final Accounts have been drawn up by integrating the profit and loss accounts and balance sheets of the parent and subsidiary companies, eliminating intra-Group transactions and realised gains and losses, amounts due to or from group companies, profit shares and shareholdings.

During the year under review a partial transfer of insurance portfolio between group companies took place. The transfer price of the assets transferred as cover for the insurance portfolio's technical provisions was calculated as book value in the case of receivables and as current value for other assets. In compliance with the regulations of the Ministry of Social Affairs and Health, the realised losses and gains arising from the transfer of assets have not been eliminated. This has no significant impact on the result or financial status of the Non-Life Group.

Intra-group cross-shareholdings have been eliminated by the past equity method. Revaluations valid at the time of acquisition have been cancelled out in conjunction with the elimination of acquisition cost in the subsidiaries' final accounts. Part of the difference between the acquisition cost of shares in subsidiaries and their capital and reserves at the time of acquisition has been entered under subsidiaries' asset items, land and buildings and shares, within the limits permitted by their current values. The remaining part has been shown under consolidation goodwill in the Balance Sheet.

The closing figures for subsidiaries and participating interests have been translated into Finnish markka at the average rate of the Bank of Finland on the date of closing the companies' accounts. Currency conversion differences resulting from changes in exchange rates, which have arisen from the elimination of cross-shareholdings, have been entered separately under restricted capital and reserves, since all overseas subsidiaries have been founded by the parent company.

Minority interest in the result for the accounting period and capital and reserves have been presented as separate items in the Profit and Loss Account and the Balance Sheet.

Participating Interests

In the Consolidated Final Accounts, those companies have been integrated as participating interests in which the group's interest and voting rights amount to 20–50%, with the exception of Insurance Company Sampo Pension Ltd and Kaleva Mutual Insurance Company.

Under the Insurance Companies Act, companies engaged in statutory pension insurance cannot be integrated as a participating interest into the consolidated accounts of another insurance company. Kaleva Mutual Insurance Company, in which the Group has a 25% share of the voting rights and 50% of the guarantee capital, has not been consolidated, as the holder of guarantee capital is entitled only to interest on the guarantee capital and the par value of the guarantee capital increased by one fifth. However, relevant information on both companies is presented separately in the Notes to the Accounts.

The acquisition cost calculations for participating interests have been made with December 31, 1994 as the date of acquisition. The goodwill of participating interests founded by the parent company has been written off or entered as income in the 1995 final accounts. These are shown in the Profit and Loss Account as an incidental share of the participating interests' profit/loss after tax. The consolidation goodwill of participating interests acquired before 1995 is written off and the unallocated goodwill is entered as income over three years.

The Consolidated Profit and Loss Account includes as a separate item the share of the participating interests' profit for the year, allowing for the consolidation goodwill arising in connection with the acquisition, and depreciations and entries to income made on unallocated goodwill. Dividends received from participating interests have been eliminated. In the Consolidated Balance Sheet the acquisition cost of shares in participating interests and the Group's non-restricted capital and reserves have been adjusted by the Group's share of the profits and losses accrued since the formation or acquisition of the participating interest, the dividends received and the depreciations on consolidation goodwill and entries to income of goodwill.

Items in Foreign Currency

Currency-denominated amounts due to and from Finnish group companies and investments in the nature of receivables have been translated into Finnish markka at the average rate of the Bank of Finland on the date of closing the companies' accounts. Other investments have been valued at the lower of the rate valid on the date of acquisition or the average rate of the Bank of Finland on the date of closing the accounts.

Derivatives used to hedge items in foreign currency have been valued at their price on the date of closing the accounts. Gains and losses relating to the hedging of receivables and losses relating to the hedging of securities in the nature of investments have been entered under income and expenses.

Currency conversion differences relating to insurance business have been entered as adjustment items under income and expenditure. Currency conversion differences on receivables and investments and those that it has not been possible to allocate directly to an adjustment item under income and expenses, have been presented under income and expenses, under the heading "Income and expenses from other investments". The figures of the previous year's final accounts have been adjusted for comparability.

Valuation and Matching of Assets

Intangible assets have been entered in the Balance Sheet at acquisition cost less planned depreciation. Items capitalised under other long-term liabilities include computer systems compiled by the insurance company itself that are of importance for its operations and intended for long-term use, and refurbishing of rented apartments.

Land and buildings have been entered in the Balance Sheet at lower of acquisition cost less planned depreciation or current value. Certain book values of land and buildings include revaluations.

Stocks and shares in the nature of investments have been entered in the Balance Sheet at lower of acquisition cost or current value. They have been valued according to the average price principle. Stocks and shares in the nature of fixed assets have been presented at lower of acquisition price or current value, if the devaluation has been considered permanent. They have been valued on the FIFO principle.

Debt securities and other fixed-income securities are considered to include bonds and money-market instruments. They have generally been entered in the Balance Sheet at acquisition cost. The difference between par value and acquisition cost of debt securities has been presented as interest income. The counter-item has been entered as an addition to or deduction from acquisition cost. Realised gains and losses on bonds have been presented as realised gains and losses under investment income and charges. The figures of the previous final accounts have been adjusted for comparability.

Receivables and investments in the nature of receivables have been entered in the Balance Sheet at lower of par value or current value.

Revaluations and revaluation adjustments on investments in the nature of investment assets are entered with impact on the result, while revaluations on investments in the nature of fixed assets are entered in the revaluation reserve under restricted capital and reserves. The revaluation reserve contains only revaluations on investments in the nature of fixed assets. Value adjustments and re-adjustments are entered as investment charges and income. Value re-adjustments have been entered as income up to the original acquisition cost.

Depreciation

The acquisition cost of depreciable assets has been capitalised, and is entered during its effective period as depreciation under expenses. Depreciations are made according to the depreciation plan. Planned depreciations have been calculated as straight-line depreciations on the original acquisition cost using the following estimated useful lives:

Computer hardware, software, cars	5	years
Goodwill, consolidation goodwill	5–10	years
Other long-term liabilities	10	years
Furniture and fixtures	10	years
Residential and business premises	30–60	years
Industrial premises and warehouses	40	years
Technical equipment in buildings	15	years

Where substantial refurbishing has been carried out, the building's useful life has been reassessed.

In certain residential and business premises the depreciation periods have been curtailed.

Planned depreciation corresponding to the average useful life of buildings is made annually on the revaluations and goodwill entered as income arising from buildings under land and buildings in the nature of investments.

The difference between depreciation entered in the Accounts in accordance with the Taxation of Businesses Act and depreciation according to plan has been presented as a separate item in the Profit and Loss Account, and the accumulated depreciation difference is shown in the Balance Sheet under untaxed provisions. Assets on which depreciations are made have been shown in the Balance Sheet valued at planned net expenditure. In the consolidated final accounts, the accumulated depreciation difference has been divided between, on the one hand, the result for the accounting period and capital and reserves, and on the other, the change in deferred tax and deferred tax.

In the Profit and Loss Account, depreciation according to plan has been divided between functions. Depreciations by function are presented in the Notes to the Accounts.

Current Value of Assets

The current values of investments in land and buildings have been fixed annually, by site, as required by the Ministry of Social Affairs and Health, allowing among other things for both income earned and market value at the location in question.

Shares in group companies have been valued at net asset value. Shares in participating interests have been valued mainly as follows:

– insurance companies at net asset value
– other participating interests at a value based on the equity method.

Shares and debt securities which are quoted on official stock exchanges or which have an existing market, are valued at the latest available closing price based on continuous trading or, if this is not available, at buying rate. The current value of other shares has been taken as probable sales price, for example a value based on net asset value, and the current value of other debt securities has been taken as their probable selling price.

Other Income and Expenses

Those items have been handled as Other Income and Expenses which have a direct connection with the Group's ordinary activities, including the sale of services and expenses arising from them, specified by function. Examples of these include the sale of services relating to risk management and captive operations.

Extraordinary Income and Expenses

Items that are not directly connected with the company's ordinary activities are presented under Extraordinary Income and Expenses. Also entered under Extraordinary Income and Expenses are items that have an impact on the result due to changes in the accounting principles, insofar as they are allocated to previous accounting periods.

Direct Taxes

Taxes for ordinary activities and for extraordinary items are separately presented in the Profit and Loss Account. Where group companies are concerned, taxes for the year have been presented in a way corresponding to the accrual basis, that is, allocated to the accounting period. The taxes for the year include any taxes paid at source on income from foreign securities.

Avoir fiscal tax credit on dividend earned has been entered in dividends, under Investment Income. Dividends, guarantee capital interests and avoir fiscal tax credit are entered in the accounting period during which the decision on the distribution of profit was made. However, avoir fiscal tax credit sums exceeding the amount of income tax for the year will not be entered, if it is probable that the credit left unused can be considered in calculating the income tax for future periods, with particular regard to the expectations for the accounting period immediately following.

The avoir fiscal tax credit relating to dividends received from subsidiaries and participating interests is transferred in the Consolidated Profit and Loss Account as a deduction from the direct taxes for the year.

Untaxed Provisions and Treatment of Tax Debt

The regulations concerning Finnish accounting and taxation practice allow certain untaxed provisions having an impact on the result and taxation. The most important of these is the credit loss reserve. The total credit loss reserve may not exceed one per cent of an insurance company's combined receivables excluding premiums receivable, or the verifiable probable amount of credit losses, if greater.

Deferred tax has not been deducted from the optional provisions and accumulated depreciation difference, nor from revaluations transferred to reserves. On the other hand, if the provisions are entered as income or revaluations transferred to reserves are realised only to cover expenses, the deferred tax debt is not realised. Revaluations entered as income are taxable income, the tax rate in 1995 being 25%.

In the Consolidated Final Accounts, optional provisions and the accumulated depreciation difference have been divided into change in deferred tax and share of income, and deferred tax and share of capital and reserves. The minority interest has been deducted from these.

In calculating the key figures, deferred tax has not been deducted from the valuation differences of investments, because realised gains are made chiefly to cover expenses.

Technical Provisions

The deferred acquisition costs of insurances deducted from the provision for unearned premiums of the reserving foreign life reinsurance have been calculated in accordance with the company's technical provision bases, contract for contract, so that in each contract the company's future net income exceeds the amount of deferred acquisition costs.

In calculating the provision for outstanding claims of other than pension claims, discounting has been applied only to a part of Patria Reinsurance Company Ltd's and ST International's provision for outstanding claims in foreign reinsurance, which has been discounted at a 4% interest rate. The weighted average maturity of the settlement of claims is six years. The discounted technical provisions are mainly in USD and are covered by assets in the same currency. The assets have been estimated as sufficient to secure a profit exceeding the interest rate applied.

Where the discounting practice applied in the final accounts of 1994 to calculating the provision for outstanding claims of other than claims in the form of pensions has been eliminated in the final accounts of 1995, the analysis has not been presented in the Appendices. The impact of the elimination of discounting is allowed for in change in the provision for outstanding claims presented under extraordinary expenses in the Profit and Loss Account.

Pension Schemes

For those employed by the Finnish group companies, statutory pension cover has been arranged in compliance with the Employees' Pensions Act, TEL.

Additional pension cover for those who have joined Sampo before 1982 was arranged by the pension fund until the end of 1991, when it was dissolved. It is now provided for those already retired by an optional pension insurance, and by a supplementary TEL policy for the others. Also for those employed by Industrial Insurance Ltd, Patria Reinsurance Company Ltd, Insurance Company of Finland Ltd, and Otso Loss of Profits Insurance Company Ltd, additional pension cover is provided by a pension insurance company.

Pension insurance premiums have been entered in the Profit and Loss Account on the accrual basis.

In 1995 pension liabilities payable from the Non-Life Group companies' assets, previously presented in the Appendices, were arranged through insurances.

Calculation methods for the key figures

Key figures for 1994 and 1995 have been calculated in accordance with the guidelines issued by the Ministry of Social Affairs and Health, which comply with the exceptional permission (October 16, 1995, No. 1358) granted to insurance companies by the Finnish Accounting Standards Board.

General key figures:

Turnover
Premiums earned before credit loss and reinsurers' share + investment income + other income + revaluations entered as income, realised in connection with sales

Operating profit
Premiums earned – claims incurred – operating expenses + investment income – investment charges + other income - other charges ± share of participating interests' profit and loss

Profit before extraordinary items, untaxed provisions and tax
Operating profit ± change in the equalisation provision + unrealised gains on investments – investment revaluation adjustments

Profit before untaxed provisions and tax
Profit before extraordinary items, untaxed provisions and tax + extraordinary income – extraordinary expenses

Return on equity (at current values)

$$\frac{\text{(Profit before extraordinary items, untaxed provisions and tax + revaluation entered into revaluation reserve – revaluation cancellation entered into revaluation reserve ± change in valuation differences on investments – tax)}}{\text{Average of (capital and reserves + minority interest + valuation differences on investments)}} \text{ x 100\%}$$

Return on assets (at current values)

$$\frac{\text{(Profit before change in the equalisation provision, extraordinary items, untaxed provisions and tax + interest and expenses on liabilities + revaluation entered into revaluation reserve – revaluation cancellation entered into revaluation reserve ± change in valuation differences on investments)}}{\text{Average of (balance sheet total + valuation differences on investments)}} \text{ x 100 \%}$$

Equity/assets ratio (at current values)

$$\frac{\text{(Capital and reserves + minority interest + valuation differences on investments)}}{\text{(Balance sheet total + valuation differences on investments)}}$$

Average = average of figures at the beginning and end of the accounting period

Insurance business key figures:

Gross premiums written
Premiums written before reinsurers' share and credit loss

Loss ratio

$$\frac{\text{Claims incurred}}{\text{Premiums earned}} \text{ x 100 \%}$$

Expense ratio

$$\frac{\text{Operating expenses}}{\text{Premiums earned}} \text{ x 100 \%}$$

Combined ratio
Loss ratio + expense ratio

Solvency margin
Capital and reserves after proposed profit distribution + valuation differences on investments – intangible assets – deferred insurance policy acquisition costs ± other items prescribed in the decree

Solvency capital
Solvency margin + equalisation provision + minority interest

Solvency capital, % of technical provisions

$$\frac{\text{Solvency capital}}{\text{Provision for unearned premiums + provision for outstanding claims}} \text{ x 100 \%}$$

Solvency ratio, %

$$\frac{\text{Solvency capital}}{\text{Premiums earned for 12 months}} \text{ x 100 \%}$$

Per-share key figures:

Earnings per share

$$\frac{\text{(Profit before extraordinary items, untaxed provisions and tax – tax)}}{\text{Adjusted average number of shares}}$$

Capital and reserves per share

$$\frac{\text{Capital and reserves}}{\text{Adjusted number of shares at the end of the accounting period}}$$

Net asset value per share

$$\frac{\text{(Capital and reserves ± valuation differences on investments)}}{\text{Adjusted number of shares at the end of the accounting period}}$$

Dividend per share

$$\frac{\text{Dividend for the accounting period}}{\text{Adjusted number of shares at the end of the accounting period}}$$

Dividend per earnings, %

$$\frac{\text{Dividend for the accounting period}}{\text{Earnings as the numerator in Earnings per share}} \text{ x 100 \%}$$

Effective dividend yield

$$\frac{\text{Dividend per share}}{\text{Adjusted closing share price on Dec. 31}} \text{ x 100 \%}$$

Price/earnings ratio

$$\frac{\text{Adjusted closing share price on Dec. 31}}{\text{Earnings per share}}$$

Market capitalisation
Number of shares on Dec. 31 x Closing share price on Dec. 31

Relative share trading volume

$$\frac{\text{Number of shares traded through the Helsinki Stock Exchange}}{\text{Adjusted average number of shares}}$$

Sampo Non-Life Group key figures

		1991	1992	1993	1994	1994*)	**1995**
General key figures							
Turnover	FIM mill.	3 472.2	3 115.9	5 507.9	5 570.0	5 881.5	**5 896.3**
Operating profit	FIM mill.	–371.3	–480.3	320.7	301.4	175.7	**318.8**
% of turnover		–10.7	–15.4	5.8	5.4	3.0	**5.4**
Profit before extraordinary items, untaxed provisions and tax	FIM mill.	–244.3	–58.9	370.2	176.5	182.7	**270.7**
% of turnover		–7.0	–1.9	6.7	3.2	3.1	**4.6**
Profit before untaxed provisions and tax	FIM mill.	–229.4	–107.7	369.1	182.7	182.7	**233.7**
% of turnover		–6.6	–3.5	6.7	3.3	3.1	**4.0**
Return on equity at current values	%	–12.0	–10.1	34.8	5.5	6.8	**–3.2**
Return on assets at current values **)	%	–	–	–	–	3.2	**–0.5**
Equity/assets ratio at current values	%	30.5	27.8	30.8	32.7	34.0	**33.5**
Average number of personnel		2 351	2 225	2 642	2 966	2 966	**3 023**

Insurance business key figures

		1991	1992	1993	1994	1994*)	**1995**
Gross premiums written	FIM mill.	2 657.0	2 313.7	3 694.9	3 986.3	4 149.6	**4 219.1**
Loss ratio	%	101.7	104.7	103.1	83.7	91.4	**89.1**
Expense ratio	%	24.0	25.6	21.4	25.5	20.8	**20.0**
Combined ratio	%	125.7	130.3	124.6	109.1	112.2	**109.1**
Solvency margin **)	FIM mill.	–	–	–	–	5 512.3	**5 206.3**
Equalisation provision	FIM mill.	691.8	697.1	1 355.7	1 492.9	1 492.9	**1 110.2**
Solvency capital**)	FIM mill.	–	–	–	–	7 071.2	**6 318.8**
% of technical provisions **)		–	–	–	–	83.5	**71.3**
Solvency ratio	%	134.7	140.0	205.5	212.3	198.2	**170.2**

Sampo Non-Life Group key figures

		1991	1992	1993	1994	1994*)	**1995**	
Per-share key figures								
Earnings per share	FIM	–29.6	–8.8	25.5	9.3	9.5	**11.8**	
Capital and reserves per share	FIM	213.6	223.1	197.0	220.1	216.6	**222.1**	
Net asset value per share	FIM	312.9	285.0	393.3	410.0	411.6	**392.1**	
Dividend per share	FIM	0.0	0.0	4.0	4.0	4.0	**5.0**	***)
Dividend per earnings	%	0.0	0.0	10.3	43.3	43.8	**42.3**	***)
Effective dividend yield	%	0.0	0.0	1.4	1.9	1.9	**2.2**	***)
Price/earnings ratio		–5.1	–12.6	11.5	23.3	22.7	**19.7**	
Adjusted average number of shares	’000	9 000	9 000	13 700	14 637	14 637	**15 200**	
Adjusted number of shares on Dec. 31	’000	9 000	9 000	13 700	15 200	15 200	**15 200**	
Par value	FIM	20	20	20	20	20	**20**	
Market capitalisation	FIM mill.	1 368	990	4 028	3 268	3 268	**3 542**	
A Shares								
Number of shares on Dec. 31	’000	8 940	8 940	13 640	15 140	15 140	**15 140**	
Adjusted average number of shares	’000	8 940	8 940	13 640	14 577	14 577	**15 140**	
Weighted average share price	FIM	338	114	238	283	283	**227**	
Adjusted share price, high	FIM	370	185	305	400	400	**274**	
Adjusted share price, low	FIM	145	40	105	203	203	**165**	
Adjusted closing price	FIM	152	110	294	215	215	**233**	
Share trading volume during the accounting period	’000	265	135	995	2 817	2 817	**1 948**	
Relative share trading volume	%	2.9	1.5	7.3	19.3	19.3	**12.9**	
B Shares								
Number of shares on Dec. 31	’000	60	60	60	60	60	**60**	
Adjusted average number of shares	’000	60	60	60	60	60	**60**	

*) The figures for 1994 have been calculated in accordance with the new accounting principles.
Changes in accounting principles have been presented on pages 27–29.
Figures complying with the official final accounts for 1991–1993 have not been adjusted.

**) Key figures were not calculated under the former accounting practice.

***) Board’s proposal to the Annual General Meeting.

ANALYSES

1 GROSS PREMIUMS WRITTEN

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Direct insurance	**3 739 537**	3 370 472	**1 085 335**	1 021 298
Reinsurance				
Life reinsurance	**100 855**	294 184	**260**	413
Non-life reinsurance	**378 681**	484 972	**12 675**	29 924
	479 536	779 156	**12 935**	30 338
Gross premiums written	**4 219 073**	4 149 627	**1 098 270**	1 051 636
Credit loss on premiums	**–36 035**	–34 675	**–14 414**	–13 937
Gross premiums written before outward reinsurance premiums	**4 183 038**	4 114 953	**1 083 857**	1 037 699

PREMIUM TAX AND OTHER TRANSFERRED CHARGES INCLUDED IN PREMIUMS

Premium tax	**525 604**	492 022	**210 719**	206 343
Fire brigade charges	**12 614**	11 774	**2 896**	3 097
Traffic safety charges	**8 623**	5 033	**4 618**	2 761
Industrial safety charges	**16 300**	15 244	**336**	780
Payments under Sec. 58 of the Employment Accidents Insurance Act	**4 977**	7 479	**99**	368
Government medical expenses fee	**123 209**	113 177	**32 771**	29 500
Total	**691 327**	644 729	**251 441**	242 848

The following insurance premiums have been collected as accessories of Statutory Workers Compensation Insurance, and rendered to the Central Unemployment Fund and Employees Group Life Assurance Pool.

Unemployment Insurance	**5 861 163**	5 629 517	**47 262**	61 749
Employees Group Life Assurance	**78 608**	79 856	**1 402**	1 561

2 NON-LIFE INSURANCE RESULT BY GROUPS OF INSURANCE CLASSES

Columns:

1 = Gross premiums written before credit loss and reinsurers' share
2 = Gross premiums earned before reinsurers' share
3 = Gross claims incurred before reinsurers' share
4 = Gross operating expenses before reinsurance commissions and profit participation
5 = Reinsurance balance
6 = Balance on technical account before change in the equalisation provision
7 = Combined ratio

FIM '000	1	2	3	4	5	6	7
NON-LIFE GROUP							
Direct insurance							
Statutory workers' compensation							
1995	837 976	828 443	–883 420	–68 187	–350	–123 514	114.9
1994	739 006	768 176	–777 171	–63 832	–1 143	–73 969	
Non-statutory accident and health							
1995	228 515	228 332	–167 567	–67 823	–2 563	–9 621	104.3
1994	185 662	198 448	–132 058	–61 309	–2 723	2 358	
Motor third party liability							
1995	520 231	495 840	–575 533	–116 810	–458	–196 961	139.8
1994	462 507	465 605	–578 513	–112 073	–131	–225 112	
Land vehicles							
1995	496 904	493 441	–379 010	–109 628	–1 145	3 657	98.9
1994	463 019	472 083	–366 148	–103 672	–941	1 322	
Marine, aviation and transport							
1995	263 705	265 749	–162 574	–33 073	–20 401	49 700	74.5
1994	246 866	251 558	–255 432	–32 434	41 738	5 431	
Fire and other damage to property							
1995	938 180	941 994	–759 804	–221 065	–2 835	–41 709	105.1
1994	874 422	892 329	–573 006	–194 529	–92 530	32 264	
Third party liability							
1995	184 115	181 027	–174 248	–25 938	–27 573	–46 732	131.0
1994	151 353	161 900	–126 648	–23 964	–16 204	–4 916	
Credit and suretyship							
1995	39 653	42 136	–10 714	–7 486	–11 462	12 474	43.4
1994	45 101	45 482	–48 525	–4 122	–11 305	–18 471	
Legal expenses							
1995	58 185	51 535	–40 872	–10 341	–	322	99.4
1994	49 588	53 304	–62 535	–8 486	–	–17 717	
Miscellaneous							
1995	172 073	169 989	–83 902	–30 991	–43 201	11 894	74.5
1994	152 949	148 439	–65 295	–31 108	–51 827	210	
Direct insurance, total							
1995	3 739 537	3 698 485	–3 237 644	–691 343	–109 989	–340 491	110.2
1994	3 370 472	3 457 324	–2 985 331	–635 528	–135 065	–298 600	
Reinsurance							
1995	479 536	519 414	–305 732	–137 016	–73 731	2 936	99.8
1994	779 156	692 140	–495 210	–214 188	–115 723	–132 981	
Total							
1995	4 219 073	4 217 898	–3 543 376	–828 359	–183 720	–337 555	109.1
1994	4 149 627	4 149 464	–3 480 541	–849 716	–250 788	–431 581	112.2

Balance on technical account before change in the equalisation provision	
1995	–337 555
1994	–431 581
Change in the equalisation provision	
1995	–44 916
1994	25 639
Balance on technical account	
1995	–382 471
1994	–405 942

FIM '000	1	2	3	4	5	6
PARENT COMPANY						
Direct insurance						
Statutory workers' compensation						
1995	24 914	23 909	–38 190	–6 000	–28	–20 309
1994	44 719	42 569	–55 678	–5 004	–45	–18 158
Non-statutory accident and health						
1995	89 818	88 202	–63 961	–38 381	–976	–15 115
1994	85 492	90 687	–62 971	–35 528	–1 582	–9 394
Motor third party liability						
1995	304 677	280 034	–309 993	–71 964	–244	–102 166
1994	269 366	263 093	–353 954	–66 815	0	–157 675
Land vehicles						
1995	283 966	272 173	–203 481	–75 182	–609	–7 099
1994	262 059	267 229	–193 652	–69 960	–575	3 042
Marine, aviation and transport						
1995	23 670	23 262	–16 839	–4 946	–583	894
1994	23 206	23 362	–14 964	–4 848	–579	2 970
Fire and other damage to property						
1995	16 954	311 931	–200 713	–97 406	2 862	16 674
1994	301 888	310 308	–189 004	–94 451	–21 606	5 247
Third party liability						
1995	4 518	4 262	–11 418	–1 203	0	–8 359
1994	–3 500	–1 809	2 971	–839	–6 078	–5 755
Credit and suretyship						
1995	6 108	7 775	–8 457	–647	842	–487
1994	8 664	9 946	–43 635	–1 553	1 772	–33 470
Legal expenses						
1995	30 245	25 807	–20 718	–5 635	0	–546
1994	28 927	31 257	–41 852	–4 427	0	–15 022
Miscellaneous						
1995	465	476	261	–88	0	649
1994	478	621	–395	–84	107	248
Direct insurance, total						
1995	1 085 335	1 037 830	–873 509	–301 452	1 265	–135 866
1994	1 021 298	1 037 261	–953 133	–283 510	–28 585	–227 967
Reinsurance						
1995	12 935	17 201	–27 574	–858	–3 526	–14 757
1994	30 338	42 981	–82 788	–7 813	–4 939	–52 559
Total						
1995	1 098 270	1 055 031	–901 083	–302 310	–2 261	–150 622
1994	1 051 636	1 080 243	–1 035 922	–291 323	–33 524	–280 526
Balance on technical account before change in the equalisation provision						
1995		–150 622				
1994		–280 526				
Change in the equalisation provision						
1995		5 309				
1994		80 381				
Balance on technical account						
1995		–145 313				
1994		–200 145				

3 OPERATING EXPENSES

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Insurance policy acquisition costs	**365 390**	401 662	**135 424**	134 725
Insurance policy management expenses	**272 191**	257 188	**92 145**	84 793
Administrative expenses	**190 778**	190 866	**74 741**	71 805
Reinsurance commissions	**–87 246**	–113 693	**–1 053**	–1 631
	741 112	736 023	**301 257**	289 692
Change in deferred insurance policy acquisition costs included in change in the provision for unearned premiums	**–7 521**	20 037	**–**	–
Operating expenses in accordance with the accounting practice applied before 1995	**885 128**	883 556	**350 696**	350 571

COMMISSIONS INCLUDED IN INSURANCE POLICY ACQUISITION COSTS

	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Commissions on direct insurance business				
Commissions	**29 270**	25 299	**13 945**	12 986
Indirect employee costs	**1 609**	3 123	**970**	1 832
	30 879	28 422	**14 915**	14 818
Commissions on reinsurance assumed	**110 710**	163 283	**843**	7 813

STAFF COSTS

	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Executives' salaries and commissions*)	**9 285**	8 681	**2 540**	2 243
Other salaries and commissions	**482 257**	426 792	**241 174**	218 643
Money value of fringe benefits	**19 156**	15 636	**9 239**	7 889
Pension expenses	**89 000**	89 388	**47 334**	46 845
Other indirect employee costs	**70 425**	68 085	**35 432**	36 241
	670 124	608 581	**335 721**	311 862

*) Shares of profit totalling FIM 320 000 in the Non-Life Group and FIM 200 000 in the parent company have been paid to the management. It has been agreed that the parent company's Managing Director's retirement age is 60 and that of other managers 60–65.

	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Average number of personnel	**3 023**	2 966	**1 602**	1 563

DEPRECIATION ACCORDING TO PLAN

	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Depreciation according to plan by function				
Claims paid	**32 446**	26 976	**17 015**	14 991
Operating expenses	**75 907**	63 731	**44 372**	39 112
Investment charges	**3 260**	5 109	**2 681**	2 360
Other expenses	**633**	1 762	**–**	–
	112 246	97 578	**64 067**	56 463
Buildings	**74 950**	47 810	**29 510**	26 704
Goodwill	**4 439**	–	**61 476**	–
Consolidation goodwill	**65 416**	40 773	**–**	–
	257 051	186 161	**155 054**	83 167

4 NET INVESTMENT INCOME

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
INVESTMENT INCOME				
Income from investments in group companies				
Dividend income	**–**	–	**135 200**	91 467
Income from investments in participating interests				
Dividend income	**2 841**	13 307	**4 104**	7 640
Interest income	**3 900**	2	**780**	–
Other income	**29 584**	19 660	**–**	–
	36 326	32 969	**4 884**	7 640
Income from investments in land and buildings				
Dividend income	**–**	11	**–**	11
Interest income from group companies	**–**	–	**7 823**	7 952
Other income from group companies	**–**	–	**13 439**	163
Other income from other than group companies	**220 678**	228 147	**100 229**	104 506
	220 678	228 158	**121 491**	112 632
Income from other investments				
Dividend income	**134 867**	60 549	**30 868**	16 397
Interest income from group companies	**–**	–	**3 839**	4 285
Other interest income	**469 307**	432 615	**120 868**	140 743
Other income from group companies	**–**	–	**2 064**	0
Other income from other than group companies	**69 652**	36 893	**22 696**	14 018
	673 826	530 057	**180 335**	175 443
Total	**930 830**	791 184	**441 910**	387 182
Value re-adjustments	**7 958**	51 981	**3 849**	49 229
Realised gains on investments	**698 861**	854 225	**218 740**	298 113
Total	**1 637 649**	1 697 390	**664 499**	734 524
INVESTMENT CHARGES				
Expenses arising from investments in land and buildings	**–138 407**	–139 196	**–80 723**	–80 940
Expenses arising from other investments	**–241 616**	–404 036	**–66 428**	–103 216
Interest and other expenses on liabilities to group companies	**–**	–	**–15 628**	–15 026
Interest and other expenses on liabilities to other than group companies	**–61 993**	–82 839	**–31 343**	–49 372
Total	**–442 017**	–626 072	**–194 122**	–248 554
Value adjustments and depreciations				
Value adjustments on investments	**–339 669**	–348 205	**–215 456**	–160 927
Planned depreciation on buildings	**–74 950**	–70 620	**–29 510**	–26 704
	–414 619	–418 825	**–244 966**	–187 632
Realised losses on investments	**–70 117**	–8 880	**–8 351**	–3 430
Total	**–926 753**	–1 053 777	**–447 439**	–439 615

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Net investment income before revaluations and revaluation adjustments	**710 896**	643 613	**–**	–
Investment revaluation adjustments	**–3 118**	–18 635	**–**	–
NET INVESTMENT INCOME IN THE PROFIT AND LOSS ACCOUNT	**707 778**	624 978	**217 060**	294 909
Avoir fiscal tax credit included in income from dividends	**27 959**	15 757	**4 858**	27 880
Real estate tax included in expenses arising from investments in land and buildings	**9 600**	9 460	**3 027**	2 864
Items included in other income and expenses from other investments				
Exchange rate gains	**64 454**	35 571	**22 607**	13 456
Exchange rate losses	**184 327**	326 063	**55 236**	78 354

5 NON-LIFE GROUP'S TAXES, ACCRUED TAX SURPLUS AND UNUSED CREDIT

FIM '000	Taxes 1995	1994	Accrued tax surplus 1995	1994	Unused credit 1995	1994
Sampo Insurance Company Limited	**7 762**	25 003	**5 936**	26 431	**49 000**	–
Industrial Insurance Company Ltd	**39 107**	33 965	**39 725**	26 002	**1 493**	85
Sampo Enterprise Insurance Company Limited	**28 505**	12 201	**19 138**	3 699	**–**	–
Otso Loss of Profits Insurance Company Ltd	**17 096**	14 716	**–**	–	**–**	–
Insurance Company of Finland Limited	**1 435**	5 080	**1 341**	1 655	**–**	–
Other	**215**	586	**176**	155	**3 048**	–
Non-Life Group companies, total	**94 120**	91 552	**66 315**	57 941	**53 541**	85
Avoir fiscal tax credit on subsidiaries' and participating interests' dividends	**–3 693**	–28 569	**–**	–	**–**	–
Change in deferred tax	**3 508**	4 032	**–**	–	**–**	–
Tax in the Profit and Loss Account	**93 936**	67 015	**–**	–	**–**	–

6 CHANGES IN TANGIBLE AND INTANGIBLE ASSETS 1995

FIM ’000	Intangible rights and expenses with long-term effects	Goodwill	Equipment	Total
NON-LIFE GROUP				
Acquisition cost, Jan. 1	521 475	496 434	527 827	1 545 736
Acquisitions	63 135	61 787	58 039	182 961
Sales and disposal	–	–	–3 068	–3 068
Acquisition cost, Dec. 31	584 610	558 222	582 798	1 725 630
Accumulated depreciation according to plan, Jan. 1	–288 746	–44 709	–359 133	–692 588
Depreciation according to plan	–60 551	–71 855	–51 267	–183 673
Sales and disposal	–	–	775	775
Accumulated depreciation according to plan, Dec. 31	–349 297	–116 564	–409 626	–875 487
Acquisition cost after depreciation according to plan, Dec. 31	235 313	441 658	173 172	850 142
Accumulated depreciation in excess of the plan, Jan. 1	37 336	–	–21 347	15 989
Depreciation above/below plan	–1 183	3 171	10 583	12 570
Sales	–	–	–478	–478
Accumulated depreciation in excess of the plan, Dec. 31	36 153	3 171	–11 243	28 081
Net expenditures after total depreciation, Dec. 31	199 160	438 487	184 415	822 061
PARENT COMPANY				
Acquisition cost, Jan. 1	351 309	–	403 528	754 837
Acquisitions	44 731	–	44 030	88 761
Sales and disposal	–	–	–1 782	–1 782
Merger	32 804	614 759	41 605	689 169
Acquisition cost, Dec. 31	428 845	614 759	487 381	1 530 986
Accumulated depreciation according to plan, Jan. 1	–227 787	–	–312 562	–540 349
Depreciation according to plan	–29 572	–61 476	–34 495	–125 543
Sales and disposal	–	–	504	504
Merger	–21 015	–	–13 981	–34 996
Accumulated depreciation according to plan, Dec. 31	–278 375	–61 476	–360 534	–700 384
Acquisition cost after depreciation according to plan, Dec. 31	150 470	553 283	126 848	830 601
Accumulated depreciation in excess of the plan, Jan. 1	36 803	–	–26 100	10 704
Depreciation above/below plan	–1 814	–	9 312	7 498
Sales	–	–	–595	–595
Accumulated depreciation in excess of the plan, Dec. 31	34 989	–	–17 383	17 606
Net expenditures after total depreciation, Dec. 31	115 481	553 283	144 231	812 995

7 CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS

FIM '000	1995 Remaining acquisition cost	1995 Book value	1995 Current value	1994 Remaining acquisition cost	1994 Book value	1994 Current value
NON-LIFE GROUP						
Investments in land and buildings						
Land and buildings	**2 251 667**	**2 850 620**	**3 527 600**	2 263 829	2 866 625	3 486 343
Real estate shares	**749 358**	**749 358**	**808 475**	668 128	668 128	719 681
Participating interests						
Shares and participations	**760 158**	**760 158**	**906 852**	755 019	755 019	826 209
Debt securities	**100 000**	**100 000**	**100 995**	–	–	–
Loans to participating interests	**6**	**6**	**6**	18	18	18
Other investments						
Shares and other variable-yield securities and units in unit trusts	**2 533 928**	**2 533 928**	**4 101 924**	2 906 720	2 906 720	5 147 188
Debt securities and other fixed income securities	**3 219 063**	**3 222 959**	**3 322 305**	3 123 280	3 132 964	3 084 137
Loans guaranteed by mortgages	**329 879**	**329 879**	**329 879**	433 054	433 054	433 054
Other loans	**491 967**	**491 967**	**491 967**	635 428	635 428	635 428
Deposits	**771 478**	**771 478**	**771 478**	673 584	673 584	673 584
Deposits with ceding undertakings	**316 309**	**316 309**	**349 119**	383 813	383 813	414 928
	11 523 814	**12 126 663**	**14 710 601**	11 842 874	12 455 354	15 420 570
The remaining acquisition cost of debt securities includes the difference between par value and purchase price, allocated to interest income or its disposals (±)	**–12 231**			–4 516		
Book value includes						
Revaluations entered as income		**345 412**			355 043	
Other revaluations		**257 437**			257 437	
		602 849			612 480	
Valuation difference (difference between current value and book value)			**2 583 938**			2 965 216

FIM '000	1995 Remaining acquisition cost	1995 Book value	1995 Current value	1994 Remaining acquisition cost	1994 Book value	1994 Current value
PARENT COMPANY						
Investments in land and buildings						
Land and buildings	**580 031**	**1 096 451**	**1 204 430**	561 565	1 084 266	1 191 430
Shares in group companies	**203 713**	**203 713**	**376 841**	213 713	213 713	390 390
Other real estate shares	**686 472**	**686 472**	**728 132**	631 285	631 285	675 509
Loans to group companies	**73 710**	**73 710**	**73 710**	78 891	78 891	78 891
Group companies						
Shares and participations	**897 100**	**897 100**	**3 448 197**	1 480 606	1 480 606	3 538 069
Participating interests						
Shares and participations	**528 195**	**528 195**	**528 866**	244 429	244 429	255 699
Debt securities	**20 000**	**20 000**	**20 199**	–	–	–
Loans to participating interests	**6**	**6**	**6**	–	–	–
Other investments						
Shares and other variable-yield securities and units in unit trusts	**913 143**	**913 143**	**1 005 265**	1 043 589	1 043 589	1 298 807
Debt securities and other fixed income securities	**1 180 550**	**1 180 550**	**1 196 586**	671 454	671 454	678 599
Loans guaranteed by mortgages	**234 635**	**234 635**	**234 635**	305 434	305 434	305 434
Other loans	**243 277**	**243 277**	**243 277**	298 085	298 085	298 085
Deposits	**111 720**	**111 720**	**111 720**	3 348	3 348	3 348
Deposits with ceding undertakings	**2 859**	**2 859**	**2 859**	4 438	4 438	4 438
	5 675 409	**6 191 830**	**9 174 722**	5 536 836	6 059 538	8 718 699
The remaining acquisition cost of debt securities includes the difference between par value and purchase price, allocated to interest income or its disposals (±)	**–9 651**			2 170		
Book value includes						
Revaluations entered as income		**343 788**			350 069	
Other revaluations		**172 633**			172 633	
		516 420			522 701	
Valuation difference (difference between current value and book value)			**2 982 893**			2 659 16

8 CHANGES IN INVESTMENTS IN LAND AND BUILDINGS

FIM '000	1995 Buildings	1995 Land and water areas and real estate shares	1994 Buildings	1994 Land and water areas and real estate shares
NON-LIFE GROUP				
Acquisition cost, Jan. 1	**2 556 227**	**1 267 912**	2 488 178	1 254 643
Increase	**103 956**	**130 070**	83 822	18 058
Decrease	**–6 112**	**–15 274**	–133	–4 790
Acquisition cost, Dec. 31	**2 654 070**	**1 382 708**	2 571 867	1 267 912
Revaluation, Jan. 1	**417 998**	**224 349**	417 998	226 349
Change in Non-Life Group structure	**3 655**	**595**	–	–
Decrease		**–1 200**	–	–2 000
Revaluation, Dec. 31	**421 653**	**223 744**	417 998	224 349
Accumulated depreciation according to plan/value adjustments, Jan. 1	**–715 961**	**–227 469**	–573 261	–215 444
Change in Non-Life Group structure	**–8 696**	**–**	–	–
Depreciation according to plan/value adjustments and value re-adjustments	**–97 204**	**–36 392**	–146 643	–12 025
Decrease	**–**	**3 525**	–	–
Accumulated depreciation according to plan/value adjustments, Dec. 31	**–821 862**	**–260 336**	–719 904	–227 469
Book value after depreciation according to plan/value adjustments, Dec. 31	**2 253 862**	**1 346 116**	2 269 962	1 264 792
Accumulated depreciation in excess of the plan, Jan. 1	**124 554**	**–**	118 519	–
Change in Non-Life Group structure	**6 763**	**–**		–
Depreciation above/below plan	**–373**	**–**	6 150	–
Sales	**4 233**	**–**		–
Accumulated depreciation in excess of the plan, Dec. 31	**135 176**	**–**	124 669	–
Value of buildings after total depreciation, Dec. 31	**2 118 685**	**–**	2 145 293	–

FIM '000	1995 Buildings	1995 Land and water areas and real estate shares	1995 Loans to Group companies	1994 Buildings	1994 Land and water areas and real estate shares	1994 Loans to Group companies
PARENT COMPANY						
Acquisition cost, Jan. 1	**791 810**	**1 105 230**	**78 891**	768 360	1 100 388	78 376
Increase	**40 079**	**85 370**		23 450	8 873	4 000
Decrease	**–**	**–**	**–5 181**	–	–4 030	–3 485
Merger	**457**	**1 067**	**–**	–	–	–
Acquisition cost, Dec. 31	**832 346**	**1 191 666**	**73 710**	791 810	1 105 230	78 891
Revaluation, Jan. 1 = Dec. 31	**344 500**	**192 900**	**–**	344 500	192 900	–
Accumulated depreciation according to plan/value adjustments, Jan. 1	**–267 676**	**–237 500**	**–**	–240 971	–234 000	–
Depreciation according to plan/value adjustments and value re-adjustments	**–29 510**	**–40 000**	**–**	–26 704	–3 500	–
Merger	**–91**	**–**	**–**	–	–	–
Accumulated depreciation according to plan/value adjustments, Dec. 31	**–297 278**	**–277 500**	**–**	–267 676	–237 500	–
Book value after depreciation according to plan/value adjustments, Dec. 31	**879 569**	**1 107 066**	**73 710**	868 634	1 060 630	78 891
Accumulated depreciation in excess of the plan, Jan. 1	**60 805**			62 126		
Depreciation above/below plan	**4 233**			1 322		
Accumulated depreciation in excess of the plan, Dec. 31	**65 037**			60 805		
Value of buildings after total depreciation, Dec. 31	**814 532**			807 829		

LAND AND BUILDINGS OCCUPIED FOR OWN ACTIVITIES

	NON-LIFE GROUP		PARENT COMPANY	
	1995	1994	**1995**	1994
Remaining acquisition cost	**565 400**	567 647	**185 139**	186 557
Book value	**749 540**	752 514	**353 144**	355 212
Current value	**945 212**	950 307	**414 713**	424 032

REAL ESTATE COMPANIES OF THE NON-LIFE GROUP

	1995	1994
Number of companies	**61**	61
Profit/loss for the accounting period	**–10 308**	–82 615

9 NON-LIFE GROUP'S SHARES AND PARTICIPATIONS

Group companies

Name of company	No. of shares	Holding %	Votes %	Currency	Par value FIM '000	Book value FIM '000
Oy Finnish Captive & Risk Services Ltd	800	80.00	80.00		80	80
Oy Haveri Ab	20	100.00	100.00		2	9
Oy Imico Insurance Systems Ab	200	100.00	100.00		200	1 002
Lakewood Insurance Company Ltd	11 250 000	100.00	100.00	GBP	11 250	15 962
Lakewood Insurance Investments Ltd	249 538	100.00	100.00	GBP	250	1 682
Otso Loss of Profits Insurance Company Ltd	900 000	100.00	100.00		90 000	120 503
Patria Reinsurance Company Ltd	50 000	100.00	100.00		50 000	83 760
Risk Management Ltd	400	100.00	100 00		4 000	4 000
Sampo Holdings (UK) Ltd	10 000	100.00	100.00	GBP	100	163 278
Sampo Kindlustuse AS	1 200	100.00	100.00	EEK	12 000	5 719
Insurance Company of Finland Ltd	150 000	100.00	100.00		15 000	69 240
Industrial Insurance Company Ltd	500 000	100.00	100.00		50 000	249 850
Teva Holding B.V.	24 000	100.00	100.00	NLG	24 000	60 020
ST International Insurance Company Ltd	9 000 000	100.00	100.00		45 000	101 438
Sampo Enterprise Insurance Company Ltd	500 000	100.00	100.00		50 000	299 900
Group companies, total						1 176 443

Participating interests

Name of company	No. of shares	Holding (%)	Votes (%)	Currency	Par value FIM '000	Book value FIM '000	Group's/Company's profit/loss for the accounting period	Group's/Company's capital and reserves
Autovahinkokeskus Oy	2 559	35.54	35.54		6 398	6 582	142	18 520
Devoco Oy	7 020	27.00	27.00		7 020	6 937	31	25 692
Sampo Finance Ltd	500 000	50.00	50 00		40 000	82 717	177	166 763
Hansa Industrial Holding B.V.	24 000	40.00	40.00	NLG	24 000	45 957	–1 468	15 546
Nova Life Insurance Company Ltd	12 500	25.00	25.00		12 500	62 628	74 306	258 510
Huoneistokeskus Oy	120	30.00	30.00		960	4 765	481	45 169
Kansalliset Liikekiinteistöt Oy	291	34.73	34.73		291 000	290 727	–2 419	836 747
Kaleva Mutual Insurance Company 1)	15 000	30.00	15.00		15 000	25 639	16 006	109 920
PCA Corporate Finance Ltd	372	27.11	27.11		372	786	–684	1 316
Rahoitusosakeyhtiö Finnovator	24 000	21.05	21.05		240	622	–20	2 957
Rakennus Oy Leo Heinänen	384	20.00	20.00		384	1 648	89	7 345
Suomen Oikeuspalvelu Oy 2)	3 400	20.00	20.00		340	555	203	2 607
Finnish Loss Survey Ltd	3 334	33.34	33.34		3 334	1 581	–3 644	4 742
Unsa Oy 3)	2 267 831	39.91	39.91		226 783	214 402	–17 969	537 214
Vahinkopalvelu Oy	360	20.00	20.00		108	522	973	2 612
Insurance Company Sampo Pension Ltd	1 409	46.97	33.56		14 090	14 090	–833	29 721
Participating interests, total						760 158		

1) Share of guarantee capital
2) Accounting period June 1, 1994 – May 31, 1995
3) Accounting period July 1, 1994 – December 31, 1995

Other shares and participations*)

Public companies

Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
Banking and finance						
Merita Ltd	17 528 099	2.11	2.17	175 281	192 714	192 714
Other services						
Espoon Sähkö Oy	280 000	1.78	1.78	560	15 785	17 640
Finnair Oy	2 820 697	3.46	3.46	14 103	63 172	91 673
Finnlines Oy	1 150 000	6.00	6.00	11 500	22 029	81 650
Kesko Oy	760 000	0.84	0.00	7 600	32 074	41 116
Länsivoima Oy	213 480	3.27	3.27	2 135	26 809	30 528
Oy Stockmann Ab	582 500	4.04	5.00	11 650	59 535	141 258
Tamro Oy	5 648 520	6.41	6.41	56 485	101 934	107 887
Metal industry						
Fiskars Oy Ab	228 197	2.98	4.46	6 846	21 773	50 668
Kone Oy	35 000	0.58	0.23	1 750	11 829	12 705
Metra Oy Ab	1 263 125	4.69	6.44	25 263	125 389	226 099
Outokumpu Oy	710 000	0.57	0.57	7 100	48 811	48 990
Rautaruukki Oy	1 918 001	1.60	1.60	19 180	50 827	50 827
Oy Tampella Ab	2 220 000	2.26	2.26	11 100	12 210	12 210
Forestry						
Enso-Gutzeit Oy	5 138 152	2.12	2.12	51 382	136 975	148 732
Kymmene Oy	5 292 206	6.45	6.45	105 844	230 942	608 604
Metsä-Serla Oy	484 553	1.74	4.89	24 228	61 351	65 332
Conglomerates						
Amer Yhtymä Oy	373 000	1.57	0.17	7 460	25 327	25 327
Asko Oy	608 311	8.63	8.63	30 416	79 974	84 555
Instrumentarium Oy	135 256	0.67	0.86	1 353	12 609	15 284
Partek Oy Ab	2 985 407	7.75	7.75	29 854	126 332	148 972
Repola Oy	2 789 570	1.83	1.83	27 896	143 781	228 745
Other industries						
Aspo Yhtymä Oy	108 500	2.44	2.44	1 085	13 054	17 686
Cultor Oy	1 002 984	4.35	4.35	12 036	99 902	180 537
Huhtamäki Oy	293 650	0.99	1.75	5 873	24 717	30 603
Kemira Oy	975 000	0.81	0.81	9 750	35 386	35 588
Neste Oy	1 010 000	1.03	1.03	10 100	78 780	78 780
Oy Nokia Ab	5 058 476	1.69	3.66	25 292	259 647	869 654
Orion-Yhtymä Oy	294 900	0.59	0.05	2 949	29 239	35 978
Tamfelt Oy Ab	423 021	6.41	7.17	4 230	8 175	29 171
Trygg-Hansa SPP Holding Ab	288 000	0.34	0.34	2 880 SEK	30 150	20 738
Total					2 181 231	3 730 249
Other public companies					193 625	207 773
Public companies, total					2 374 856	3 938 022

*) Holdings exceeding FIM 10 million have been specified

Name of company	No. of shares	Holding %	Votes %	Par value FIM ’000	Book value FIM ’000	Current value FIM ’000
Other companies						
Suomen Helasto Oy	300 000	6.56	6.56	300	3 000	3 000
Kustannusosakeyhtiö Otava	36 300	3.04	3.04	726	10 507	10 507
Oy G.W. Sohlberg Ab	24 000	8.89	4.22	9 600	25 400	25 400
Warrants						
Stockmann Oy warrant 94/A-C	225 000				14 053	14 053
Total					52 959	52 959
Other shares and participations, total					106 113	106 113
Shares and participations, total					2 533 928	4 101 924

10 PARENT COMPANY’S SHARES AND PARTICIPATIONS

Subsidiaries

Name of company	No. of shares	Holding %	Votes %	Currency	Par value FIM ’000	Book value FIM ’000
Otso Loss of Profits Insurance Company Ltd	810 000	90.00	90.00		81 000	70 577
Risk Management Ltd	400	100.00	100.00		4 000	4 000
Sampo Holdings (UK) Ltd	6 317	63.17	63.17	GBP	63	99 778
Sampo Kindlustuse AS	600	50.00	50.00	EEK	6 000	2 317
Insurance Company of Finland Ltd	150 000	100.00	100.00		15 000	69 240
Industrial Insurance Company Ltd	500 000	100.00	100.00		50 000	249 850
ST International Insurance Company Ltd	9 000 000	100.00	100.00		45 000	101 438
Sampo Enterprise Insurance Company Ltd	500 000	100.00	100 00		50 000	299 900
Group companies, total						897 100

Participating interests

Name of company	No. of shares	Holding %	Votes %	Par value FIM ’000	Book value FIM ’000	Group’s/Company’s profit/loss for the accounting period	Group’s/Company’s capital and reserves
Autovahinkokeskus Oy	2 538	35.25	35.25	6 345	6 332	142	18 520
Devoco Oy	7 020	27.00	27.00	1 053	6 554	31	25 692
Sampo Finance Ltd	800 000	50.00	50.00	40 000	75 000	177	166 763
Kansalliset liikekiinteistöt Oy	291	34.73	34.73	291 000	293 568	–2 419	836 747
Kaleva Mutual Insurance Company 1)	15 000	30.00	15.00	15 000	15 479	16 006	109 920
Suomen Oikeuspalvelu Oy 2)	3 400	20.00	20.00	340	340	203	2 607
Finnish Loss Survey Ltd	3 314	33.14	33.14	3 314	3 314	–3 644	4 742
Unsa Oy 3)	1 134 103	19.96	19.96	113 410	113 410	–17 963	537 214
Vahinkopalvelu Oy	360	20.00	20.00	108	108	973	2 612
Insurance Company Sampo Pension Ltd	1 409	46.97	33.56	14 090	14 090	–833	29 721
Participating interests, total					528 195		

1) Share of guarantee capital
2) Accounting period June 1, 1994 – May 31, 1995
3) Accounting period July 1, 1994 – December 31, 1995

Other shares and participations *)

Public companies

Name of company	No. of shares	Holding %	Votes %	Par value FIM ’000	Book value FIM ’000	Current value FIM ’000
Banking and finance						
Merita Ltd	12 243 333	1.47	1.50	122 433	134 597	134 597
Other services						
Finnair Oy	719 000	0.88	0.88	3 595	19 095	23 368
Kesko Oy	450 000	0.50	0.00	4 500	20 173	24 345
Oy Stockmann Ab	170 000	1.18	1.91	3 400	16 534	42 160
Oy Tamro Ab	4 000 000	4.54	4.54	40 000	76 400	76 400
Metal industry						
Fiskars Oy Ab	60 443	0.79	2.04	1 813	5 811	13 902
Metra Oy Ab	250 000	0.93	1.64	5 000	29 051	44 750
Outokumpu Oy	277 500	0.22	0.22	2 775	19 148	19 148
Rautaruukki Oy	808 437	0.67	0.67	8 048	21 424	21 424
Forestry						
Enso-Gutzeit Oy	525 000	0.52	0.41	12 720	36 836	36 836
Kymmene Oy	306 000	0.37	0.37	6 100	13 480	35 075
Conglomerates						
Asko Oy	536 969	7.62	7.62	26 848	74 639	74 639
Instrumentarium Oy	100 000	0.50	0.63	1 000	9 323	11 300
Partek Oy Ab	270 100	0.70	0.70	2 701	13 478	13 478
Repola Oy	588 995	0.39	0.39	5 890	48 298	48 298
Other industries						
Cultor Oy	150 000	0.65	0.71	2 280	21 243	27 000
Neste Oy	274 000	0.28	0.28	2 740	21 372	21 372
Oy Nokia Ab	390 000	0.13	0.03	1 950	66 690	66 690
Orion-Yhtymä Oy	183 500	0.37	0.03	1 835	15 694	22 387
Trygg-Hansa SPP Holding Ab	288 000	0.35	0.35	2 880 SEK	30 150	20 738
Total					693 436	777 907
Other public companies					156 077	162 355
Public companies, total					849 513	940 262
Other companies						
Oy G.W. Sohlberg Ab	24 000	8.89	4.22	9 600	25 400	25 400
Total					25 400	25 400
Other shares and participations, total					38 230	39 603
Shares and participations, total					913 143	1 005 265

*) Holdings exceeding FIM 10 million have been specified

11 INVESTMENTS IN GROUP COMPANIES AND PARTICIPATING INTERESTS

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Shares in group companies				
Original acquisition cost, Jan. 1	**–**	–	**1 818 786**	1 211 646
Increase	**–**	–	**97 807**	607 141
Decrease	**–**	–	**–**	–
Transfers	**–**	–	**14 734**	–
Merger	**–**	–	**–669 800**	–
Accumulated value adjustments, Dec. 31	**–**	–	**–364 427**	–338 180
Remaining acquisition cost, Dec. 31	**–**	–	**897 100**	1 480 606
Shares in participating interests				
Original acquisition cost, Jan. 1	**770 236**	815 248	**244 895**	277 666
Increase	**49 443**	3 688	**10 461**	3 647
Decrease	**–24 950**	–48 419	**–8 064**	–36 419
Transfers	**–14 734**	–	**–14 734**	–
Merger	**–**	–	**296 104**	–
Accumulated value adjustments, Dec. 31	**–19 837**	–15 498	**–466**	–466
Remaining acquisition cost, Dec. 31	**760 158**	755 019	**528 195**	244 429
Debt securities issued by, and loans to, participating interests				
Original acquisition cost, Jan. 1	**18**	30	**–**	–
Increase	**100 000**	–	**20 000**	–
Merger	**–**	–	**6**	–
Decrease	**–12**	–12	**–**	–
Remaining acquisition cost, Dec. 31	**100 006**	18	**20 006**	–
Participating interests' consolidation differences (assets and liabilities) total, Dec. 31, 1995	**–8 177**	–	**–**	–

12 OTHER LOAN RECEIVABLES

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Eligible surety	**169 957**	243 372	**30 981**	47 819
Bank guarantee	**90 924**	141 249	**47 774**	80 886
Shares of stock in housing corporations and related holdings	**73 000**	98 095	**49 407**	56 137
Other guarantee	**158 085**	152 711	**115 114**	113 242
	491 967	635 428	**243 277**	298 085
LOANS TO EXECUTIVES				
Loans to executives	**2 731**	2 594	**1 668**	2 357
Interest (%)	**5.75–7.25**	6.25–9.70	**5.75–7.25**	6.25–9.70
Average loan period (years)	**9**	10	**11**	9

13 AMOUNTS DUE TO OR FROM GROUP COMPANIES AND PARTICIPATING INTERESTS

	NON-LIFE GROUP		PARENT COMPANY	
FIM '000	**1995**	1994	**1995**	1994
Amounts due to or from group companies				
Due from group companies				
Investments				
Investments in land and buildings/Loans to group companies	**–**	–	**73 710**	78 891
Debtors				
Arising out of reinsurance operations	**–**	–	**515**	2 626
Other debtors	**–**	–	**18 995**	132 923
Prepayments and accrued income	**–**	–	**227**	–
			93 446	214 441
Due to group companies				
Technical provisions				
Provision for unearned premiums	**–**	–	**584**	2 900
Reinsurers' share	**–**	–	**–**	–131
Provision for outstanding claims	**–**	–	**394 805**	403 820
Reinsurers' share	**–**	–	**–5 124**	–80
Creditors				
Arising out of reinsurance operations	**–**	–	**3 512**	1 969
Other creditors	**–**	–	**12 179**	8 779
Accruals and deferred income	**–**	–	**1 038**	256
	–	–	**406 994**	417 514
Amounts due to or from participating interests				
Due from participating interests				
From reinsurance operations	**26 797**	24 753	**–**	98
Other receivables	**2 474**	5 510	**–**	2 145
	29 271	30 263	**–**	2 243
Due to participating interests				
From reinsurance operations	**411**	2 521	**–**	17
Pension loans	**309 077**	332 341	**309 077**	332 341
Other liabilities	**2 597**	36 534	**2 088**	9 294
	312 085	371 396	**311 165**	341 652

14 CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES

FIM '000	**Jan. 1, 1995**	Increase	Decrease	**Dec. 31, 1995**
Restricted				
Subscribed capital	**310 000**	–	–	**310 000**
Reserve fund	**2 182 871**	2	–	**2 182 872**
Revaluation reserve	**209 388**	–	–	**209 388**
Other restricted reserves	**28**	–	–	**28**
Currency conversion differences	**10 570**	–	–23 112	**–12 542**
	2 712 857	2	–23 113	**2 689 746**
Non-restricted				
Non-restricted reserves	**615 236**	66 490	–37 135	**644 591**
Profit/loss brought forward	**–36 339**	33 325	–95 850	**–98 865**
Profit/loss for the accounting period	**–**	139 836	–	**139 836**
	578 896	239 652	–132 985	**685 563**
	3 291 753	239 653	–156 098	**3 375 309**

	1995	1994
Distributable assets		
Non-restricted capital and reserves	**685 563**	578 896
Optional reserves in non-restricted capital and reserves	**–179 436**	–158 209
Distributable assets, Dec. 31	**506 127**	420 687
Optional reserves, Dec. 31		
Accumulated depreciation difference	**163 700**	140 658
Credit loss reserve	**20 300**	20 606
Transition reserve	**32 410**	29 863
Housing reserve	**23 133**	20 866
	239 543	211 994
Deferred tax on optional reserves	**–59 886**	–52 998
Minority interest in optional reserves	**–221**	–786
Optional reserves in non-restricted capital and reserves, Dec. 31	**179 436**	158 209

PARENT COMPANY STATEMENT OF CHANGES IN CAPITAL AND RESERVES

FIM '000	**Jan. 1, 1995**	Increase	Decrease	**Dec. 31, 1995**
Restricted				
Subscribed capital	**310 000**	–	–	**310 000**
Reserve fund	**2 177 892**	–	–	**2 177 892**
Revaluation reserve	**172 633**	–	–	**172 633**
Other restricted reserves	**–**	–	–	**–**
Currency conversion differences	**–**	–	–	**–**
	2 660 525	–	–	**2 660 525**
Non-restricted				
Non-restricted reserves	**409 041**	11 600	–	**420 641**
At the disposal of the Board	**797**	–	–139	**658**
Profit/loss brought forward	**79 501**	–	–72 400	**7 101**
Profit/loss for the accounting period	**–**	9 820	–	**9 820**
	489 339	21 420	–72 539	**438 220**
	3 149 864	21 420	–72 539	**3 098 745**

15 DISTRIBUTION OF SHARES

No. of shares	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
A shares	**15 140 000**	15 140 000	**15 140 000**	15 140 000
B shares	**60 000**	60 000	**60 000**	60 000
Total	**15 200 000**	15 200 000	**15 200 000**	15 200 000
Par value/share (FIM)	**20**	20	**20**	20
Number of parent company A shares held by the Non-Life Group companies	**33 984**	142 711	**–**	–
Number of own A shares held by the parent company	**–**	–	**–**	108 727

16 TECHNICAL PROVISIONS

FIM '000	NON-LIFE GROUP 1995	1994
PROVISION FOR UNEARNED PREMIUMS		
Deferred insurance policy acquisition costs deducted from the life insurance provision for unearned premiums	**38 285**	58 870
Reinsurers' share	**–17 086**	–30 150
	21 199	28 720

No deferred insurance policy acquisition costs have been deducted from the parent company's provision for unearned premiums, and no addition to the provision for unexpired risks has been included in the provision for unearned premiums.

PROVISION FOR OUTSTANDING CLAIMS

Discounting of the provision for outstanding claims
Discounting has been effected in calculating the provision for outstanding claims on other than annuity-form compensations, in connection with part of ST International's and Patria's foreign reinsurance provision for outstanding claims. The provision has been discounted at 4 per cent interest rate. The weighted average maturity of the claims settlement period is 6 years.

	1995	1994
Provision for outstanding claims		
Before discounting	**884 115**	1 056 557
Amount of discount	**–157 198**	–171 637
After discounting	**726 917**	884 921
Reinsurers' share of the provision for outstanding claims		
Before discounting	**125 248**	188 153
Amount of discount	**–17 660**	–26 528
After discounting	**107 588**	161 625

17 OBLIGATORY PROVISIONS

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Provision for rents	**8 249**	8 706	**–**	–

18 LONG-TERM LIABILITIES (5 years or longer)

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Amounts owed to credit institutions	**24**	36	**–**	–
Pension loans	**270 575**	282 611	**215 021**	231 206
Other liabilities	**7 232**	42 115	**1 095**	1 173
	277 831	324 762	**216 116**	232 379

19 CONTINGENT LIABILITIES AND PLEDGED ASSETS

FIM '000	NON-LIFE GROUP 1995	1994	PARENT COMPANY 1995	1994
Mortgages for own loans	**38 224**	78 977	**1 855**	1 855
Amount of the above loans	**17 283**	62 394	**1 523**	1 604
Pledges against own liabilities	**371 463**	486 017	**371 463**	477 483
Amount of the above liabilities	**319 103**	461 314	**319 103**	453 133
Own pension liability	**–**	2 796	**–**	2 222
Collateral against own foreign liabilities	**305 789**	403 493	**–**	–
Countersecurities	**142 010**	104 850	**–**	–
Other own liabilities	**200**	200	**200**	–
Derivative contracts	**–**	9 631	**63 500**	63 500

The Sampo Non-Life Group has no other liabilities as specified in the Insurance Companies Act, Chapter 10, Section 8, Sub-Section 3.

20 PARENT COMPANY KEY FIGURES

FIM '000	**1995**	1994
KEY FIGURES PERTAINING TO SOLVENCY		
Solvency margin		
Capital and reserves after deduction of proposed profit distribution	**3 022 745**	3 089 063
Optional reserves and accumulated depreciation difference	**82 643**	80 508
Valuation difference between current value and Balance Sheet book value of assets	**2 982 893**	2 659 161
Intangible assets not entered under expenses	**–703 754**	–123 522
Other items	**–48 485**	–45 380
	5 336 042	5 659 831
Solvency margin required under the Insurance Companies Act, Chapter 11, Section 2	**288 535**	354 738
Equalisation provision for the years with large numbers of losses included in technical provisions	**155 175**	455 397
Ratio of equalisation provision to its full value (%)	**11**	19
Ratio of solvency margin and equalisation provision to premiums earned during the last 12 months (%)	**525**	582
Solvency capital, per cent of technical provisions	**148**	158
OTHER KEY FIGURES		
Loss ratio (%)	**85.6**	99.1
Expense ratio (%)	**28.8**	27.6
Combined ratio (%)	**114.4**	126.7

Helsinki, March 20, 1996

SAMPO INSURANCE COMPANY LIMITED

Board of Directors

Jukka Härmälä
Chairman

Kari O. Sohlberg

Georg Ehrnrooth

Ari Heiniö

Thor Björn Lundqvist

Vesa Vainio

Jouko K. Leskinen
Managing Director

The above accounts have been prepared in accordance with accepted accounting practice. A separate report on the audit conducted has been submitted today.

Turku, April 1, 1996

Jaakko Nyman
Authorised Public Accountant

Thor Nyroos
Authorised Public Accountant

AUDITORS' REPORT

To the Shareholders of Sampo Insurance Company Limited

We have audited the books, accounts and administration of Sampo Insurance Company Limited for the financial year 1995. The accounts prepared by the Board of Directors and the Managing Director comprise the report of the Board of Directors, consolidated and parent company profit and loss accounts, balance sheets and appendices. Based on our audit we express our opinion on these final accounts and on the company's administration.

The undersigned Jaakko Nyman has scrutinised the accounts for the financial year and submitted a separate report thereon.

We have conducted the audit in accordance with accepted auditing standards. These standards require that we plan and perform the audit in order to obtain reasonable assurance as to whether the final accounts are free from material misstatement. The purpose of our audit of the administration has been to see that the Supervisory Board, the Board of Directors and the Managing Director have complied with the rules of the Insurance Companies Act and the Finnish Companies Act.

In our opinion, the final accounts have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of final accounts in Finland. The final accounts give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The final accounts may be adopted and the parent company's Supervisory Board, the Board of Directors and the Managing Director may be discharged from liability for the year audited by us. The proposal made by the Board of Directors for the treatment of the non-restricted capital and reserves in accordance with the Balance Sheet is in compliance with Finnish legislation.

We have studied the interim report published during the financial year. In our opinion, the interim report has been prepared in accordance with the relevant regulations.

Turku, April 1, 1996

Thor Nyroos
Authorised Public Accountant

Jaakko Nyman
Authorised Public Accountant

STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has received the Accounts for Sampo Insurance Company Limited for the financial year 1995 together with the consolidated accounts of the Sampo Non-Life Group and the Auditors' Report concerning these. The Supervisory Board has found no cause for criticism on account of the above, and therefore submits the Accounts and the Auditors' Report to the Annual General Meeting and recommends that the Profit and Loss Account and Balance Sheet for Sampo Insurance Company Limited together with the Consolidated Profit and Loss Account and Balance Sheet for the Sampo Non-Life Group be approved and that the proposals for the disposal of the profit for the financial year moved by the Board of Directors be accepted.

Helsinki, April 3, 1996

For the Supervisory Board

Kalevi Numminen

Special features concerning the accounts of insurance companies

Premiums Earned

Premiums Earned are allocated to the appropriate accounting periods by means of changes in the Provision for Unearned Premiums. When the insurance period is not a calender year, premium is synchronised with time, and that part which does not correspond to the accounting year at hand is transferred to the Provision for Unearned Premiums. The transferred part becomes Premiums Earned in the following year. Thus, Premiums Earned for each accounting period are arrived at by deducting the change in the Provision for Unearned Premiums.

Claims Incurred

Claims are divided so that compensation paid or payable is reconciled with that accounting year during which the insured event occurred. Division is effected by the change in the Provision for Outstanding Claims. Compensation payable in the future on the basis of reported and unreported claims occurring during the accounting period is transferred to the Provision for Outstanding Claims, and compensation paid out during the accounting period on the basis of previous periods' insured events is deducted from the Provision for Outstanding Claims. The change in the Equalisation Provision enables the distribution of Claims Incurred during the accounting year to correspond to the average long-term claims ratio. Thus Claims Incurred during the accounting year are arrived at by adding to Claims Paid the change in the Provision for Outstanding Claims.

Reinsurance Ceded

Insurance companies retain the majority of risks. However, major single events are provided for by reinsurance, i.e. by transferring a part of the risk to other insurers. When Sampo cedes reinsurance, reinsurance ceded is deducted first from the Premiums Earned, and secondly, from Claims Incurred on the Profit and Loss Account when calculating Sampo's result. The amounts due to and from reinsurers are shown in the Balance Sheet.

Investments

The investments of an insurance company must be profitable, secure and liquid. Investments are valued primarily at acquisition cost or at a lower probable value in the Balance Sheet. Finnish insurance companies have the possibility to make revaluations that affect the result on assets in the nature of an investment. In the Balance Sheet, revaluations of items in the nature of fixed assets are entered in the Revaluation Reserve. Revaluations that affect the result are re-adjusted up to the acquisition cost, if the current value of investments increases.

Technical Provisions and Equalisation Provision

Technical Provisions – consisting of the Provision for Unearned Premiums, the Provision for Outstanding Claims, and the Equalisation Provision – constitute an insurance company's liabilities to the insured and beneficiaries.

To balance the incidental fluctuation of claims incurred, an Equalisation Provision is calculated, which enables the technical underwriting result to be balanced to correspond to the long-term average claims ratio (claims incurred to premiums earned). The Equalisation Provision is calculated in accordance with the calculation formulae confirmed by the Ministry of Social Affairs and Health.

An upper and lower limit and target zone are calculated for the Equalisation Provision. The upper limit is an amount determined by means of mathematical calculations, up to which it is justified to increase the accumulated Equalisation Provision in order to improve the company's solvency ratio. The lower limit is the calculated minimum requirement for securing the interests of the insured. According to the instructions of the Ministry of Social Affairs and Health, an actuarially calculated target zone is determined between the upper and lower limits, and the Equalisation Provision should fall within this zone.

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Ahlström Group
Vice Chairman

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L Fashion Group
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Asko Oy

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President
Kvaerner Masa-Yards Inc.

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Asset Management Company
Arsenal Ltd

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Manager
EU Commission

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Province of Turku and Pori

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PT Finland Ltd

Jukka Viinanen (-98)
Chief Operating Officer
Neste Corporate

Year of expiry of office
given in brackets.

BOARD OF DIRECTORS AND AUDITORS

BOARD OF DIRECTORS

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Vice Chairman

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M.Sc. (Eng), President, Metra Corporation

Ari Heiniö, 50
Master of Laws, Managing Director, Oy Stockmann Ab

Jouko K. Leskinen, 52
Master of Laws, CEO, Sampo Non-Life Group

Thor Björn Lundqvist, 54
B.Sc. (Econ), Managing Director, Rettig Heating Group B.V.

Vesa Vainio, 53
Master of Laws, CEO, Merita Ltd

AUDITORS

Auditors

Jaakko Nyman
Authorised Public Accountant, M.Sc. (Econ)

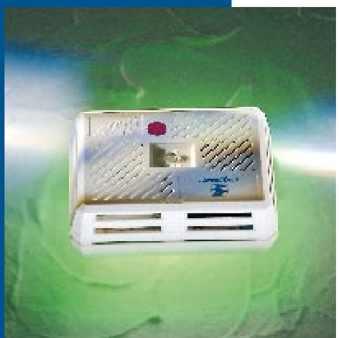
Thor Nyroos
Authorised Public Accountant, B.Sc. (Econ)

Deputy Auditors

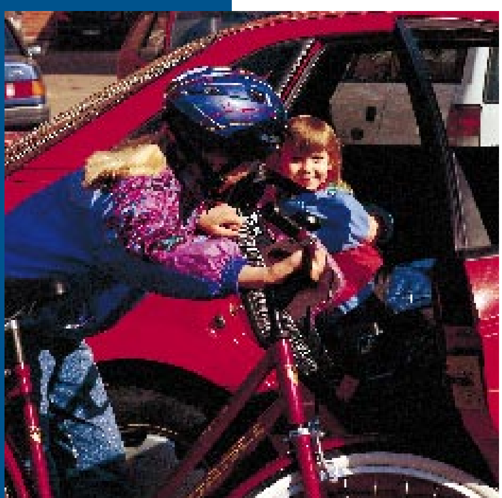
Pertti Keskinen
Authorised Public Accountant, M.Sc. (Econ)

Authorised Public Accountants KPMG Wideri Oy Ab

PRIVATE SAMPO



A smoke detector wakes even a sound sleeper.



Cyclist's helmet and Caresam car seat – sensible risk management for a family on the move.

Private Sampo exceeded its operating margin targets. As a leader in the private household sector, Private Sampo increased the number of service agreements concluded with customers – almost half of all service agreements in Finland are either Sampo Agreements or Flexi Agreements.

Sampo's business unit Private Sampo serves households, farms and the self-employed. Of the company's more than 1 100 000 clients, households account for 1 030 000; the self-employed for 35 000; and farms for 28 000. Private Sampo also includes Sampo Group's car dealer and organisation relationships. Private Sampo strengthened its position in the market when Kansa General's private client portfolio was combined with that of Private Sampo on December 31, 1995. Private Sampo can claim slightly over a quarter of the private household business in Finland.

The merger of Private Sampo and Kansa General led to a pooling of the strengths of both organisations. The integrated customer service model takes the client's security needs into account better than before. The product range and management systems have also been unified. Multichannel service and named contact at 85 offices guarantee the availability of services.

Sampo Agreements and Flexis enable the client to concentrate nearly all the insurance protection they need into a single agreement, thereby qualifying for generous premium discounts. There are over 600 000 valid Sampo Agreements and Flexis – almost half of all service agreements in Finland are held with Private Sampo. In 1995, the number of new service agreements increased by 35 000. Staff contacts ensure that service agreement holders' insurance protection is updated through the company's annual revision service.

Satisfactory Result of Operations

The share of Private Sampo's premiums written accounted for by motor vehicle, motor TPL and home insurances (newly divided into: land vehicles, motor third party liability, and fire and other property insurance) of Private Sampo's premiums written is nearly 85 per cent. The number of policies increased by almost four per cent over the 1994 figures, but premiums written fell by two per cent. The company exceeded its operating margin target.

There was a reduction of nearly three per cent in claims paid, and credit loss on premiums fell by more than a quarter from the level set in 1994.

The development of a system of regional pricing was continued in motor vehicle insurance. An increased deductible was introduced in foreign motor vehicle claims. Clients are encouraged to take their own independent security action by using anti-theft and immobilising systems, on the basis of which premium discounts are awarded. In terms of both the number and amount of compensations, claims paid experienced a downward trend. The number of thefts in particular decreased. Pre-

Sampo Insurance Company Limited *)

FIM mill.	1995	1994
Premiums earned	**1 045.5**	1 050.2
Claims incurred	**–894.9**	–1 041.1
Net operating expenses	**–301.3**	–289.7
Change in the equalisation provision	**5.3**	80.4
Balance on technical account	**–145.3**	–200.1
Net investment income	**217.1**	294.9
Other income and expenses	**–58.7**	1.9
Tax	**–4.3**	–25.0
Profit on ordinary activities	**8.7**	71.7
Technical provisions, net	**3 871.5**	3 039.6
Balance sheet total	**7 690.5**	6 991.4
Balance sheet total at current values	**10 673.4**	9 650.6
Loss ratio, %	**85.6**	99.1
Expense ratio, %	**28.8**	27.6
Combined ratio, %	**114.4**	126.7
Solvency margin	**5 336.0**	5 659.8
Equalisation provision	**155.2**	455.4
Solvency capital	**5 491.2**	6 115.2
Solvency ratio, %	**525.2**	582.3
Average no. of personnel	**1 602**	1 563

*) Balance Sheet figures after the merger of Kansa General.

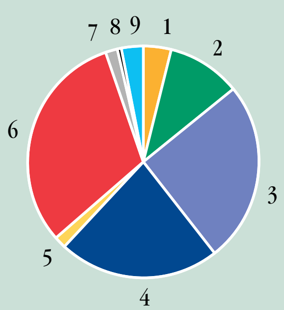
miums written fell slightly less than claims paid. The profitability of motor vehicle insurance remained good.

Although motor TPL rates were raised by 5.4 per cent at the beginning of 1995, premiums written fell by four per cent. In the preceding three years, the rates had been reduced. A decrease of almost 20 per cent in 1994 was still instrumental in reducing the amount of premiums received in 1995.

Unlike other principal insurance classes, the number of motor TPL policies fell slightly due to Kansa General's loss of market share. However, the net loss in market share was only 0.5 percentage points, since most former Kansa General clients transferred to Private Sampo. Road accidents also decreased by 0.6 per cent from 1994, and claims paid from motor TPL dropped by about three per cent.

Claims paid on home insurances increased slightly, compared with the previous year. Home insurance premiums written remained almost unchanged. Losses due to crime continued to be the major type of loss. The number of losses due to leakage increased, but less than in the previous year. Sampo emphasises loss prevention by enhancing its clients' awareness of risks and their opportunities to protect themselves against risks.

Domestic direct insurance premiums written, total FIM 1 566 mill. *)



1.	Statutory workers´ compensation	3.8%
2.	Other accident and health	10.5%
3.	Motor third party liability	25.1%
4.	Land vehicles	22.6%
5.	Marine, aviation and transport	1.7%
6.	Fire and other damage to property	31.1%
7.	Third party liability	1.7%
8.	Credit and suretyship	0.5%
9.	Legal expenses	2.9%
10.	Miscellaneous	0.1%

*) Sampo´s and Kansa´s combined premiums written

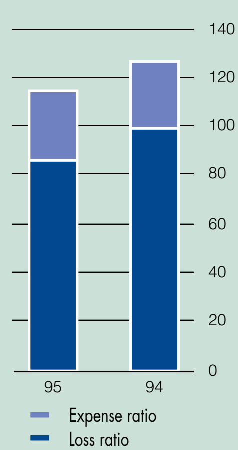
Change in Operating Concepts

In July, 1995, the new Insurance Contracts Act came into force, improving the position of policyholders and placing insurance companies under a greater obligation to provide clients with information. The whole client communication system was re-engineered to comply with the new Act.

The Sampo Service Unit started operating at the beginning of 1995. It comprises the Organisational Services, Direct Services and the Sampo Call Centre, a national telephone service line. Cooperation with client organisations has proved very rewarding. Over half of all Sampo Agreements are so-called Organisational Sampo Agreements. Through these agreements, organisation members are entitled to special benefits. The Sampo Call Centre handled a substantial number of client calls, and the service level was further enhanced during the year by employing more Call Centre personnel.

Sampo 2000, an extensive process of upgrading products, operations and information systems was launched during 1994. The first step was to organise the centralised support functions on a process basis, with the aim of unifying and improving client service. The decision on implementing the Sampo 2000 project was made in June, and agreement was reached on the various phases and

Combined ratio, %



the information system at the end of the year. The first stage mainly involves improving client service tools and unifying operating concepts. Workstations with graphic interfaces will be introduced throughout the Private Sampo organisation. To ensure the successful implementation of this extensive upgrading process, a two-year training programme was initiated for management personnel.

For many years, Private Sampo has placed special emphasis on increased client satisfaction and a cost-effective operation. Through the integration of Kansa General with Private Sampo, the company has increased its efficiency and grown to be the market leader in its market segment.

Prospects

Despite the recovery in purchasing power, uncertain economic prospects and high unemployment mean that consumers remain cautious. However, car sales are picking up, thanks to the improved financial situation of clients. Furthermore, client potential is expanding with the growing numbers of self-employed. On the other hand, the number of farming households is decreasing as a result of structural demographic change.

Private household non-life insurance has not yet been affected by foreign competition, although numerous overseas companies are now registered in Finland. On the other hand, Sampo has expanded its operations in the neighbouring countries, establishing an insurance company in Estonia, which also serves private clients. In these new markets, Sampo is proceeding slowly, by small steps, in an attempt to find profitable market segments. Furthermore, Sampo opened a representative office in St. Petersburg, through which it will acquire local knowledge of the insurance market and promote risk management.

In future, clients will expect a more personal, better-quality service to be readily available. Insurance matters will increasingly be handled by telephone. Product attributes and price competitiveness continue to be important factors.

Private Sampo's Board of Directors

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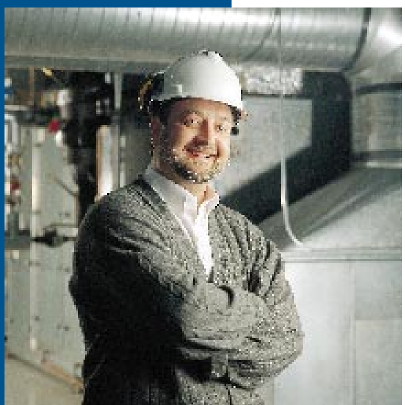
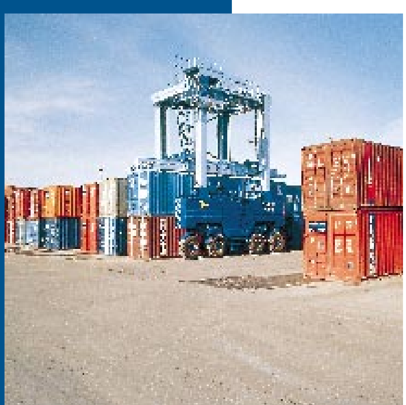
Hannu Kokkonen, Managing Director,
Vice Chairman
Martti Jalonen
Mikko Mäenpää
Guy Wires

INDUSTRIAL INSURANCE



Wearing of helmets is one of the main issues in safety at work.



Also in cargo insurance, loss prevention is the key to profitability.

Industrial Insurance's operating results continued to develop favourably. Its solvency was excellent and profitability extremely satisfactory. Industrial Insurance further strengthened its position as the market leader in its segment. Among the factors contributing to its success were the company's international services offered to insure Finnish clients' overseas investments.

Industrial Insurance provides insurance and risk management services for large enterprises and internationally operating companies. It also offers private insurance services to its corporate clients' key personnel. In the Sampo Non-Life Group's internal division of labour, Industrial Insurance is also primarily responsible for active reinsurance underwriting and management.

New Products Made to Order

Industrial Insurance's business concept is based on in-depth knowledge of its clients' operations. Co-operation with clients builds on partnership thinking, which only close and confidential client relationships make possible. Flexible claims settlement, efficient international services, and services provided in the two official languages of Finland, Finnish and Swedish, are the vital elements in Industrial Insurance's success.

Industrial Insurance's products are developed on the basis of a client-oriented policy. The company offers comprehensive insurance and risk management solutions tailored to each client's needs. Its best known products are Stop Loss and Global Progamme, which cover all the client's non-life insurance needs, both at home and abroad.

Among the areas under focus last year was the development of products and expertise relating to international project insurance. In this field, the most important product is EAR (Erection All Risks), a project risk insurance based on Industrial Insurance's acknowledged technical expertise and international experience.

Another important area last year was the development of alternative financing models for large industrial risk exposures to supplement traditional insurance cover, for example in the areas of environmental and warranty risks.

A new product developed for insuring large corporate vehicle fleets, corporate group motor third party liability insurance, was welcomed by the market.

Rapid Growth in Direct Insurance

Industrial Insurance further strengthened its position as an insurer of major Finnish companies. Direct insurance premiums written amounted to FIM 1 034 million, five per cent up on the previous year, which clearly exceeds the average growth in the field. The results achieved by this insurance class were good.

Industrial Insurance

FIM mill.	**1995**	1994
Premiums earned	**1 107.3**	1 096.3
Claims incurred	**–1 076.5**	–1 016.8
Net operating expenses	**–143.3**	–172.9
Change in the equalisation provision	**–66.5**	–26.9
Balance on technical account	**–179.0**	–120.3
Net investment income	**342.8**	262.1
Other income and expenses	**–5.9**	–0.2
Tax	**–39.1**	–34.0
Profit on ordinary activities	**118.8**	107.6
Technical provisions, net	**2 925.7**	2 459.0
Balance sheet total	**3 831.3**	3 378.9
Balance sheet total at current values	**5 293.0**	4 981.7
Loss ratio, %	**97.2**	92.7
Expense ratio, %	**12.9**	15.8
Combined ratio, %	**110.1**	108.5
Solvency margin	**1 823.2**	1 907.9
Equalisation provision	**363.0**	321.8
Solvency capital	**2 186.2**	2 229.7
Solvency ratio, %	**197.4**	203.4
Average no. of personnel	**372**	375

The increase in premiums written was supported not only by the continuing upswing in the export industries, but also by winning new clients, including privatised companies.

Of individual insurance classes, cargo insurance increased most last year, by over 20 per cent. Statutory workers' compensation and liability insurance growth was also above average.

The direct insurance loss trend was favourable in most insurance classes. There were exceptionally few losses in cargo insurance. In voluntary accident insurance, which comprises corporates' travel and secondment insurances, the loss experience was positive.

In marine hull claims, Industrial Insurance returned to the normal level after 1994, which was an exceptionally bad year. All in all, the number of losses in property insurance remained at a normal level, despite the fact that, of last year's five large losses of over FIM 10 million, four concerned property insurance. All of these incidents were fire losses. The largest claim was FIM 15 million. One major loss affected liability insurance.

High Solvency Level

In 1995, gross premiums written by Industrial Insurance amounted to FIM 1 392 million, 14 per cent down on the previous year. The fall resulted from the 45 per cent decrease in reinsurance premiums written, to FIM 358 million, owing primarily to a technical change in the life reinsurance entry method in 1994. The change was responsible for the exceptionally high level of reinsurance premiums written in 1994.

Foreign reinsurance has been successful after the reorganisation following the unprofitable years of the 1980's, resulting in a second successive year of profit.

Finnish clients' foreign insurance and reinsurance from captives are included in the reinsurance figures. Their total premiums written amounted to approximately FIM 107 million, and the overall results for this business were good.

Net investment income increased by over 30 per cent, to FIM 343 million. The largest income item was realised gains on investments. The proportion of foreign currency-denominated debt securities of investments was increased.

At year-end, Industrial Insurance's solvency capital totalled more than FIM 2 billion, which is very good by international standards.

In accordance with the accounting practice applied before 1995, operating expenses remained at a very low level of about 12 per cent.

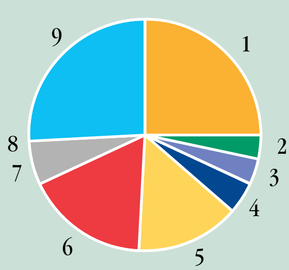
International Services will be Strengthened

A considerable number of Industrial Insurance's client companies have operations outside Finland. Last year the company continued to serve these clients as before, with the exception of Estonia, where services are now provided by Sampo Kindlustus, and the United States, where Zürich became Industrial Insurance's cooperation partner. Sampo's representative office in St. Petersburg which was opened last year also serves Industrial Insurance's clients.

This year Industrial Insurance will form, together with Otso Loss of Profits Insurance Company Ltd, a major clients operating unit, which will aim to provide more efficient client service both at home and abroad.

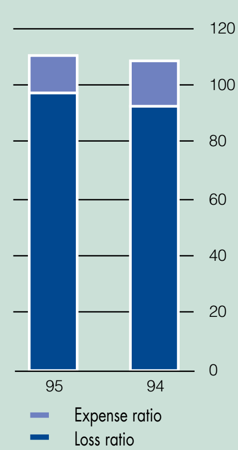
At the beginning of 1996, Hansa Industrial Insurance, operating in the Netherlands, England and Germany became a wholly owned subsidiary of Industrial Insurance and Otso. Thus the two companies will consolidate their position and services in Western Europe. Next autumn Sampo will open its own office in Sweden, which will coordinate the services of Sampo Group companies for enterprises operating in Sweden.

Gross premiums written, total FIM 1 392 mill.



1.	Statutory workers´ compensation	25.0%
2.	Other accident and health	3.4%
3.	Motor third party liability	3.6%
4.	Land vehicles	4.4%
5.	Marine, aviation and transport	14.4%
6.	Fire and other damage to property	17.2%
7.	Third party liability	6.2%
8.	Miscellaneous	0.1%
9.	Reinsurance	25.7%

Combined ratio, %



Industrial Insurance's Board of Directors

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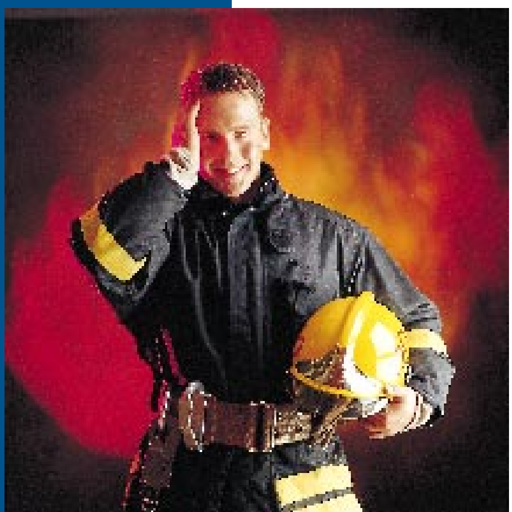
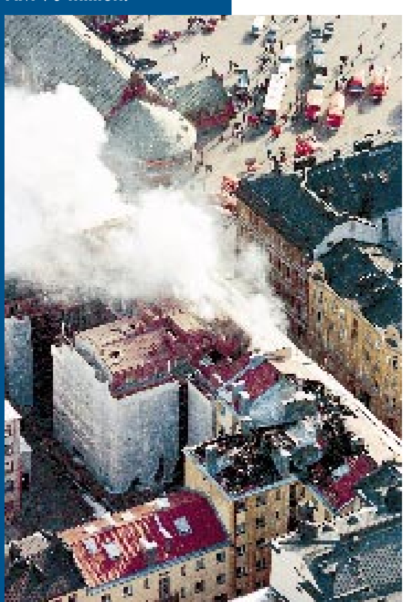
Mikko Kivimäki, Vice Chairman
Jan-Henrik Kulp
Björn Mattsson
Kurt Nordman
Timo Poranen

SAMPO ENTERPRISE



Sampo Enterprise compensated 17 losses of over FIM 1 million, the total amount of these compensations exceeding FIM 90 million.



Arsons and vandalism have increased to an alarming extent.

Sampo Enterprise's operating results were good and the technical account balance improved as anticipated. The company increased its market share and is continuing with the the service channel reform. Sampo Enterprise is also involved in developing the Group's insurance services in the Baltic market.

Within the Sampo Non-Life Group, Sampo Enterprise specialises in providing services to Finnish enterprises, mainly small and medium-sized companies and their key personnel, to the public sector and to housing and real estate companies. Sampo Enterprise lists some 90 000 clients. In 1995 its market share increased by 0.8 percentage points. The company serves roughly a quarter of the market in the corporate insurance field. Its market share based on the population of municipalities is roughly 40 per cent.

Sampo Enterprise's service network consists of nine geographical regions, the Broker Relations Unit, and Direct Line, a telephone service line. Each region and the Broker Relations Unit offers clients a complete package of non-life and life insurance, employment pension insurance and financial services. Every client has a personal Sampo Enterprise contact, and a supporting contact or service group to back up the contact person.

One of Sampo Enterprise's strategic development areas is developing the services offered to small enterprises and to housing and real estate companies. To support this project, Direct Line telephone services were launched in April 1995 to improve the availability of services, especially for smaller companies and housing and real estate companies. In the future, Direct Line will also be an alternative method to provide client service. Telephone service operations have been introduced gradually, and during the first half of 1996, the expansion of Direct Line to cover the whole of Finland will be completed.

In addition to the regional organisation, brokerage has become important as an alternative service channel. The number of premiums written through brokers has increased steadily, and growth is expected to continue at a moderate pace.

In line with the Group policy, Sampo Enterprise provides its own non-life insurance underwriting and claims settlement operations, expert services and risk management expert services, and buys other services as needed from the rest of the Group.

Considerable Improvement in Results

Sampo Enterprise's profit for the accounting period amounted to FIM 85.8 million. The non-life insurance balance on technical account was FIM -80

Sampo Enterprise *)

FIM mill.	1995	1994
Premiums earned	**916.0**	817.7
Claims incurred	**–886.3**	–735.8
Net operating expenses	**–148.7**	–129.2
Change in the equalisation provision	**39.3**	–30.7
Balance on technical account	**–79.6**	–78.0
Net investment income	**195.9**	126.4
Other income and expenses	**0.3**	0.3
Tax	**–28.8**	–12.2
Profit on ordinary activities	**87.7**	36.5
Technical provisions, net	**1 752.6**	1 238.2
Balance sheet total	**2 316.2**	1 740.9
Balance sheet total at current values	**2 591.0**	2 074.0
Loss ratio, %	**96.8**	90.0
Expense ratio, %	**16.2**	15.8
Combined ratio, %	**113.0**	105.8
Solvency margin	**590.7**	603.7
Equalisation provision	**96.4**	216.4
Solvency capital	**687.1**	820.1
Solvency ratio, %	**75.0**	100.3
Average no. of personnel	**525**	518

*) Balance Sheet figures after portfolio transfer from Kansa General.

million, and net investment income FIM 196 million, FIM 70 million or 55 per cent above the previous year.

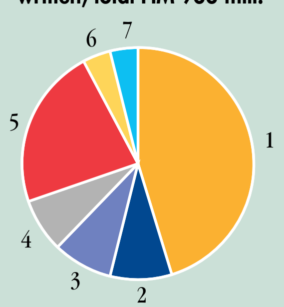
Non-life direct insurance premiums written amounted to FIM 933 million, and gross premiums written to FIM 962 million. Direct insurance premiums written increased as expected, by approximately 11.7 per cent. Statutory workers' compensation insurance volume experienced the biggest growth, thanks to increased salaries. Profits made during the past few years in the statutory workers' compensation insurance transfer business are also beginning to show in a positive trend in premiums written. Credit losses on unpaid premiums remained at a low level, totalling slightly less than FIM 10 million.

Claims incurred stood at FIM 886 million. Direct insurance claims paid increased more than anticipated, primarily as a result of numerous major property losses. The year 1995 will remain in Sampo Enterprise's history as a year of sizeable property losses. The company's insurance portfolio was affected by 17 losses of over FIM 1 million. All in all, compensations for these losses totalled over FIM 90 million. The largest losses were caused by sabotage – the incidence of arson and vandalism has increased alarmingly in Finnish society. The number of occupational accidents reported also saw an upward trend.

New investments consisted mainly of debt securities and shares. Realised gains on shares accounted for a considerable part of net investment income.

Net operating expenses were FIM 149 million.

Domestic direct insurance premiums written, total FIM 933 mill.



1.	Statutory workers´ compensation	45.3%
2.	Land vehicles	8.6%
3.	Motor third party liability	8.2%
4.	Third party liability	7.6%
5.	Fire and other damage to property	22.4%
6.	Marine, aviation and transport	3.9%
7.	Miscellaneous	3.8%

New Types of Service

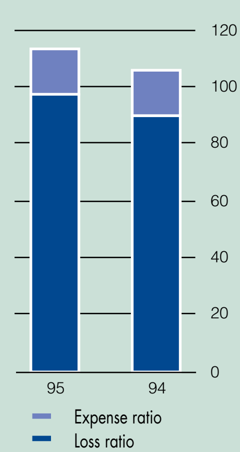
In 1995 the clients and personnel transferred from Vahinkovakuutus-osakeyhtiö Kansa to Sampo Enterprise were intergrated into its service and information system architecture. During the year, Sampo Enterprise also prepared for the insurance portfolio transfer from Kansa General which took effect at year-end.

The most important new product introduced in 1995 was the VIP Agreement, targeted at key corporate personnel. Sampo Enterprise also launched a group motor third party liability insurance with a deductible. This was possible since motor third party liability insurance tariffs, formerly under the supervision of the Ministry of Social Affairs and Health, were deregulated as far as corporate clients are concerned, thanks to Finland's EEA and EU membership. In the public sector, Sampo Enterprise introduced Directors' and Officers' Liability Insurance for Public Corporations, and Sampo Optimi for Municipalities, a product provided by Kaleva.

In cooperation with the Federation of Finnish Entrepreneurs, Sampo Enterprise organised the federation's annual general meeting in Lappeenranta, another way of achieving closer cooperation between the Sampo Group and entrepreneurs.

In order to meet corporate and public sector clients' changing capital requirements, an associated company, PCA Corporate Finance Ltd, was established at the beginning of 1995. The company specialises in financial and capital structure development consulting and related corporate restructuring, financing arrangements based on capital

Combined ratio, %



and reserves and liabilities, and consultancy relating to financial risk management.

The focus of Sampo Enterprise's international operations is on the countries which are Finland's immediate neighbours. In 1995, Sampo Enterprise participated actively in starting up Sampo Kindlustus' corporate insurance business. In the initial phase, the operating concept applied in Estonia and elsewhere in the Baltic countries is based on offering services to our Finnish and international clients there. During 1996, Sampo Enterpise will, together with the other Group companies, assume its share of responsibility for developing the insurance business in Estonia, Latvia and Lithuania.

The new Insurance Contracts Act changed the insurance terms and conditions considerably, which affected both private household and small enterprise policy management.

Diversifying Service Channels

In planning and controlling its operations, Sampo Enterprise emphasises the importance of anticipating and analysing market changes.

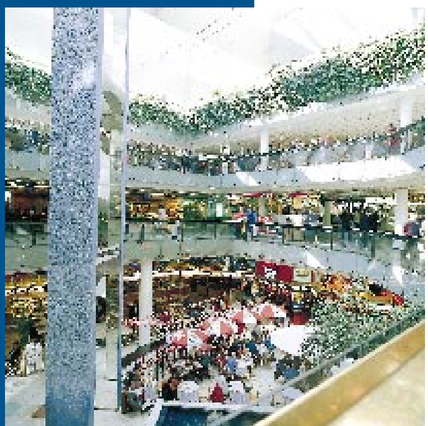
Clients are looking for more diversified service channels, high quality service, and easy access to service. These are the factors on which Sampo Enterprise will focus in developing its operations in the short term. The regional organisation continues to be the core of the company's own service network and the principal service channel, but other channels will also be developed actively in the future. A network of professional agents will be established in order to improve the services offered to small enterprises and especially to clients in rural areas. Telephone services will be further improved. To support Sampo Enterprise's own network, plans for outside distribution channels will be evolved, and the opportunities offered by new technology are also under study.

Developments in information and communication technology not only affect client expectations and increase the risks relating to technology, but also create new opportunities for communication links between clients and the insurance company – and for adopting new approaches to work.

Sampo Enterprise's Board of Directors

Jouko K. Leskinen, CEO, Chairman
Antti Piippo, Vice Chairman
Seppo Hauta-aho
Heikki Kyöstilä
Vesa Lammela

OTSO



Otso provides loss of profits insurance cover, not only for industry but also for commerce and the service sector.

The strong performance of the forest products industry and other export industries was clearly reflected in Otso's insurance portfolio and premiums written. Domestic manufacturing, commerce and services maintained their volumes. The foreign direct insurance portfolio grew through the business of Finnish companies' overseas units and local clients, while there was a fall in premiums written in reinsurance assumed.

The basis for Otso's operations is an analysis of the client's situation and risks. This builds on long-term, in-depth experience of various businesses and the risks relating to them. Modern production control systems, the use of subcontractors and the increasing networking of the economy make companies vulnerable to risks, as they may suffer from an incident affecting their own operations or those of their subcontractors, clients or business partners.

On one hand, risk management involves preparing for possible losses through technical solutions or by taking out insurance. On the other hand, it involves handling and minimising losses that do occur, despite the precautions taken. Thus expertise in the handling of losses is in the interest of both the client and the insurance company.

Otso

FIM mill.	1995	1994
Premiums earned	**139.0**	149.6
Claims incurred	**–29.2**	–88.2
Net operating expenses	**–30.8**	–35.1
Change in the equalisation provision	**–103.2**	–36.9
Balance on technical account	**–24.2**	–10.5
Net investment income	**92.0**	68.1
Other income and expenses	**0.3**	0.1
Tax	**–17.1**	–14.7
Profit on ordinary activities	**51.1**	43.0
Technical provisions, net	**600.8**	555.3
Balance sheet total	**869.8**	870.2
Balance sheet total at current values	**1 260.8**	1 277.2
Solvency margin	**556.4**	587.1
Equalisation provision	**436.0**	340.9
Solvency capital	**992.4**	928.0
Solvency ratio, %	**714.4**	621.7
Average no. of personnel	**54**	58

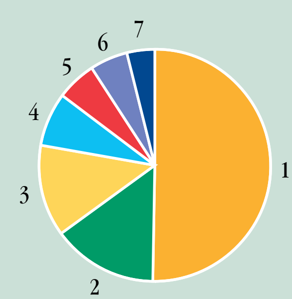
Loss of profits insurance covers the company's profit if its daily operations are disrupted or brought to a halt due to a coverable loss. Fire and breakdown are the most usual causes of such interruption. Special insurances may also be taken out to cover other losses agreed on, such as epidemics.

Otso's modus operandi is based on cooperation with both clients and property insurers. This ensures optimum preparedness for various risks and rapid recovery from losses. Otso's operations are designed to cut the clients' total risk management expenses.

Operational Targets Reached

Direct insurance premiums written amounted to FIM 165 million, 10.3 per cent up compared with the previous year. This was attributable partly to successful canvassing and partly to the favourable economic outlook in the export sector.

Domestic direct insurance premiums written by client industry, total FIM 165 mill.



1.	Forest	50.4%
2.	Metal	14.6%
3.	Chemical	12.9%
4.	Trade and Services	7.5%
5.	Energy	5.4%
6.	Food	5.3%
7.	Others	3.9%

Due to the economic situation, the estimated loss maximums relating to major risks reached a peak, and procuring reliable reinsurance cover presented a considerable challenge. Reinsurance ceded to the clients' own captive companies and the corresponding inwards retrocession from them remained at the same level as the previous year.

Both Otso's direct insurance and assumed reinsurance loss ratios remained clearly below long-term average figures for the third successive year. During the year under review, there were 13 losses for which the amount of compensation exceeded FIM 1 million, against 14 in the previous year. Reinsurance loss ratio also fell, not only because of the favourable loss trend, but also thanks to the strengthening of the Finnish markka and the changed method of calculating technical provisions.

Equalisation provision was increased by FIM 95 million, to FIM 436 million at year-end.

Net investment income amounted to FIM 92 million. Otso's foreign exchange position was in balance, and exchange rate fluctuations had no major impact on investment income.

Otso's gross premiums written and operative result exceeded the targets set for 1995. The company strengthened its position as the leading loss of profits insurer for industry, commerce and the service sector.

Prospects

The changing economic outlook for the export industries will affect Otso's loss of profits insurance premiums written in 1996. However, the effect of the fluctuations in the domestic economy is expected to be counterbalanced by the growing share of foreign business. This trend will be further supported by the acquisition of the entire share capital of Hansa Industrial Insurance by the Sampo Non-Life Group.

Otso's good solvency and expertise in the loss of profits insurance business create a solid base for future development. Further development of loss of profits insurance and interruption risk management to respond even better to changing client needs will create the conditions for providing competitive services in the future.

INSURANCE CO OF FINLAND

The core of Insurance Company of Finland Ltd's insurance business is based on the credit insurance needs of the Sampo Group's corporate clients. The company specialises in client credit insurances that cover credit risks relating to corporate clients' accounts receivable, and in suretyship insurances developed for the companies' various security needs.

During the year under review, Insurance Company of Finland considerably improved its position and operating basis in the credit insurance business.

Thanks to an extremely favourable loss experience and successful investments, the company had no difficulty in meeting the stricter solvency criteria set for credit insurance companies in 1995.

Insurance Company of Finland is now better placed than ever to offer its expertise in carrying its share of clients' financial risks.

In 1995, Insurance Company of Finland was able to benefit from the success of its clients operating in the forest and metal industries. The policy followed by the company in its liability selection - no growth at the expense of profitability – and adherence to the long-range solutions developed in close cooperation with the clients, ensured excellent results, measured by the loss ratio.

Premiums written amounted to FIM 35 million

Loss ratios in direct credit insurance remained at an exceptionally low level, and net investment income at a high level. These contributed to excellent overall results, which enabled the company to pay a surplus of FIM 23 million to reinsurers, and even to increase its equalisation provision by FIM 19 million. The company's profit for the accounting period totalled FIM 4 million.

Insurance Company of Finland's solvency margin also remained at a high level. Its solvency is further consolidated by an equalisation provision of FIM 46 million. The company is well able to meet the tightened solidity requirements set for credit insurance companies operating in the EU area.

The favourable development in both operations and results is expected to continue in 1996.

Insurance Company of Finland

FIM mill.	**1995**	1994
Premiums earned	**3.6**	6.7
Claims incurred	**0.0**	–0.3
Net operating expenses	**–0.2**	0.6
Change in the equalisation provision	**–18.7**	–10.0
Balance on technical account	**–15.3**	–3.0
Net investment income	**19.3**	23.0
Other income and expenses	**0.1**	0.1
Tax	**–1.4**	–5.1
Profit on ordinary activities	**2.6**	15.0
Technical provisions, net	**53.5**	38.6
Balance sheet total	**220.2**	220.6
Balance sheet total at current values	**285.3**	301.3
Solvency margin	**141.3**	159.6
Equalisation provision	**46.3**	27.8
Solvency capital	**187.7**	187.3
Solvency ratio, %	**5 219.0**	2 803.0
Average no. of personnel	**18**	16

ST INTERNATIONAL AND PATRIA

The Sampo run-off companies, ST International Insurance Company Limited and Patria Reinsurance Company Limited, form a joint organisation involved in running off Sampo's and Industrial Insurance's reinsurance portfolios. In Sampo's London subsidiary, Lakewood, run-off of the reinsurance portfolio is also in progress. The companies were eminently successful in attaining their major objective, termination of liabilities, or agreement on commutations, final lump-sum compensations. Thanks to major commutations, technical provisions were considerably reduced.

In ST International's foreign business, commutations accounted for FIM 318 million of the total amount, FIM 391 million, of claims paid. Last year the company succeeded in withdrawing from several treaties which involved a considerable number of American asbestos and environmental losses and catastrophes on the London market. Thanks to the large commutations, the company's total technical provisions fell by 35 per cent compared with the figure at the beginning of the year, calculated at fixed rates and excluding the claims settlement liability of FIM 46 million.

The figures presented here are prior to the merger of Vastuu Reinsurance Company Ltd with ST International.

In Patria's foreign business, FIM 56 million was paid out as compensation for commuted treaties. Compensations paid from the active portfolio totalled FIM 151 million. Patria's lower commutation figures, compared with ST International, result mainly from Patria's participation in several old pools, from which it is difficult to withdraw. Furthermore, a considerable amount of Patria's business and technical provisions are business underwritten by Trygg-Hansa for Industrial Insurance in the early 1990's. This business is considered a single entity in the withdrawal negotiations. Patria's total technical provisions fell by 12 per cent, calculated at fixed rates and excluding the claims settlement liability of FIM 43 million.

ST International's balance on technical account before Stop Loss cover and excluding the claims settlement liability totalled FIM -79 million. Compared with the previous year, the improvement calculated at fixed rates is FIM 128 million. At Patria, the balance calculated in a corresponding manner improved by FIM 57 million, to FIM -118 million last year.

Stop Loss Cover Exhausted

The parent companies have protected their subsidiaries' results with Stop Loss agreements. In the case of ST International, this cover was exhausted in the 1995 final accounts, and the company is no longer backed by its parent company. Patria still disposes over FIM 110 million of the cover granted by Industrial Insurance. Despite their run-off status, ST International and Patria meet the EU solvency criteria and the even stricter criteria set by the Finnish Ministry of Social Affairs and Health.

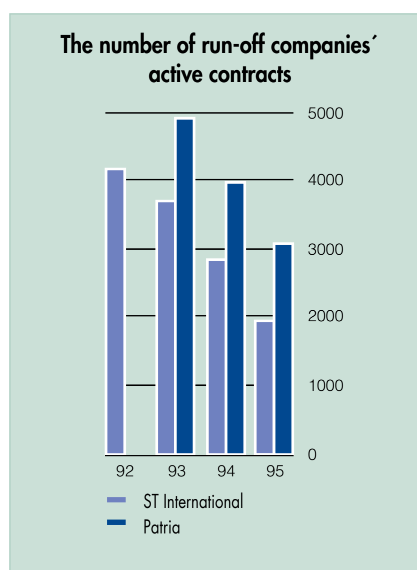
Since absence of risk and liquidity are central factors as regards the investments of a run-off company, a substantial part of ST International's and Patria's investment portfolio consists of foreign currency denominated debt securities and market money. Patria's net investment income includes an exceptional item comprising exchange rate gains because at the turn of the year the company's liabilities denominated in US dollars exceeded its receivables, and the rate of the US dollar fell at the beginning of the year. Patria's stock portfolio was reduced by FIM 113 million last year, which enabled the company to enter FIM 24 million in realised gains. ST International's investment charges comprise an unrealised loss of FIM 10 million on Sampo Holding's shares, resulting from the strengthening of the Finnish markka.

The companies' foreign exchange positions were quite well in balance at year-end. Exchange rate losses in net investment income arising from the strengthening of the Finnish markka were

Key figures by company

	ST INTERNATIONAL*)		PATRIA	
FIM mill.	**1995**	1994	**1995**	1994
Premiums earned	**4.5**	–0.2	**–2.1**	–6.1
Claims incurred	**18.7**	44.5	**35.4**	–14.1
Net operating expenses	**–4.9**	–2.9	**–5.6**	2.2
Change in the equalisation provision	**–**	–	**–**	27.5
Balance on technical account	**18.3**	41.4	**27.7**	9.5
Net investment income	**–20.5**	–65.0	**15.4**	–4.5
Other income and expenses	**–**	–	**–**	0.6
Tax	**–**	0.1	**–0.1**	–0.5
Profit on ordinary activities	**–2.2**	–23.5	**43.0**	5.2
Technical provisions, net	**219.3**	500.5	**522.5**	665.0
Balance sheet total	**462.7**	837.9	**893.2**	1 033.7
Average no. of personnel	**26**	31	**18**	19

*) Figures after the merger of Vastuu.



counterbalanced by exchange rate gains in insurance business.

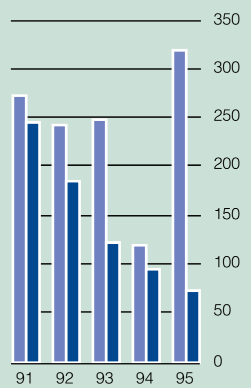
Sampo's subsidiary, Vastuu Reinsurance Company Ltd, was merged with ST International on December 31, 1995. Since both companies are wholly-owned subsidiaries of Sampo, no merger consideration was paid. Before the merger, Sampo bought the shares in its former associated company held by Kaleva Mutual Insurance Company and Varma Mutual Insurance Company. Before the merger, Vastuu was managed by ST International, but the maintenance of a small run-off company was considered no longer reasonable, since a major part of its operating expenses were entirely administrative. Vastuu's balance sheet total was FIM 61 million at year-end.

Problems in the Operating Environment still Unsolved

The biggest threats in the run-off companies' operating environment still remain unsolved. The US Congress failed to amend the legislation concerning environmental losses. In this field, retroactive liability is still in force. American companies have increased their own reserves substantially, as regards both asbestos-related and environmental losses. In London, Lloyd's' plans to transfer all liabilities stemming from the pre-1993 period to a new insurance company are still to some extent pending.

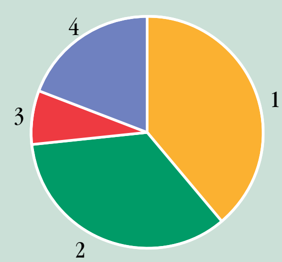
In 1995, no new major problems emerged in the market that are liable to affect the insurance portfolio for which ST International and Patria are responsible and accountable. In the United States, punitive damages amounts have decreased, which particularly affects claims directed at the old reinsurance portfolio. The loss trend relating to many of the catastrophes that occurred in the late 80's/early 90's period, is now stabilising.

Foreign reinsurance claims paid by ST International, FIM mill.



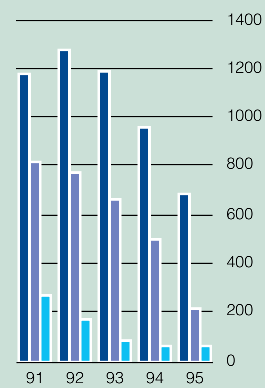
Claims paid on passive contracts
Claims paid on active contracts
(Contract as at Dec. 31, 1995)

ST International´s investments at balance sheet values on Dec. 31, 1995, FIM mill.



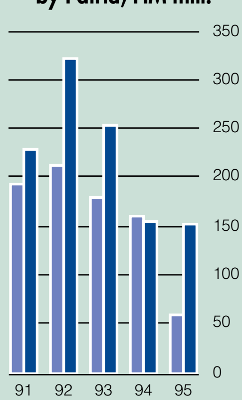
1.	Debt securities	146.2
2.	Money market investments	128.7
3.	Land and buildings, Real estate shares	28.0
4.	Shares	71.8

ST International´s technical provisions and capital and reserves, FIM mill.



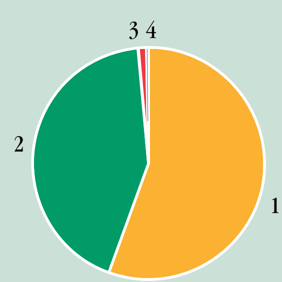
Technical provisions, gross
Technical provisions, net
Capital and reserves

Foreign reinsurance claims paid by Patria, FIM mill.



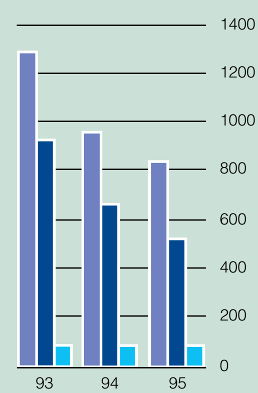
Claims paid on passive contracts
Claims paid on active contracts
(Contract as at Dec. 31, 1995)

Patria´s investments at balance sheet values on Dec. 31, 1995, FIM mill.



1.	Debt securities	307.9
2.	Money market investments	240.3
3.	Land and buildings, Real estate shares	5.8
4.	Shares	1.5

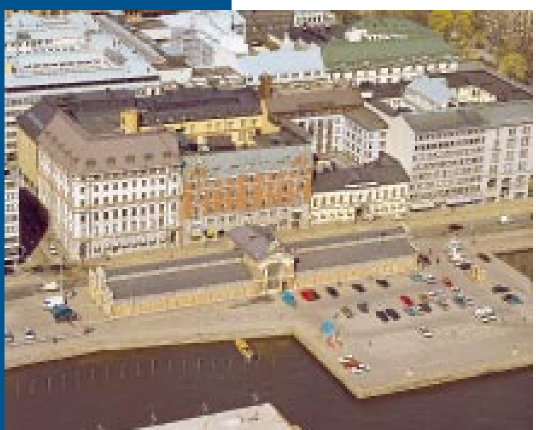
Patria´s technical provisions and capital and reserves, FIM mill.



Technical provisions, gross
Technical provisions, net
Capital and reserves

INVESTMENTS

On December 31, 1995 the investment portfolio of the Sampo Non-Life Group at current values totalled FIM 14.7 billion. Of the total investment portfolio, interest-bearing instruments accounted for 36.5 per cent, shares for 34 per cent, and investments in land and buildings for 29.5 per cent. Valuation differences on investments amounted to FIM 2 584 million.



Six real estates situated in the Southern Port of Helsinki are part of the Sampo Non-Life Group's land and buildings portfolio.

Interest-bearing Instruments

In 1995, new investments consisted mainly of debt securities. The market value of domestic debt securities was positively affected by the fall in interest rates. New investments, FIM 393 million, were made in both domestic and foreign debt securities, the emphasis being on government benchmark bonds. Of all debt securities, the proportion of securities not tradeable on the secondary market fell about four percentage points, and the proportion of convertible bonds approximately three percentage points.

Investments were increasingly made in debt securities on foreign interest markets. Sampo, Industrial Insurance and Otso entered into asset management agreements with a foreign asset management company. Within the limits of these agreements, the companies' investments in debt securities will be spread over government benchmark bonds on the foreign capital market. Sampo and Industrial Insurance placed their core investments last year and Otso at the beginning of 1996. The total amount of investments made through asset management agreements is roughly FIM 300 million.

Investments in foreign currency debt securities covering the run-off companies' technical provisions in foreign currencies declined along with the decrease in technical provisions. Thus the relative share of the Group's foreign debt securities has not increased compared with the previous year.

Of the Group's money-market investments, totalling FIM 1 336 million, 54 per cent are in foreign currency and relate to international insurance business. Foreign money market deposits are made primarily for the purpose of covering short-term technical provisions in foreign currency. In addition to the above, investments comprise deposits with ceding undertakings totalling FIM 349 million.

The portfolio of investment loans granted to clients fell to FIM 822 million in 1995, and demand for new credits was slow. With market interest rates at a low level, some credits were repaid prematurely: this applied particularly to credits guaranteed by credit institutions. No major credit losses on investment loans were entered.

Investments in Shares

At the end of 1995, investments in shares accounted for 34 per cent of the Non-Life Group's investments. The amount of shares in the nature of investments totalled FIM 4 373 million, and shares in the nature of fixed assets came to FIM 636 million. Investments in shares decreased by FIM 965 million compared to the previous year due to brisk sales and the lower market value of the shares.

Land and buildings portfolio 1995

	Area m^2	Current value FIM mill.	Return to current value %
Let outside the company [1)]			
Residential buildings	126 000	648	3.7
Business premises, offices and industrial buildings	295 800	2 493	5.4
Total	421 800	3 141	5.0
Occupied for own use [2)]	99 000	945	6.9
Total	520 800	4 086	5.4
Vacant sites	–	250	–
Total land and buildings portfolio	520 800	4 336	5.1

1) Includes a calculated gross rent of FIM 38/m^2/month on unoccupied premises
2) Calculated net rent of FIM 55/m^2/month on premises occupied for own use

Shares sold totalled FIM 1 229 million. The largest transactions included the sale of FIM 726 million of Nokia's and FIM 115 million of Kymmene's shares. Realised gains on investments amounted to FIM 699 million. Income from dividends picked up considerably, to FIM 138 million. Sampo Non-Life Group's major shareholdings are presented in the final accounts' appendices, pp. 44–46.

The market value of investments in foreign shares totalled FIM 151 million at year-end, corresponding to about four per cent of the stock portfolio. Investments in foreign shares comprise quoted shares on the major stock markets, and funds.

Investments in Land and Buildings

During the year under review, there were no major changes in the Group's land and buildings portfolio. Changes in the Tenancy Act necessitated a revision of flat rents as of the beginning of October. The need for alteration works resulting from the increased demand for rental flats pushed up the non-recurring rental costs.

At the end of the year, 7.5 per cent of the offices, commercial and industrial premises owned by the Group were unoccupied. The occupation rate of the total land and buildings portfolio, including flats, was 94 per cent.

During the accounting year, FIM 85 million was invested in new constructions, alterations and fundamental improvements. In the centre of Tuusula, business premises of 2 122 m^2 in area were completed. Furthermore, alteration work was completed at various locations, including the business centres at Oulu, Vaasa, Jyväskylä and Lahti.

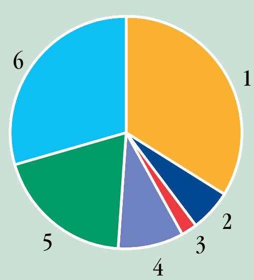
Asset Management in the Sampo Group

The investment policies previously formulated for all group companies were revised during 1995, so as to comply with the EU directives and the instructions issued by the Ministry of Social Affairs and Health. The investment policies must define the technical provisions and the nature of the assets covering them, for each company separately. Besides these minimum requirements, the Sampo Group's investment policies provide additional, company-specific information on the distribution of assets over various instruments and markets, on return targets, and on risk levels and the largest risk accumulations. They also define the organisations in charge of investments and their decision-making power. The new investment policies were approved by the company Boards in December.

Within the Sampo Group, investments are organised so that each company has an investment committee that supervises operative investments. Each company's Managing Director is also the chairman of the investment committee, and committee members include experts from the investments unit. The investments unit is also represented on the companies' Boards of Management to ensure that information between the underwriting business and investment operations flows as swiftly and accurately as possible.

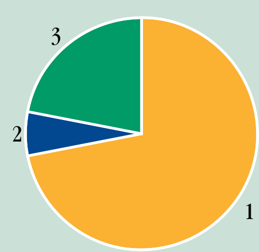
In the Sampo Group, the operative implementation of investment decisions is carried out by the investments unit, which employed 92 persons at year-end. The unit manages the security, loan, and land and buildings portfolios of the group companies, plus the various measures relating to them.

Investment portfolio on Dec. 31, 1995 at current values, total FIM 14.7 billion



1.	Shares	34.0%
2.	Credits	5.6%
3.	Deposits with ceding undertakings	2.4%
4.	Money market investments	9.1%
5.	Debt securities	19.4%
6.	Land and buildings	29.5%

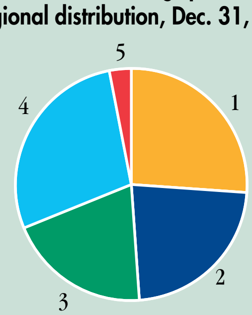
Debt securities on Dec. 31, 1995



1.	Tradable on the secondary market *)	72%
2.	Convertible bonds	6%
3.	Not tradable on the secondary market	22%

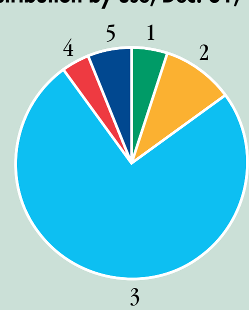
*) Duration 2.7 years

Land and buildings portfolio Regional distribution, Dec. 31, 1995



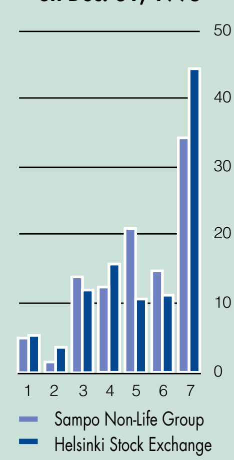
1.	Central Helsinki	27%
2.	Helsinki surroundings	24%
3.	Turku, Tampere	20%
4.	Other areas in Finland	26%
5.	Overseas	3%

Land and buildings portfolio Distribution by use, Dec. 31, 1995



1.	Council flats	5%
2.	Other flats	10%
3.	Offices and business premises	75%
4.	Industrial and warehouse premises	4%
5.	Others + sites	6%

Domestic quoted shares by industry on Dec. 31, 1995



1. Banks and financing
2. Insurance and investment
3. Other services
4. Metal industry
5. Forest industry
6. Diversified industry
7. Other industry

1995 was the centenary of statutory workers' compensation insurance in Finland. In the 1930's, safety was promoted, for example, through posters that depicted such topics as safety at work and traffic safety.

COMPOSITION OF THE SAMPO GROUP

Sampo Group

The Sampo Non-Life Group companies base their specialisation on client segments. Together with the Kaleva Mutual Insurance Company and Insurance Company Sampo Pension Ltd, they form the Sampo Group.

The range of Kaleva Mutual Insurance Company's services comprises voluntary life and pension insurances for both private households and companies. In a mutual company, the policyholders are shareholders of the company. Kaleva's guarantee capital is owned by the Sampo Group companies.

Insurance Company Sampo Pension Ltd provides services related to statutory pension insurance and pension funds.

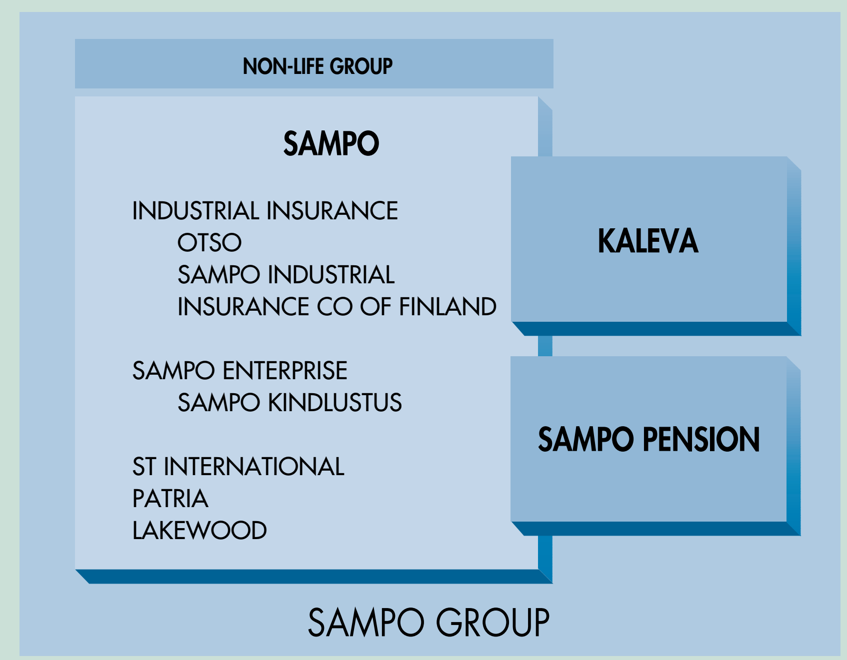
Affiliated Companies and Participating Interests

The Sampo Non-Life Group's affiliated companies are Pension-Varma Mutual Insurance Company and Nova Life Insurance Company Ltd, which cater mainly for statutory pension and voluntary life insurance services for the clients of Industrial Insurance.

Of the aforementioned affiliated companies, Nova is also a participating interest of the Sampo Non-Life Group. Hansa Industrial that used to be a participating interest became a subsidiary, fully owned by Industrial Insurance and Otso, in 1996. The company will be renamed Sampo Industrial Insurance.

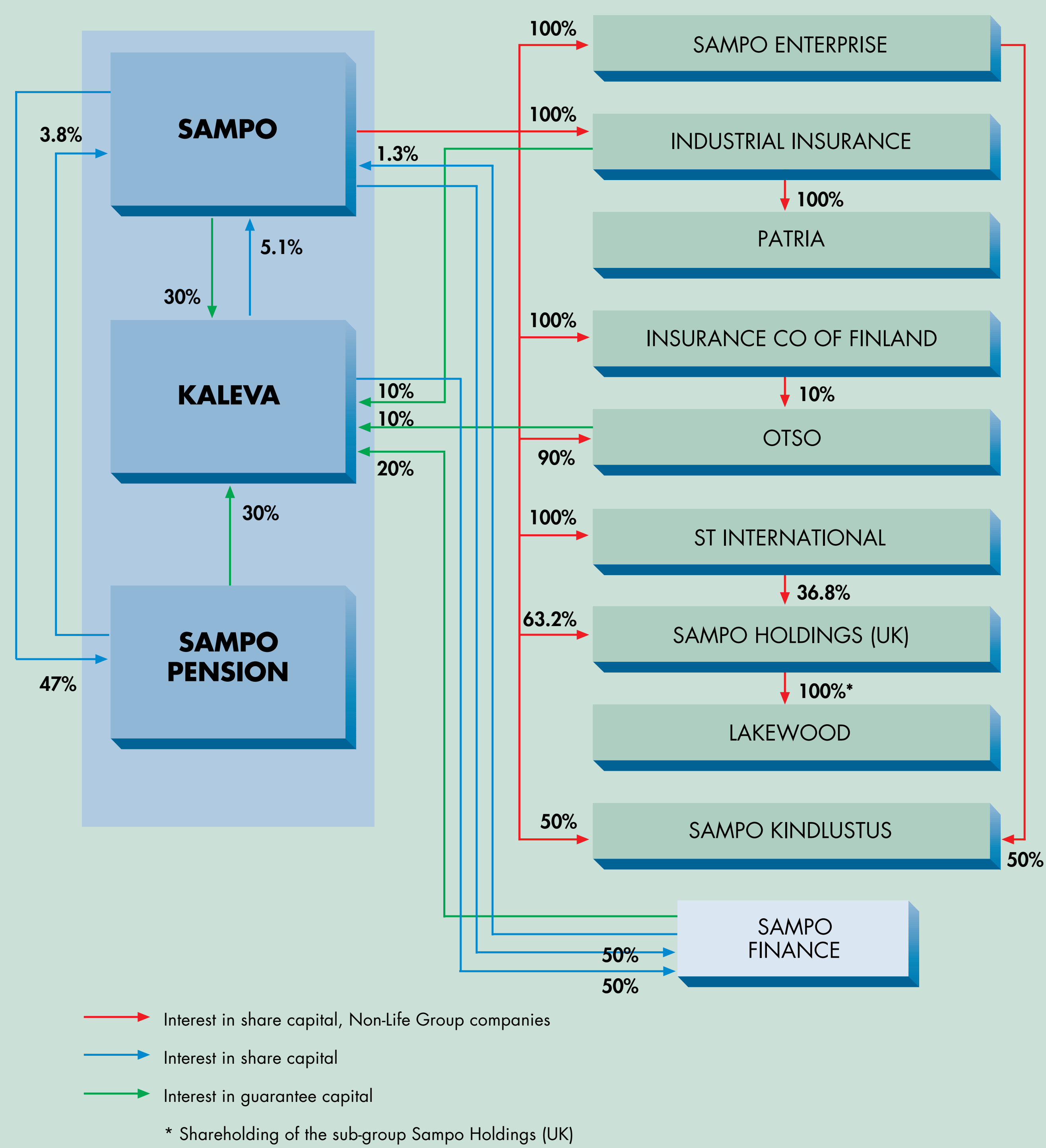
Participating interests whose operations are related to insurance and investments include Autovahinkokeskus Oy, Sampo Finance Ltd, Finnish Loss Survey Ltd, Vahinkopalvelu Oy, and Kansalliset Liikekiinteistöt Oy. The shareholdings in these, as well as in the participating interests operating in other fields, are presented in the Appendices, on pages 44 and 46.

Composition of the Sampo Group



Pension Varma and Nova are affiliated companies of the Sampo Group.

The Sampo Group: Principal Shareholdings on Jan. 1, 1996



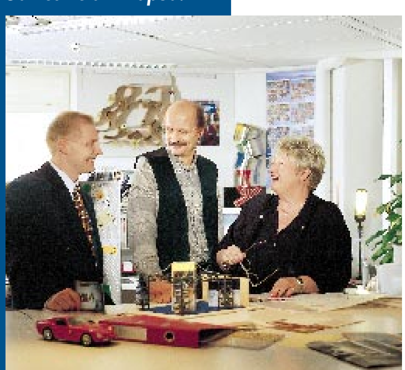
KEY INFORMATION ON THE SAMPO GROUP

FIM mill.	**1995**	1994	**Change %**
Turnover			
Sampo Non-Life Group	**5 896**	5 882	**0.3**
Kaleva Life Group	**1 335**	1 186	**12.5**
Sampo Pension Group	**6 502**	5 326	**22.1**
Gross premiums written			
Sampo Non-Life Group	**4 219**	4 150	**1.7**
Kaleva Life Group	**903**	764	**18.2**
Sampo Pension Group	**4 752**	3 755	**26.6**
Claims incurred			
Sampo Non-Life Group	**–3 310**	–3 243	**2.1**
Kaleva Life Group	**–519**	–404	**28.5**
Sampo Pension Group	**–4 474**	–4 007	**11.7**
Net investment income			
Sampo Non-Life Group	**708**	625	**13.2**
Kaleva Life Group	**228**	269	**–15.5**
Sampo Pension Group	**1 385**	1 306	**6.0**
Net operating expenses			
Sampo Non-Life Group	**–741**	–736	**0.7**
Kaleva Life Group	**–134**	–117	**14.8**
Sampo Pension Group	**–104**	–100	**4.0**
Profit for the accounting period			
Sampo Non-Life Group	**140**	112	**24.8**
Kaleva Life Group	**22**	9	**144.4**
Sampo Pension Group	**–1**	0	**–**
Capital and reserves and untaxed provisions			
Sampo Non-Life Group	**3 375**	3 292	**2.5**
Kaleva Life Group	**147**	186	**–20.9**
Sampo Pension Group	**419**	385	**8.8**
Total on Balance Sheet			
Sampo Non-Life Group	**15 205**	15 529	**–2.1**
Kaleva Life Group	**4 939**	4 435	**11.4**
Sampo Pension Group	**24 184**	22 157	**9.1**
Average number of personnel			
Sampo Non-Life Group	**3 023**	2 966	**1.9**
Kaleva Life Group	**148**	192	**–22.9**
Sampo Pension Group	**276**	254	**8.7**

KALEVA

Kaleva has actively participated in the growth of the life and pension insurance market which began in 1994. In two years, the company has more than doubled its gross premiums written. Kaleva's share of the market's total premiums written is 19 per cent. The development has been most favourable in the individual pension insurance market. Vigorous growth is also expected to continue in life insurance business in the near future.

Over a thousand athletes, cheered on by a crowd of 23 000, competed for Finnish Championship points in the Kaleva Games held in Lapua.



Kaleva's growth was largely attributable to life and pension insurances taken out by companies.

Kaleva has over 300 000 policyholders, most of whom are private individuals. Kaleva's best known product is Group Sampo, a group life insurance offered at special rates to members of official and employee organisations. Over 120 000 members have already taken out this insurance, which incidentally is often the first insurance to be taken out by the client from the Sampo Group.

The modern Optimi product family offered to private persons and companies, comprising Optimi, Pension Optimi, Business Optimi and Fund Optimi, enables the client to combine profitable savings with insurance cover against life's inherent risks.

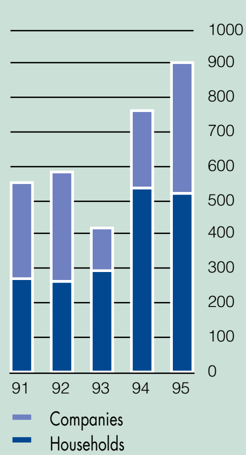
Kaleva's main distribution channel is the regional organisations of Private Sampo and Sampo Enterprise responsible for client contacts. Their services are complemented by Kaleva's 40 own sales managers specialising in life insurance. Additionally, an investment service department based at the head office offers unit-linked insurance services requiring special expertise.

The life insurance needs of Industrial Insurance's clients are met by Nova Life Insurance Company, a Sampo Group affiliate specialising in collective additional pension insurance schemes.

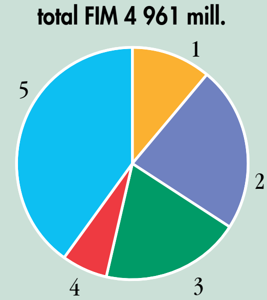
Breakthrough in Insurance Saving

The growth in voluntary life and pension insurance that began in 1994 continued during the year under review. Domestic companies' direct insurance premiums written totalled FIM 7.2 billion. Excluding the exceptional premiums relating to the dissolution of pension funds, total premiums written in this business amounted to FIM 4.8 billion, 33 per cent up on the previous year. The growth was accelerated by keen demand for single premium investment insurance with premiums written amounting to FIM 1.5 billion, and voluntary pension insurance.

Premiums written by Kaleva, FIM mill.



Kaleva's investments portfolio at current values on Dec. 31, 1995, total FIM 4 961 mill.



1.	Money market investments	11.2%
2.	Land and buildings	23.1%
3.	Shares	19.2%
4.	Credits	6.4%
5.	Debt securities	40.1%

Competition in the Finnish life insurance market was mainly among domestic companies. In addition to the traditional life insurance companies, the life insurance companies established by the three largest bank groups competed for client savings. About twenty life insurance companies operating in the EEA area are also registered in Finland, but in practice, provision and sales of life insurance across borders has remained at a low level.

Kaleva's Result

Premiums written by Kaleva totalled more than FIM 900 million, showing an increase of 18 per cent over the previous year. In two years Kaleva has more than doubled its premiums written. In 1995 the growth mainly came from insurances taken out by companies and associations. Kaleva's share of the market's total premiums written was about 19 per cent.

Of all Kaleva's products, the most favourable development was in its focal area – individual pension insurance. Gross premiums written increased by 35 per cent, to FIM 285 million. The number of Pension Optimi insurances sold amounted to nearly 7 500 policies, and Kaleva's share of the individual pension insurance market is now roughly a quarter.

In 1995, Kaleva introduced its investment-linked products, Fund Optimi's investment and pension insurance. Income from premiums written in these classes followed the general trend, remaining at a modest level. The breakthrough of unit-linked products, which are popular elsewhere in Europe, will obviously take a few more years in Finland.

The total amount of claims paid exceeded FIM 300 million. Savings sums and pensions paid out in accordance with the insurance contracts increased compared with the previous year. On the other hand, the amount of compensation for sickness and disability and sums payable at death have remained unchanged all through the 1990's, and the risk business loss ratio is satisfactory.

Kaleva Group's net investment income amounted to FIM 228 million. In investment income, realised gains on investments and value readjustments totalled FIM 68 million. With respect to investment charges, value adjustments on quoted shares and land and buildings totalled FIM 99 million. Direct net investment income excluding extraordinary items amounted to FIM 272 million, over 10 per cent up on the previous year.

In 1995, Kaleva focused on reducing the domestic risk involved in the investment portfolio and increasing the proportion of investments in shares. At the end of the year under review, over FIM 400 million or eight per cent of Kaleva's total investment portfolio of FIM 4.9 billion was in foreign investments. The proportion of of Kaleva's investment portfolio consisting of long-term investments in interest-bearing instruments providing direct income is high – roughly 45 per cent – in line with European trends.

Client or index credits on insurance savings stood at FIM 100 million. In addition to the maximum calculated interest of 4.5 per cent, a client credit of 3.5 was granted. The average credit granted on the entire insurance portfolio was 2.7 per cent.

Kaleva's operating expenses rose by nearly 15 per cent, to FIM 134 million. This was attributable to the company's markedly increased sales and related support measures. However, its expense ratio – equating operating expenses with premiums written – decreased by 0.5 percentage points. At the beginning of 1995, most of Kaleva's information systems personnel and organisation sector, altogether 42 persons, were transferred to Sampo.

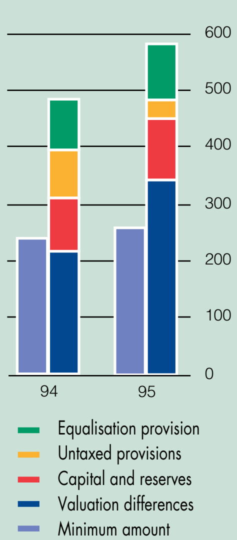
Solvency has become a crucial competitive factor in the life insurance market. During the year under review, Kaleva's solvency remained at a high level, with solvency margin standing at FIM 480 million at year-end. This was further consolidated by an equalisation provision of FIM 101 million, balancing the fluctuations in risk business. Thus Kaleva's solvency capital totalled FIM 581 million, or 13 per cent of technical provisions.

Prospects

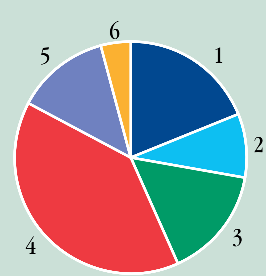
Future prospects for the voluntary life and pension insurance businesses are extremely bright in Finland. Maintaining and developing social security financed by the government and employers has proved difficult in the present economic situation, and it will be left more and more to citizens themselves to bridge the gaps in social security. Insurance saving and other products offered by life insurance companies are an excellent means of building the "third pillar" of social security.

Within the Sampo Group, life insurance will be the main priority area in the near future. In order to be able to serve private and corporate clients as well as possible in the growing life insurance market, it is considered to be of vital importance to combine Kaleva's and Nova's human and material resources providing voluntary life insurance services. With their integrated strengths it would also be easier to meet not only the intense domestic but also the emerging foreign competition.

Kaleva's solvency capital, FIM mill.



Life insurance market shares 1995
(excl. lump sum premiums from dissolved foundations)



1. Kaleva 18.9%
2. Nova 9.0%
3. Tapiola 15.3%
4. Suomi-Salama 39.6%
5. Stella 13.0%
6. Others 4.2%

(Total FIM 4.8 billion)

Kaleva Group

FIM mill.	1995	1994
Turnover	**1 334.6**	1 185.8
Premiums written	**902.8**	763.6
Claims incurred	**518.9**	403.8
Net operating expenses	**134.2**	116.9
Net investment income	**227.5**	269.2
Direct net investment income	**272.0**	245.0
Expense ratio, %	**14.8**	15.3
Technical provisions	**4 560.0**	3 994.0
Balance sheet total	**4 938.7**	4 434.6
Solvency capital	**581.1**	482.3
Average no. of personnel	**148**	192

SAMPO PENSION

Sampo Pension specialises in statutory pension insurance for small and medium-sized enterprises, serving companies, self-employed persons, employees and pensioners. During the year under review, the company increased its premiums written by 28 per cent and its market share by 0.5 percentage points, to 21.2 per cent.

In summer 1995, central labour market organisations passed a resolution to balance employment pension scheme financing and pension benefits. Thereby both the principles and the basic benefits of the present system can be maintained and improved.

Continuous quality control and development is one of the cornerstones of Sampo Pension's operations. In June 1995, the company was awarded the ISO 9002 certificate for the quality of operations and client service of its information services – the first insurance company in Europe to receive this acknowledgement.

At Sampo Pension, quality means a client-oriented, smooth running service. During the year under review, Sampo Pension became the first European insurance company to be granted an ISO 9002 quality certificate for its information services' quality system.

An extensive insurance service network is an efficient and economic way to offer employment pension services. Cooperation with the Sampo Group has been successful, and in addition to the service network, co-operation provides the advantage of a competent and experienced staff.

Within Sampo Pension, service groups and experts are responsible for providing comprehensive high-quality services in compliance with the Employees' Pensions Act (TEL) and Self-Employed Persons' Pensions Act (YEL). Additionally, Sampo Pension offers services relating to the management of personnel funds. We serve our pension fund clients in cooperation with Pensionservice Ltd.

Internationalisation and mobility of labour have increased the demand for information on insurance while working overseas. Thanks to our own information bank and extensive contact network, we can inform our clients quickly and accurately on this issue.

Sampo Pension supports its client companies in their operations by helping them to maintain their employees' work capacity. We also provide assistance to companies initiating their own projects to improve work capacity, and participate in related planning and training. By taking preventive measures that help to maintain employees' work capacity, every company can counteract the pressure to increase employment pension contributions, and reduce their company's own pension expenses.

Pronounced Growth in Market Share

Sampo Pension further strengthened its position as a pension insurance company specialising in small and medium-sized enterprises in 1995. Its premiums written increased by 28 per cent, to almost FIM 4.7 billion. The company made a profit of FIM 110 million consisting of surpluses from interests and management expenses. All in all, Sampo Pension's performance was more than satisfactory.

Behind this steady development is the most significant growth in the insurance portfolio in Sampo Pension's history. Most of the new clients came from Kansa Pension.

Furthermore, the two per cent increase in the TEL payment percentage to 20.6 in 1995 contributed to the rapid growth in premiums written.

Net investment income went up by four per cent, to almost FIM 1.4 billion, compared with FIM 1.3 billion in the previous year.

The amount of pensions paid by Sampo Pension to TEL and YEL pensioners totalled nearly FIM 3.7 billion. Altogether, there were some 108 000 pension recipients. At year-end, Sampo Pension listed almost 216 000 persons whose employment pension cover it insures.

Sampo Pension's operating expenses totalled FIM 137 million, six per cent up on the previous year. This resulted primarily from the increase in

Sampo Pension

FIM mill.	**1995**	1994
Turnover	**6 559.5**	5 325.8
Gross premiums written	**4 752.1**	3 754.7
Claims incurred	**4 474.2**	4 007.3
Net operating expenses	**137.2**	129.2
Net investment income	**1 385.1**	1 306.0
Direct net investment income	**1 412.3**	1 284.9
Technical provisions	**23 535.2**	21 511.0
Balance sheet total at current values	**24 915.0**	22 320.0
Solvency margin in accordance with the Insurance Companies Act	**1 223.1**	568.7
Average number of personnel	**276**	254

personnel and from the increasing emphasis placed on developing client service. However, the relative growth in operating expenses remained clearly below the growth in the insurance portfolio. Sampo Pension employed an average number of 261 persons, compared with 250 in the previous year.

TEL Scheme Benefits and Contributions Balanced

The employment pension scheme in Finland is efficient and competitive by international standards. In spring 1995, labour market organisations concluded an agreement on the balancing of pension scheme benefits and contributions. To balance the TEL payment level, the pension accruing during the so-called future period is staggered as of the beginning of 1996. Furthermore, separate indices were fixed for the pensions of the retired and those still in active employment, and the method of calculating pensionable earnings was changed.

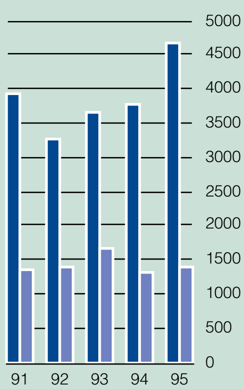
The TEL contribution for 1996 went up to 21.1 per cent. The rise of 0.6 percentage points was distributed equally between employers and employees. Thus the employees' share of the TEL premium is 4.3 per cent and the employers' average share 16.8 per cent. Thanks to the pension system adjustments, TEL premiums will remain close to the level set in 1996 until the year 2000. If the calculated interest has to be further decreased in the future, the level of TEL contributions will also inevitably increase.

Demand for reborrowing has fallen during the past few years. This results from the low level of investments and from the difficulty of arranging the securities required. Reborrowing practice was revised as of the beginning of 1996 by making all loan periods fixed-term, with a maximum duration of 10 years.

Pension insurers hope to promote investment by their corporate clients by lowering the interest rate. Pension insurance companies submitted a joint application to the Ministry of Social Affairs and Health on reducing the so-called calculated interest as of the beginning of April, 1996, from the present level of 6.5 to 6 per cent.

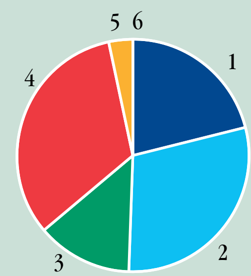
Mr Matti Louekoski has been appointed to investigate the position of pension insurance companies in Finland. He will then prepare a proposal on an Act or amendment concerning pension insurance companies. The report will be completed by the end of May 1996.

Premiums written and net investment income, FIM mill.



TEL and YEL premiums written
Net investment income

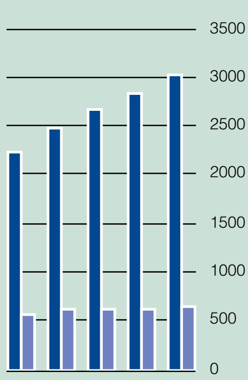
Pension insurance companies´ market shares*) 1995



1.	Sampo Pension	21.2%
2.	Pension-Varma	29.2%
3.	Tapiola Pension	13.3%
4.	Ilmarinen	32.7%
5.	Verdandi	3.4%
6.	Pensions-Alandia	0.2%

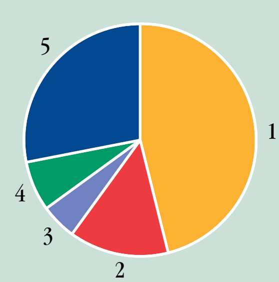
*) Projection.
Comprises statutory TEL and YEL pension schemes.

Pensions paid, FIM mill.



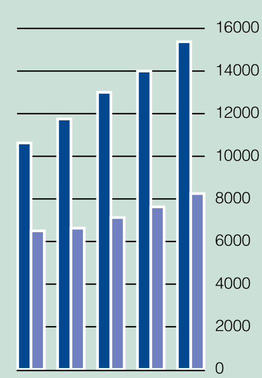
TEL (Employees´ Pensions Act)
YEL (Self-Employed Persons´ Pensions Act)

Investments portfolio 1995 at current value



1.	Debt securities	46.0%
2.	Land and buildings	14.0%
3.	Shares	5.0%
4.	Investment loans	7.0%
5.	Premium bond loans	28.0%

Technical provisions, FIM mill.



Provision for unearned premiums
Provision for outstanding claims

MANAGEMENT OF THE SAMPO GROUP

April 10, 1996

Private Sampo

Hannu Kokkonen, Managing Director*
Pertti Näyskä, Chief Actuary
Pekka Hyytiäinen, Development
Esa Ketola, Marketing
Martti Huhtala, Service Production

Seppo Siltanen, Sampo Service

Regional Managers
Juha Anttila, Eastern Finland
Lars Gammelgård, Northern Finland
Pekka Heikkilä, Southern Finland
Juha Toivonen, Western Finland

Sampo Enterprise

Juhani Vesterinen, Managing Director*
Simo Sarvamaa, Actuary
Timo Laitinen, Development
Hannu Tarvonen, Risk Management
Kaarlo Paatero, Broker Relations
Tero Toponen, Underwriting and Claims
Markku Tursas, Marketing

Regional Managers
Matti Heikkinen, Central Finland
Leo Kelho, Northern Finland
Timo Lehtinen, Southern Finland
Hannu Reivonen, South Western Finland
Tero Rintala, Ostrobothnia
Seppo Räty, Greater Helsinki
Tapio Santala, Western Finland
Hannu Tarnanen, Eastern Finland
Kari Vihurila, South Eastern Finland

** belong to the Sampo Non-Life Group Board of Management*

Industrial Insurance

Carl-Olaf Homén, Managing Director*
(until March 31, 1996)
Juha Toivola, Managing Director*
(as of April 1, 1996)
Martti Pesonen, Actuary
Kristian Ignatius, Finance and Administration
Reijo Kämäräinen, Client Service
Jorma Erikäinen, Planning
Juhani Laaksonen, Companies
Yngve Nygårdas, International Companies
Yrjö Somersalmi, Marketing

Seppo Juutilainen, Underwriting and Claims
Klaus Berg, Private and Motor Hull
Göran Cedercreutz, Shipowners
Harri Ek, Cargo
Esbjörn af Hällström, Liability
Nils Rönnholm, Accident
Seppo Viljakainen, Property

Otso

Veli Kalle Tavakka, Managing Director
Pirkko Welin, Actuary
Peter Granqvist, International Operations and Reinsurance
Pentti Järvikare, Administration
Risto Kajastila, Planning

Run-off Companies

Matti Ruohonen, Managing Director*

Insurance Company of Finland

Antti Savolainen, Managing Director

Sampo Non-Life Group

Jouko K. Leskinen, Chief Executive Officer, Managing Director*
Juhani Kangas, Group Planning*
Ilmo Korpelainen, Legal Affairs
Pertti Nurvala, Information
Kari Ola, Group Finance*
Riitta-Liisa Arni, Investor Relations

International Operations
Eero Holma*
Hans von Hertzen, Reinsurance Assumed
Lars von Hertzen, Oy Finnish Captive & Risk Services Ltd
Anders Nordman, Reinsurance Ceded
Antti Perttu, International Direct Insurance and Associated Companies

Risk Management
Juha Ettala

Investments
Martti Porkka*
Sirpa Mannila, Securities
Ilkka Henriksson, Real Estate
Hannu Iiskola, Financing

Financial Administration
Jukka Mäkinen
Mauri Asumaa, Shareholders' Secreteriat

Personnel Administration
Jorma Norkela

Office Services
Raimo Uusikartano

Information Technology
Eija Holmström, Systems
Pekka Meras, SamNet
Harri Paani, Information Management

CEO, Managing Director of
Sampo Insurance Co Ltd
Jouko K. Leskinen

Kaleva

Matti Rantanen, Managing Director
Terttu Virmavirta, Life Insurance
Tapani Tuominen, Chief Actuary
Paula Salonen, Production

Sampo Pension

Risto Kausto, Managing Director
(until April 2, 1996)
Markku Hyvärinen, Managing Director
(as of July 1, 1996)
Rauno Tienhaara, Deputy Managing Director
Lasse Heiniö, Chief Actuary
Seppo Alhonsuo, Accounts Management
Ilkka Kohonen, Planning
Jorma Kuokkanen, Investments
Veikko Loukola, Production
Sakari Pekkarinen, Marketing
Jukka Vainio, Claims

Managing Director/Private Sampo
Deputy Managing Director of
Sampo Insurance Co Ltd
Hannu Kokkonen

Managing Director/Industrial Insurance
Deputy Managing Director of
Sampo Insurance Co Ltd
Juha Toivola (as of April 1, 1996)

Managing Director
Sampo Enterprise
Juhani Vesterinen

General Manager
Investments
Martti Porkka

General Manager
Group Finance
Kari Ola

General Manager
Planning
Juhani Kangas

General Manager
International Operations
Eero Holma

Managing Director
Run-Off Companies
Matti Ruohonen

Managing Director
Otso
Veli Kalle Tavakka

Managing Director
Insurance Co of Finland
Antti Savolainen

Managing Director
Kaleva
Matti Rantanen

OFFICES OF THE SAMPO GROUP

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of Finland

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Telefax: +358 10 514 4752

Other offices in Finland

Alajärvi
Espoo
–Leppävaara
–Tapiola
Forssa
Hamina
Harjavalta
Heinola
Helsinki
–Aleksi
–Hakaniemi
–Itäkeskus
–Kannelmäki
–Malmi
–Mannerheimintie
–Sörnäinen
Huittinen
Hyvinkää
Hämeenlinna
Iisalmi
Ikaalinen
Imatra
Joensuu
Jurva
Jyväskylä
Jämsä
Järvenpää
Kajaani
Kangasala
Kankaanpää
Kauhajoki
Kemi
Kemijärvi
Kerava
Keuruu
Klaukkala
Kokemäki
Kokkola
Kotka
Kouvola
Kuopio
Kuusamo
Lahti
Laitila
Lappeenranta
Lapua
Lieksa
Lohja
Loimaa
Loviisa
Mikkeli
Mänttä
Nokia
Nummela
Närpiö
Oulu
Paimio
Parainen
Pieksämäki
Pietarsaari
Pori
Porvoo
Raahe
Raisio
Rauma
Riihimäki
Rovaniemi
Saarijärvi
Salo
Savonlinna
Seinäjoki
Somero
Suonenjoki
Tammisaari
Tampere
Toijala
Tornio
Turku
–Yliopistonkatu
–Hämeenkatu
Uusikaupunki
Vaasa
Valkeakoski
Vammala
Vantaa
– Tikkurila
– Myyrmäki
Varkaus
Virrat
Ylivieska
Ähtäri
Äänekoski

Service points:
–Orivesi
–Viitasaari

Subsidiaries and offices outside Finland

Subsidiaries

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Telefax: +7 812 301 7355
Pirjo Myyryläinen, Manager