TAPIOLA INSURANCE GROUP

ANNUAL REPORT
1996

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The official financial statements of
all the companies belonging to the Tapiola Insurance Group are
available at the head office, Revontulentie 7, Espoo

TAPIOLA

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This is Tapiola

The Tapiola Group is made up of companies engaged in non-life insurance, life assurance and pension insurance. It was established on 18.6.1982, when the supervisory boards of its predecessor companies decided on a merger. The amalgamated business has operated under the name of Tapiola since 1984. The third largest insurance group in Finland, Tapiola comprises three main companies: Tapiola General Mutual Insurance Company or Tapiola General, Tapiola Mutual Life Assurance Company or Tapiola Life, Tapiola Mutual Pension Insurance Company or Tapiola Pension, and Tapiola Corporate Life Insurance Company Ltd or Tapiola Corporate Life.

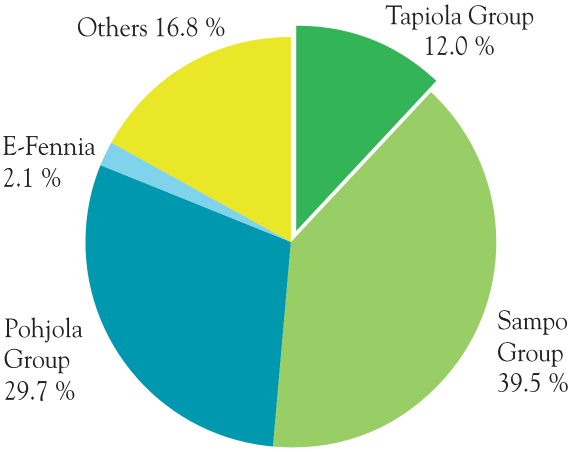
KEY FIGURES FOR THE TAPIOLA INSURANCE GROUP

	1996 Million FIM	1995 Million FIM	CHANCE Million FIM	FIM %
TURNOVER	8 202,0	6 137,8	2 064,2	33,6
GROSS PREMIUMS WRITTEN	5 857,2	5 262,6	594,6	11,3
CLAIMS EXPENDITURE	4 771,1	4 838,9	–67,8	–1,4
OPERATING EXPENSES	463,8	474,3	–10,5	–2,2
INVESTMENTS	29 296,2	23 532,7	5 763,5	24,5
CAPITAL	357,2	227,0	130,2	57,4
RESERVES	493,8	549,5	–55,7	–10,1
TECHNICAL PROVISIONS	27 671,0	25 236,0	2 435,0	9,6
BALANCE SHEET TOTAL	29 278,5	26 668,3	2 610,2	9,8

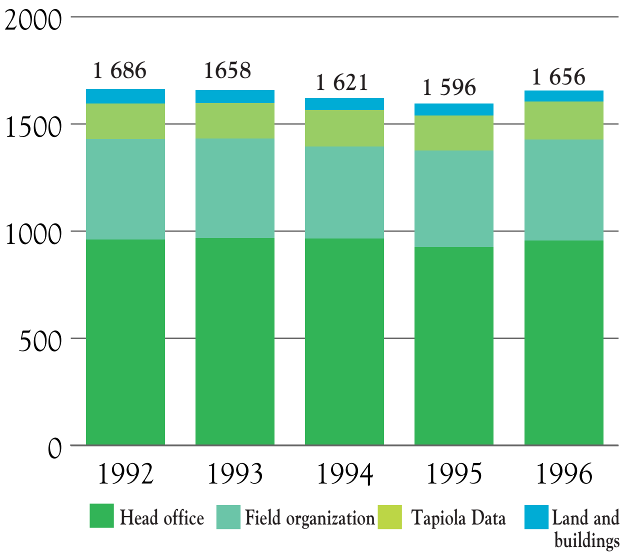
Combined figures for the groups of Tapiola companies.

MARKET SHARES OF DIRECT INSURANCE 1996

Preliminary figures
Total premiums written
FIM 47 billion



EMPLOYEES



The staff strength has been cut by reducing the combined number of permanent and fixed-term personnel on long-term leave at tge end of the year. The staff average was 1 626 persons in 1996.

Tapiola General

Tapiola General Mutual Insurance Company's field of business includes all voluntary and statutory forms of non-life insurance. Tapiola General is Finland's third largest non-life insurance company.

The subsidiaries Alma Insurance Company Ltd, which administers ceased reinsurance agreements, and Tapiola Data, which provides the group with EDP services, together with Tapiola General make up the Tapiola General Group.

Tapiola General's result for 1996 was very good. There was a slight increase in both market share and gross premiums written. The loss ratio was good and investment income rose substantially.

Tapiola Pension

Tapiola Mutual Pension Insurance Company's field of business includes statutory employees' and self-employed persons' pension insurances.

Tapiola Pension is Finland's fourth largest pension insurance company. The result for Tapiola Pension in 1996 was very good. There was a slight fall in market share. Solvency improved markedly.

Tapiola Life and Tapiola Corporate Life

In addition to life insurance, Tapiola's life insurance companies are also engaged in individual supplementary pension insurance and in voluntary optional pension insurance. Despite the entry of the banks into the life insurance market, Tapiola Life and Tapiola Corporate Life are together the fifth largest life insurance company in Finland.

The results for Tapiola Life and its group company Tapiola Corporate Life were good in 1996.The premiums written increased markedly. The costs structure is in order and the solvency improved. The market share fell due to the competion from the banks.

Partners

Tapiola's domestic partner is Turva Mutual Insurance Company. In addition to its own non-life insurances, Turva sells Tapiola's employment pension insurances and voluntary life and pension insurances.

Tapiola has partners in three Nordic countries. The project-based cooperation involves the Swedish Länsförsäkringar, the Norwegian Gjensidige and the Danish Almindelige Brand and Östifterne. Elsewhere in the world, Tapiola cooperates with the Swiss company Winterthur and with the Italian company Generali.

REVIEW BY THE CHIEF EXECUTIVE OFFICER

Best year ever for Tapiola

The review year of 1996 was the most successful in the history of the Tapiola Insurance Group. An extensive strategic process was carried through during the year. The business development goals set in this process will take us into the new millennium. The strategic work took place at a stage when a firmer foundation for growth has been laid in the economy after several years of recession.

Gross domestic product rose by 3.3 per cent thanks to good growth in the latter part of the year. However, unemployment remained at a very high level, averaging 16.3 per cent, and concern over the budget deficit persisted.

Finland appears to be ready for European monetary union if meeting the convergence criteria is taken as a yardstick. However, the EMU criteria pay no heed to the fact that the statutory employment pension sector is included in the public economy. This distorts the true picture by 12 percentage points as far as Finland's public sector debt is concerned and by 2-3 percentage with regard to the budget deficit. Finland must therefore go further than meeting the criteria if the country is to be truly ready for the single currency. Despite this, interest rates continued to fall in the latter part of 1996 after the Finnish markka joined the European exchange rate mechanism in October.

The review year was generally a positive one for the Finnish insurance companies. The life insurance business grew particularly strongly. The main factors driving the growth of premiums written in life insurance were cuts in social welfare and pension cover, and deterioration in the competitive position of bank deposits in relation to other forms of saving. Life insurance along with investment-weighted saving insurance has, in addition to its social function, taken on a new and quickly growing role. This rapid development has also brought problems, including conflicts of interest concerning income distribution between old and new customer groups. A decision has been made in Tapiola to keep the emphasis on traditional life insurance.

The long-term investment of funds in excess of the technical provisions is a key part of the insurance business. Its successful accomplishment is a prerequisite for success in insurance competition. Also in Tapiola's strategic work the management of investment risks was seen as one of the main challenges when going over to increasingly efficient market pricing in different investment sectors.

The strategic planning period that ended in 1996 met the expectations of the Tapiola Insurance Group rather well. The new planning period starts at a time of economic growth, and Tapiola must make the most of the opportunities that it provides as far as existing and new customers are concerned. In the management of investment risks it is already time to start preparing for the next downturn and different kinds of disturbances that might occur beyond Finland's borders. The situation is made particularly challenging because there is much more interest rate risk than ever before in the Finnish economy. Unless the budget deficit can be reduced and more flexibility introduced to working life in next autumn's labour market negotiations, it will be very difficult to manage interest rate risk in the event of market disturbances. The investment-related mechanisms strengthening solvency would be appropriate in both the financial statements and taxation of the insurance companies.

A joint guarantee system concerning statutory non-life

The chairmen and deputy chairmen of the supervisory boards of the four companies that make up the Tapiola Insurance Group together form the Cooperation Committee, which oversees the activities of the entire group. The members of the Cooperation Committee from left to right: the chairman and deputy chairman of Tapiola General's Supervisory Board, Mr. ***Jarno Mäki*** *and Mr.* ***Pekka Weckman****; the chairman and deputy chairman of Tapiola Life's Supervisory Board, Mr.* ***Matti Ahde*** *and Ms.* ***Tuula Entelä****. Standing: the chairman and deputy chairman of Tapiola Pension's Supervisory Board Mr.* ***Ilkka Brotherus*** *(also chairman of the Cooperation Committee) and Mr.* ***Antti Oksanen****; the chairman and deputy chairman of Tapiola Corporate Life's Supervisory Board, Professor* ***Kari Neilimo*** *(deputy chairman of the Cooperation Committee); the CEO of the Tapiola Insurance Group, Mr.* ***Asmo Kalpala****; and the secretary of the Cooperation Committee, director of legal affairs, Mr.* ***Jaako Gummerus****. Mr.* ***Pekka Räihä****, deputy chairman of Tapiola Corporate Life's Supervisory Board is missing from the picture.*

insurance came into force on 1.1.1997. The joint guarantee system covers motor third party liability, statutory accident and treatment injury insurance claims in the event of an insurance company goes into receivership or bankruptcy. A corresponding system has not been proposed for optional insurances because such an arrangement would distort the competitive situation.

At the end of 1996 the Ministry of Social Affairs and Health set up a new committee to examine the need to amend the rules and regulations concerning the solvency and supervision of insurance companies, paying particular attention to investment risks. The aim is to develop the supervision system so that investment risks can be identified at a sufficient early stage to allow effective remedial action to be taken.

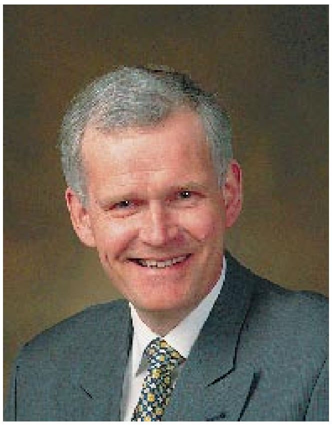
An important question for all parties is how successfully we are able to develop our welfare society and the private insurance sector that serves it. The development of the capital markets and the Finnish banking crisis have taken the insurance sector into a sphere of new operating models. This has eroded confidence in the traditional cooperation between non-life, life and employment pension insurance companies within corporate groupings. The collaboration has, however, been successful, offering a complete service to customers and economic benefits to the companies themselves.

Tapiola will continue to operate as a mutual group of companies in accordance with its chosen strategy. As major shareholders tighten their grip on joint-stock insurance companies, this decision will become increasing significant as far as Tapiola's corporate image is concerned. The insurance business, especially to the extent that it is a part of social welfare, is mutual by its very nature. For that reason it is worth asking what added value the external owner brings to the relationship between the customer and the insurance company. In a mutual company the customer is an owner. In the review year Tapiola made further progress in demonstrating the fruits of this relationship by improving the benefits enjoyed by its owner-customers. Continuous development work is still needed in this area.

Profitability and solvency are both crucially important from the perspective of risk management. In Tapiola these factors are now given as much weight as growth targets. All of the Tapiola companies have excellent growth opportunities. Balanced development is the cornerstone of reliability in the insurance business, and it is the foundation on which we must build our future. It is also gratifying to note that Tapiola's partner, Turva Mutual Insurance Company, made a welcome return to the black in 1996.

Cooperation with the staff has progressed positively. The internal staff survey that is made every third year was carried out in 1996. The findings of the survey provided a wide range of information on the satisfaction and attitudes of the staff. The report posses many challenges for personnel policy. The results for different staff groups had developed in clearly differing directions. Work motivation had improved in almost every group. On the other hand, the work environment was identified as one area for further development.

I would like to express my thanks to our customers for their continued confidence in Tapiola during the review year. Thanks are also due to all those who represented the interests of our customers in Tapiola's administrative bodies and advisory committees. Their support has been invaluable. The staff have clearly shown their ability to adapt and to face new challenges. The profit-sharing payment transferred to the Staff Fund for 1996 was the largest in the history of the fund. With this team, who have time and again demonstrated their unflagging entrepreneurial spirit, Tapiola has every chance of finding success in the future.



Asmo Kalpala
Chief Executive Officer

Tapiola General Mutual Insurance Company

Non-life insurance continues to grow slowly

The non-life insurance business in Finland continued to grow slowly in 1996 as the economic recovery progressed. The premiums written from direct business rose by 0.8 per cent in non-life insurance.

Accident insurance legislation was amended in 1996 and a new law came into force at the beginning of 1997. The new legislation will open up accident insurance to European competition from the beginning of 1999.

Tapiola General's performance was very good and exceeded the average for the branch. The group's operating profit was 14.6 per cent of turnover. Tapiola General's solvency and risk-carrying capacity was first class. The solvency capital at the end of the year was FIM 3 344 million, representing 220.6 per cent of premiums earned. Tapiola General's market share of direct business was 13.4 per cent.

The focus of attention in the development of Tapiola General was on safeguarding success in the years ahead. A strategic document entitled "Tapiola General 2001" was completed at the end of 1996, and this will serve as the starting point for the basic strategy of the entire group. Reinforced customer loyalty, profitable growth and solvency will be the primary objectives in the coming years. The key factors guiding the development work are customer orientation, service quality, professional staff, ethical business behaviour, competitiveness and risk management.

The company brought a new customer-owner programme to the private household market. The programme demonstrates the significance of customer-ownership in terms of concrete benefits for customers. Good care is taken of customers' insurance cover and they are rewarded for their loyalty and carefulness. The inheritance of benefits to the children of policyholders is also a new feature.

The development process concerning quality and profitability was continued, refining broadly based operating models and further improving measuring techniques. The insurance and service systems for corporate clients were also improved substantially in 1996.

Administration and auditors of Tapiola General

SUPERVISORY BOARD

	**Term*
Jarno Mäki chairman, M.A., farmer, Hausjärvi	94-97
Pekka Weckman deputy chairman, industrial councilor, Vierumäki	96-99
Matti Aura **Minister of Transport and Communication, Espoo	95-98
Vesa Ekroos board chairman, Esbo	96-99
Martti Haaman industrial councilor, Helsinki	94-97
Esa Haapaniemi managing director, Helsinki	95-97
Veikko Hannus welder, Kajaani	95-98
Tuomo Herrala commercial councilor, Lappeenranta	95-98
Heikki Ikonen farmer, Nurmes	94-97
Matti Kavetvuo managing director, Helsinki	94-97
Jorma Lilja managing director, Helsinki	93-96
Pekka Luukkainen deputy managing director, Helsinki	96-98
Olavi Martikainen provincial governor, Kuopio	95-98
Olli Nykänen managing director, Joensuu	94-97
Matti Oksanen managing director, Espoo	96-99
Markku Olkinuora managing director, Helsinki	96-97
Seppo Paatelainen managing director, Seinäjoki	95-98
Pekka Padatsu managing director, Helsinki	95-98
Reino Penttilä farmer, Nurmo	94-97
Eino Petäjäniemi managing director, Jyväskylä	96-99
Pirkko Rantanen-Kervinen managing director, Vantaa	96-99
Veikko Tehiranta Transport Councilor, Espoo	94-97
Erkki Varis managing director, Rauma	96-99
Olli Vuorio deputy police commissioner, Vihti	95-98

AUDITORS

Auditors

Mauno Tervo
M.Sc. (Econ.), C.P.A.

SVH Coopers & Lybrand Oy
firm of certified public accountants

Deputy auditors

Ulla Holmström
M.Sc. (Econ.), C.P.A.

Jari Miikkulainen
M.Sc. (Econ.), S.P.A.

BOARD OF DIRECTORS

Asmo Kalpala
chairman,
chief executiv officer

Pertti Heikkala
deputy chairman,
managing director

Pentti Koskinen
director, actuarial services

Tom Liljeström
director, investment services

Deputy members

Per-Olof Bergström
deputy managing director

Antti Calonius
director, major clients services and reinsurance

Juhani Heiskanen
director, economy services

MANAGING DIRECTOR

Pertti Heikkala

*The term commences at the Annual General Meeting
**Resigned 2.4.1997

Annual report 1996

Tapiola General had a successful year in 1996 from the standpoint of both business operations and finances. The company's result was good and its risk-carrying capacity remained at a high level.

INSURANCE

Direct insurance

The gross premiums written for direct insurance totaled FIM 1 437 million, which was 2.2 per cent higher than the previous year's figure. The company paid direct insurance claims totaling FIM 1 047 million. The overall loss ratio for direct insurance fell from 85.2 per cent to 83.2 per cent.

Credit losses on premiums rose by just under FIM 2 million to FIM 23 million.

The gross premiums written for statutory accident insurance rose by 9.6 per cent to FIM 277 million. The policyholder bonus included in the premiums was kept at 5 per cent. The result for this insurance class improved considerably and was satisfactory. The result for other classes of accident insurance was once again good.

Gross premiums written for motor third party liability insurance grew by 8.8 per cent to FIM 309 million, and the company's market position strengthened slightly. The profitability of the class remained unsatisfactory even though the premium level was raised on average by 6 per cent at the beginning of 1996.

The gross premiums written for comprehensive motor vehicle insurance fell by 0.3 per cent to FIM 255 million. The profitability of the class remained quite satisfactory.

The gross premiums written for fire, property, liability and legal expenses insurances were FIM 501 million, which was 2.6 per cent less than in the previous year. The premium level was lowered for competitive reasons. Profitability was maintained at a good level. The gross premiums written for home insurances were FIM 177 million and the result was good. The premiums written for farm insurance were FIM 122 million. The result for farm insurance was also good.

The premiums written for corporate and real estate insurance were FIM 201 million and the result was satisfactory. No major losses were incurred.

Reinsurance

The gross premiums written for assumed domestic and foreign reinsurance were FIM 132 million, and the net result after the deduction of commissions was a surplus of FIM 7 million.

The premiums written for domestic reinsurance rose by about 9 per cent to FIM 102 million. The net result of domestic reinsurance was a surplus of FIM 24 million.

The company continued to pursue a very cautious policy in underwriting foreign reinsurance business, and the premiums written were FIM 29 million. The net result before intra-group reinsurance was a loss of FIM 6 million. In addition, the company's provision for outstanding claims includes an FIM 11 million liability in favour of Alma Insurance Company Ltd.

Reinsurers' share

The company did not incur any catastrophic losses, as a consequence of which the reinsurers' net share was unchanged from the previous year at FIM 25 million.

Technical provisions

The provision for outstanding claims grew by FIM 221 million. In addition to the development of losses, the provision for outstanding claims was increased by the lowering of the assumed interest rate for motor third party liability insurance, statutory accident insurance and foreign reinsurance. Items amounting to FIM 127 million arising from this accounting change and pertaining to earlier accounting periods are recorded on the Profit and Loss Account under extraordinary expenses. A transfer of the same amount from the equalization provision is recorded under extraordinary income.

INVESTMENTS

Net investment income was FIM 383 million, compared with FIM 224 million in the previous year. This total represented 25.4 per cent of earned premiums, net of reinsurance.

The corresponding percentage in 1995 was 15.4 per cent.

The result was positively influenced by the rise in realized gains on investments from FIM 9 million to FIM 88 million. Dividend income rose from FIM 15 million to FIM 34 million.

After the deduction of charges, interest income from investments other than land and buildings amounted to FIM 208 million. The net income from investments in land and buildings was FIM 45 million.

The cancellation of writedowns made in previous years in respect of debt securities and shares increased investment income by FIM 67 million.

Writedowns totaling FIM 56 million were made in respect of investments in shares and land and buildings, the corresponding figure for the previous year having been FIM 72 million. Of the total, FIM 43 million related to land and buildings and FIM 3 million to shares. In addition, value adjustment items amounting to FIM 10 million were recorded for land and buildings.

The book and current values of the company's investment assets at the end of the year were FIM 4 562 million and FIM 5 891 million, respectively.

New interest-bearing investments were weighted in favour of government bonds. The value of the share portfolio was partially protected using derivative instruments.

OPERATING EXPENSES AND ORGANIZATION

The company's gross operating expenses were FIM 338 million, which was FIM 9 million less than in the previous year. This amount, plus reinsurance commissions and depreciation on equipment and long-term expenditure, less the proportions allocated to claims incurred and investment charges, gives the net operating expenses figure of FIM 301 million reported on the Profit and Loss Account. The ratio of operating expenses to premiums earned was 19.9 per cent, whereas the corresponding figure for the previous year was 21.8 per cent. The level of operating expenses was better than the annual plan.

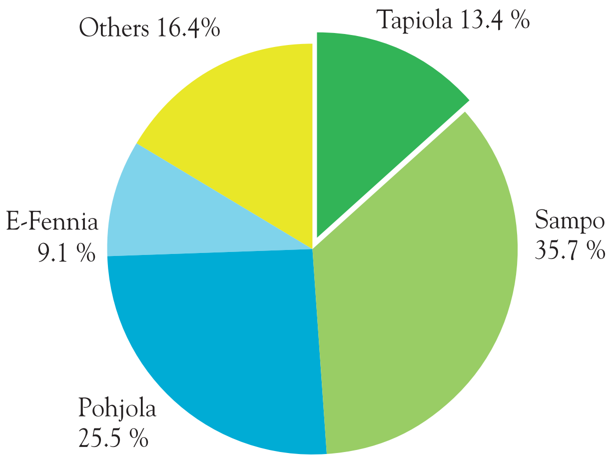
A pension insurance premium of FIM 32 million in respect of earlier years is recorded under extraordinary expenses. This premium also includes the previously uncovered pension liability.

The average number of employees was 1 413 people, 38 more than the average for 1995. The company's staff administers all the business operations of the Tapiola Insurance Group. Operating expenses are divided up among the group companies on the basis of amount of work involved in providing them with those services.

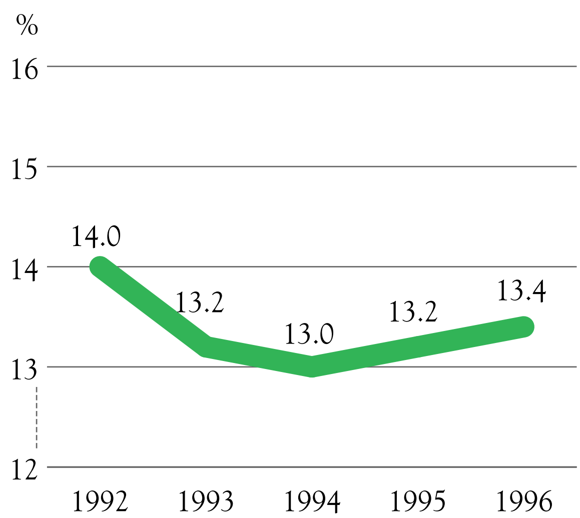
Salaries and commissions paid to members of the Super-

MARKET SHARES IN DIRECT NON-LIFE INSURANCE OF ALL COMPANIES 1996

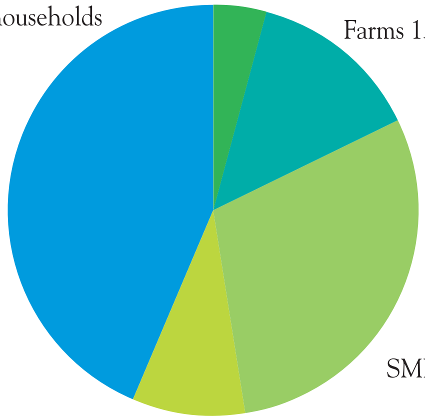
Premiums written by insurance associations excluded.
Gross premiums written



TAPIOLA GENERAL DEVELOPMENT OF MARKET SHARE OF DIRECT NON-LIFE INSURANCE

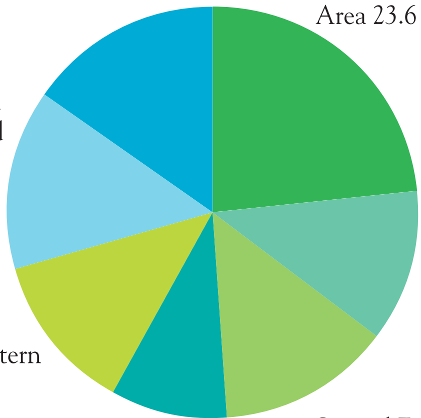


TAPIOLA GENERAL PREMIUMS WRITTEN BY CUSTOMER GROUP 1996



TAPIOLA GENERAL PREMIUMS WRITTEN BY GEO-GRAPHICAL AREA 1996

Based on reported domicile of policyholders, including major clients



visory Board, the Board of Directors and the Managing Director totaled FIM 1 368 487.00. Other salaries and commissions amounted to FIM 162 577 036.67, giving a combined total of FIM 163 945 523.67.

RESULT FOR THE ACCOUNTING PERIOD

The turnover for 1996 was FIM 2 128 million and the operating profit FIM 361 million, i.e. 17.0 per cent of turnover, compared with 6.5 per cent in the previous year. The result was very good. Gross premiums written rose by 2.9 per cent.

The balance on the technical account before the change in the equalization provision was a deficit of FIM 28 million. The loss ratio, i.e. the ratio of earned premiums to claims incurred, fell from 85.0 per cent to 81.9 per cent. The combined ratio, which also that takes account of operating expenses, fell correspondingly from 106.8 per cent to 101.8 per cent.

The equalization provision grew by FIM 26 million to FIM 1 717 million.

The current values of the solvency margin and solvency capital at the end of the year were FIM 1 634 million and FIM 3 351 million, respectively. The solvency capital grew by FIM 663 million. The risk-carrying capacity, which describes the company’s solvency, was 222 per cent, compared with 184 per cent in the previous year.

The current value of the company's assets has been assessed in the financial statements by adhering to a conservative valuation principle. The procedure is described in greater detail in the accounting principles of the financial statements.

The full amount of depreciation permitted under the Business Taxation Act, i.e. FIM 23 million, was charged according to plan.

The credit loss reserve in respect of receivables other than premiums was brought into line with the maximum amount permissible. The combined total of the credit loss reserve and the transitional reserve was FIM 88 million.

During the accounting period, FIM 90 508.45 was paid from the contingency reserve in the form of donations for generally beneficial purposes.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Insurance Group was FIM 4 918 365.71. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

The Board of Directors recommends that the surplus of FIM 119 042 751.81 be appropriated so that 8 per cent interest, i.e. FIM 840 000.00, be paid on the guarantee capital, FIM 118 000 000.00 be transferred to the security reserve, and FIM 202 751.81 be transferred to the contingency reserve.

The Balance Sheet showed assets totaling FIM 5 241 949 395.79.

Consolidated financial statements

The Tapiola General Group comprises the parent company, Tapiola General Mutual Insurance Company, and its subsidiaries: Alma Insurance Company Ltd, Tapiola Safety, Tietotyö Oy, Aura-Karelia Oy, Tapiola Data, Tapiola Book Entry Securities, and 21 housing and real estate companies.

The group's associated companies are Vakuutusneuvonta Aura Oy, Vakuutusneuvonta Pohja Oy, Kehitysyhtiö Botnia Oy and Suomen Vahinkotarkastus Oy.

The associated company Turva Mutual Insurance Company is not consolidated in these financial statements.

INSURANCE

Premiums written

The group's gross premiums written amounted to FIM 1 572 million, which was 3.2 per cent higher than in the previous year. Direct insurance accounted for FIM 1 437 million of the gross premiums written.

Claims incurred

The claims incurred by the group amounted to FIM 1 241 million. Of this amount, claims paid totaled FIM 1 166 million, which was 1.2 per cent more than in the previous year.

Reinsurance

The group's gross premiums written for assumed reinsurance were FIM 135 million, which was 17 million more than in the previous year. Reinsurance accounted for 9 per cent of the group's gross premiums written.

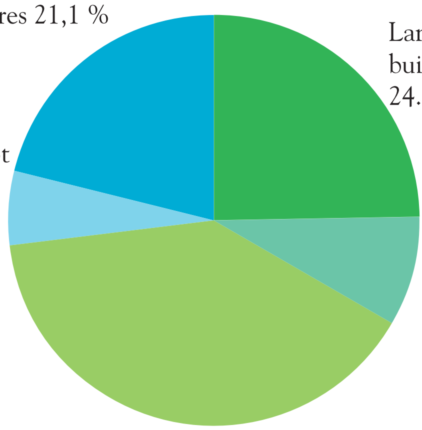
Claims paid in respect of assumed reinsurance business amounted to FIM 120 million, 3 per cent more than in the previous year.

Reinsurers' share

The costs incurred from the reinsurance of risks insured by the group were FIM 16 million, compared with FIM 29 million in the previous year.

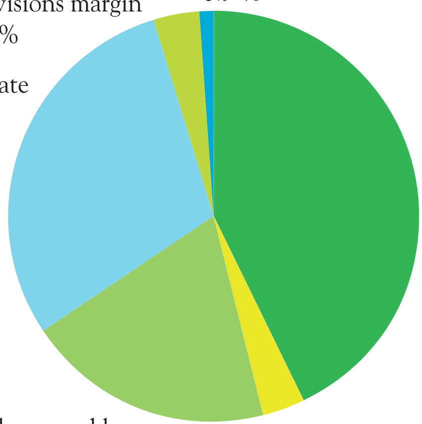
TAPIOLA GENERAL INVESTMENT ASSETS

Current value at 31.12.1996 FIM 5 891 million



TAPIOLA GENERAL INVESTMENT RISK PROFILE

Current value at 31.12.1996



The categories are the same as in the regulations concerning the technical provisions margin.

TAPIOLA GENERAL GROUP KEY FINANCIAL INDICATORS

	1996	1995	1994
SCALE OF OPERATIONS			
Average number of employees	1 589	1 557	1 575
Gross premiums written, FIM mill.	1 572	1 524	1 479
Turnover, FIM mill.	2 162	1 906	1 971
LOSSES			
Loss ratio, %	81.9	83.6	83.5
EFFICIENCY			
Expense ratio, %	20.0	22.1	20.1
PERFORMANCE			
Combined ratio, %	101.9	105.7	103.6
Operating profit, FIM mill.	316	131	194
Operating profit as percentage of turnover	14,6	6,9	9,8
Profit or loss before extraordinary items, appropriations and taxes, FIM mill.	153	–19	–0.1
Return on equity (ROE), %	37.2	8.4	–6.5
Return on equity (ROE), %	12.7	4.0	2.4
SOLVENCY			
Solvency capital, FIM mill.	3 344	2 688	2 683
Solvency capital as percentage of technical provisions	112.4	97.4	108.8
Risk-carrying capacity, %	220.6	184.5	192.1
Equity to assets ratio, %	24.4	17.6	17.3

The definitions of the concepts and the formulae for the financial indicators are presented in the Readers' Guide on page 139.

INVESTMENTS

The net investment income of FIM 347 million includes value adjustment items amounting to FIM 10 million. The corresponding net result for the previous year was FIM 218 million. Realized gains on investments and fixed assets were FIM 90 million.

Exchange rate fluctuations increased net investment income by FIM 9 million. On the other hand, they depressed the underwriting result by 11 million. Thus the net effect on the company's result was a reduction of FIM 2 million.

OPERATING EXPENSES

The group's operating expenses totaled FIM 304 million, which was 5.7 per cent lower than in 1995.

There was a 3.4 per cent rise in salaries and commissions, and a 2.4 per cent fall in social expenses.

A pension insurance premium of FIM 32 million in respect of earlier years is recorded under extraordinary expenses. This premium also includes the previously uncovered pension liability.

Tapiola General and Tapiola Data together employed an average of 1 589 people in the review year. This was 32 more employees than the average for the previous year.

RESULT FOR THE ACCOUNTING PERIOD

Depreciation totaling FIM 61 million was charged according to plan. This total included a FIM 9 million depreciation charge on goodwill. The credit loss reserve in respect of receivables other than premiums was brought into line with the full amount.

The surplus for the accounting period was FIM 69 823 417.38, of which the minority interest was FIM 72 522.61. The Balance Sheet showed assets totaling FIM 5 481 312 067.33.

TAPIOLA GENERAL GROUP PERFORMANCE ANALYSIS

	1996 FIM mill.	1995 FIM mill.	1994 FIM mill.
Premiums earned	1 516	1 456	1 397
Claims incurred	–1 241	–1 217	–1 167
Operating expenses	–304	–322	–281
Balance on technical account before the change in the equalization provision	**–29**	**–83**	**–51**
Net investment income and expenses	357	218	247
Other income and expenses, net	–13	–3	–2
Operating profit	**316**	**131**	**194**
Change in the equalization provision	–153	–149	–194
Profit or loss before extra ordinary items, reserves and taxes	**153**	**–19**	**0**
Extraordinary income	127	193	0
Extraordinary expenses	–159	–210	0
Profit or loss before appropriations and taxes	**122**	**–36**	**0**

Real estate portfolio, income and vacant premises at 31.12.1996

REAL ESTATE PORTOFOLIO, FIM 1 000

Current value	1 888 033
Book value and loans	1 285 778
Valuation difference	602 255

Type of real estate	Current value FIM 1 000	Current value FIM/m²	Net yield FIM 1 000	Net yield %	Potential net yield*)	Vacant floor area, m²	Vacancy rate %
Non-residential premises							
Commercial and office premises							
- rented to outside parties	666 940	8 940	31 265	4.7	5.7	74 598	8.7
- in own use **)	280 657	7 955	24 447	8.7	8.7	35 281	0.0
Industrial premises	182 951	4 139	4 966	2.7	4.6	44 205	13.5
Hotels	263 006	7 415	21 369	8.1	8.3	35 470	2.0
Total	**1 393 554**	**7 352**	**82 047**	**5.9**	**6.6**	**189 554**	**7.0**
Residential buildings *)**	**402 654**	**5 509**	**19 725**	**4.9**	**5.2**	**73 096**	**3.0**
Other properties and premises							
Under construction	35 940						
Acquired mid-year	0						
Undeveloped plots	22 075						
Forest holdings	7 782						
Shares in real estate investment companies	26 028						
Total	**91 825**					**7 944**	
REAL ESTATE PORTFOLIO	1 888 033					270 594	

*) The potential net yield is augmented by imputed gross rent for the vacant premises, which averages	FIM 44/m²/month
**) The imputed gross rent for premises in Tapiola's own use averages	FIM 80/m²/month
***) The net income from residential premises is augmented by a government interest subsidy of	FIM 951 000
In addition, premises under construction are augmented by an interest subsidy of	FIM 235 000
The average vacancy rate over the year for non-residential premises was	10.2 %

Financial Analysis

FIM 1 000	Parent company		Group	
Source of funds:	**1996**	**1995**	**1996**	**1995**
Cash flow financing				
Profit (Loss) before interest expenses, extraordinary items, appropriations and taxes	198 192	-25 315	153 285	-18 557
Extraordinary income and expenses	-31 666	-4 627	-31 666	-17 465
Adjustment items				
Change in technical provisions	243 886	244 878	242 916	252 259
Investment devaluations and revaluations	-10 585	66 883	26 686	66 883
Depreciation	23 112	30 615	60 760	45 149
	422 939	312 434	451 980	328 269
Capital financing				
Optional reserves	-	-	99	-
Increase in long-term liabilities	-	4 338	-	4 338
Increase in own capital	-	-	53 621	-
	-	4 338	53 720	4 338
Source of funds, total	**422 939**	**316 772**	**505 700**	**332 607**
Application of funds:				
Profit distribution				
Taxes	46 342	3 728	49 357	3 728
Interest on guarantee capital	840	840	840	840
Other profit distribution	114	131	114	131
	47 296	4 699	50 311	4 699
Investments				
Increase in investments (net)	432 991	210 558	511 990	217 041
Increase in tangible and intangible assets (net)	24 079	22 684	44 710	43 058
	457 070	233 242	556 699	260 099
Repayments of capital				
Decrease in minority interest	-	-	-	108
Decrease in long-term capital	16 100	-	-	-
Application of funds, total	**520 467**	**237 941**	**607 010**	**264 907**
Decrease/Increase in working capital	**-97 528**	**78 830**	**-101 311**	**67 700**
Change in working capital				
Change in receivables	40 656	-29 742	28 446	-38 026
Change in cash at bank and in hand	-1 757	12 491	909	-648
Change in prepayments and accrued income	-15 780	70 498	-15 459	62 441
Change in deposits received from reinsurers	-4	17	818	1 259
Change in amounts owed	-82 935	27 519	-73 624	45 664
Change in accruals and deferred income	-37 708	-1 953	-42 401	-2 991
Decrease/Increase in working capital	**-97 528**	**78 830**	**-101 311**	**67 700**

Profit and Loss Account

FIM 1 000		Parent company		Group	
		1996	1995	1996	1995
Technical account:					
Premiums written					
Premiums written	*1	1 545 498	1 502 691	1 548 399	1 501 734
Reinsurers´ share		-37 971	-36 250	-36 591	-36 428
		1 507 527	1 466 441	1 511 809	1 465 307
Change in provision for unearned premiums		4 547	-9 148	4 547	-9 148
Reinsurers´ share		-449	194	-449	194
		4 098	-8 954	4 098	-8 954
		1 511 625	1 457 487	1 515 907	1 456 353
Claims incurred					
Claims paid		-1 150 052	-1 164 890	-1 166 428	-1 153 024
Reinsurers´ share		6 836	8 674	19 261	12 408
		-1 143 216	-1 156 215	-1 147 167	-1 140 616
Change in provision for outstanding claims		-93 721	-76 827	-89 198	-64 426
Reinsurers´ share		-1 250	-5 115	-4 803	-12 059
		-94 971	-81 942	-94 001	-76 485
		-1 238 187	-1 238 157	-1 241 168	-1 217 101
Net operating expenses	3	-300 995	-317 749	-303 655	-322 140
Balance on the technical account before the change in the equalization provision		**-27 558**	**-98 419**	**-28 916**	**-82 888**
Change in the equalization provision		-153 013	-149 356	-153 013	-149 356
Balance on the technical account	2	**-180 571**	**-247 775**	**-181 929**	**-232 244**
Non-technical account:					
Investment income	4	553 960	386 184	584 167	391 405
Investment charges	4	-160 718	-161 864	-226 681	-173 791
Investment revaluation adjustment		-10 000	-	-10 000	-
		383 242	224 319	347 486	217 614
Other income					
Decrease in goodwill				692	7
Others		462	681	462	681
		462	681	1 154	689
Other expenses					
Depreciation on consolidation goodwill				-8 851	-136
Others		-4 942	-2 540	-5 044	-3 112
		-4 942	-2 540	-13 895	-3 248
Direct taxes on ordinary activities					
Taxes for the accounting period		-46 403	-3 700	-49 418	-3 700
Taxes from previous years		61	-28	61	-28
		-46 342	-3 728	-49 357	-3 728
Share of participating interests´ losses after taxes		-	-	468	-1 367
Profit/Loss on ordinary activities after taxes		**151 850**	**-29 043**	**103 928**	**-22 285**

*Reference number in the Appendices

Profit and Loss Account

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
Extraordinary income and expenses				
Extraordinary income				
Reinsurers´ share of the change in provision for outstanding claims	-	2 584	-	2 584
Change in the equalization provision	126 956	190 024	126 956	190 024
	126 956	192 608	126 956	192 608
Extraordinary expenses				
Change in provision for unearned premiums	-	-47 806	-	-47 806
Change in provision for outstanding claims	-126 956	-149 429	-126 956	-162 267
Pension insurance premiums	-31 666	-	-31 666	-
	-158 622	-197 235	-158 622	-210 073
	-31 666	-4 627	-31 666	-17 465
Profit/Loss after extraordinary items	**120 184**	**–33 670**	**72 262**	**-39 750**
Increase in depreciation difference	-899	-663	-2 159	-663
Decrease/Increase in optional reserves	-242	45 063	-352	46 313
Profit for the accounting period	**119 043**	**10 731**	**69 751**	**5 900**
Minority interest in the profit for the accounting period			72	108
Group profit for the accounting period			**69 823**	**6 008**

Appendices to the Profit and Loss Account

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
1 Premiums written				
Direct insurance				
Domestic				
Statutory accident	276 666	252 449	276 666	252 449
Other accident and illness	63 284	65 001	63 284	65 001
Motor third party liability	308 804	283 947	308 804	283 947
Land vehicles	255 057	255 751	255 057	255 751
Hull and transport	30 133	30 184	30 133	30 184
Fire and other damage to property	395 827	473 545	395 827	473 545
Liability	66 225	33 028	66 225	33 028
Credit and suretyship	2 565	4 635	2 565	4 635
Legal expenses	24 966	1 712	24 966	1 712
Other direct insurance	13 770	5 861	13 770	5 861
	1 437 297	1 406 113	1 437 297	1 406 113
Reinsurance	131 599	118 384	134 501	117 428
Gross premiums written	**1 568 896**	**1 524 497**	**1 571 798**	**1 523 541**
Credit loss on premiums	-23 398	-21 806	-23 398	-21 806
Premiums written before reinsurers´ share	**1 545 498**	**1 502 691**	**1 548 399**	**1 501 734**
Premium tax and other transferred charges				
Premium tax	233 424	232 503	233 424	232 503
Fire brigade charges	5 467	5 665	5 467	5 665
Traffic safety payments	4 725	4 552	4 725	4 552
Industrial safety charges	5 089	4 648	5 089	4 648
Payments under Sec. 58 of the Employment Accident Insurance Act	1 276	1 402	1 276	1 402
Government medical expenses fee	38 859	49 454	38 859	49 454
Total	**288 840**	**298 225**	**288 840**	**298 225**

FIM 1 000 **Parent company**

2 Result by group of insurance class

Group of insurance class		Gross premiums written before credit losses and reinsurers´ share	Gross premiums earned before reinsurers´ share	Claims incurred before reinsurers´ share	Gross operating expenses (before reinsurers´ commissions and profit participations)	Reinsurers´ share	Balance on the technical account margin before net investment income
Statutory accident	96	276 666	267 227	-248 370	-30 669	-123	-11 935
	95	252 449	246 015	-272 615	-33 184	-120	-59 904
	94	257 226	241 765	-263 049	-31 209	-115	-52 609
Other accident and illness	96	63 284	65 098	-40 047	-22 088	-130	2 833
	95	65 001	64 181	-34 766	-20 212	-126	9 077
	94	62 434	61 792	-33 977	-20 206	-33	7 577
Motor third party liability	96	308 804	290 796	-345 031	-41 967	-365	-96 567
	95	283 947	267 819	-313 080	-54 001	-500	-99 762
	94	270 675	275 607	-278 737	-58 436	934	-60 631
Land vehicles	96	255 057	255 155	-172 311	-43 000	-522	39 321
	95	255 751	255 363	-178 518	-52 190	-730	23 925
	94	260 182	257 527	-184 291	-40 290	-194	32 752
Ships and aircraft, railway rolling stock and transport	96	30 133	30 158	-20 189	-3 709	-1 832	4 428
	95	30 184	29 994	-16 266	-7 687	-2 683	3 357
	94	28 801	28 226	-13 956	-9 752	-2 646	1 872
Fire and other damage to property	96	395 827	405 040	-260 913	-110 055	-20 345	13 726
	95	419 867	418 392	-282 590	-109 617	-13 415	12 769
	94	416 008	408 745	-257 609	-97 316	-28 258	25 562
Liability	96	66 225	64 819	-53 163	-7 886	-2 909	861
	95	56 418	54 781	-36 766	-7 908	-1 069	9 038
	94	58 796	58 023	-41 074	-7 020	-1 312	8 617
Credit and suretyship	96	2 565	2 722	4 419	-266	381	7 256
	95	4 635	5 314	5 884	-1 390	-729	9 079
	94	6 722	7 445	4 102	-1 302	-2 796	7 449
Legal expenses	96	24 966	24 911	-14 803	-2 651	0	7 457
	95	27 727	26 828	-19 882	-2 677	0	4 270
	94	28 218	27 924	-20 677	-2 376	0	4 870
Others	96	13 770	14 343	-3 154	-1 513	-1 536	8 139
	95	10 134	9 833	-3 450	-1 460	-1 407	3 516
	94	9 589	10 728	-7 695	-1 296	1 635	3 372
DIRECT INSURANCE, TOTAL	96	**1 437 297**	**1 420 269**	**-1 153 563**	**-263 804**	**-27 381**	**-24 480**
	95	**1 406 113**	**1 378 520**	**-1 152 050**	**-290 326**	**-20 780**	**-84 636**
	94	**1 398 651**	**1 377 783**	**-1 096 964**	**-269 203**	**-32 785**	**-21 170**
Reinsurance	96	131 599	129 776	-90 210	-44 664	2 019	-3 078
	95	118 384	115 022	-89 666	-34 637	-4 502	-13 782
	94	60 170	60 459	-85 685	-14 147	-3 732	-43 104
TOTAL	96	**1 568 896**	**1 550 045**	**-1 243 773**	**-308 468**	**-25 361**	**-27 558**
	95	**1 524 497**	**1 493 543**	**-1 241 716**	**-324 963**	**-25 283**	**-98 419**
	94	**1 458 821**	**1 438 242**	**-1 182 649**	**-283 350**	**-36 517**	**-64 274**
Change in equalization provision	96						-153 013
	95						-149 356
	94						-194 108
BALANCE ON THE TECHNICAL ACC.	96						**-180 571**
	95						**-247 775**
	94						**-258 382**

FIM 1 000 **Group**

2 Result by group of insurance class

Group of insurance class		Gross premiums written before credit losses and reinsurers´ share	Gross premiums earned before reinsurers´ share	Claims incurred before reinsurers´ share	Gross operating expenses (before reinsurers´ commissions and profit participations)	Reinsurers´ share	Balance on the technical account margin before net investment income
Statutory accident	96	276 666	267 227	-248 370	-30 972	-123	-12 238
	95	252 449	246 015	-272 615	-33 594	-120	-60 314
	94	257 226	241 765	-263 049	-31 217	-115	-52 617
Other accident and illness	96	63 284	65 098	-40 047	-22 306	-130	2 614
	95	65 001	64 181	-34 766	-24 195	-126	5 094
	94	62 434	61 792	-33 977	-22 483	-33	5 300
Motor third party liability	96	308 804	290 796	-345 031	-42 382	-365	-96 982
	95	283 947	267 819	-313 080	-45 970	-500	-91 731
	94	270 675	275 607	-278 737	-42 718	934	-44 913
Land vehicles	96	255 057	255 155	-172 311	-43 425	-522	38 896
	95	255 751	255 363	-178 518	-47 101	-730	29 013
	94	260 182	257 527	-184 291	-43 769	-194	29 273
Ships and aircraft, railway rolling stock and transport	96	30 133	30 158	-20 189	-3 746	-1 832	4 392
	95	30 184	29 994	-16 266	-4 063	-2 683	6 982
	94	28 801	28 226	-13 956	-3 775	-2 646	7 849
Fire and other damage to property	96	395 827	405 040	-260 913	-111 143	-20 345	12 638
	95	419 867	418 392	-282 590	-120 552	-13 415	1 835
	94	416 008	408 745	-257 609	-112 023	-28 258	10 855
Liability	96	66 225	64 819	-53 163	-7 964	-2 909	783
	95	56 418	54 781	-36 766	-8 638	-1 069	8 308
	94	58 796	58 023	-41 074	-8 027	-1 312	7 610
Credit and suretyship	96	2 565	2 722	4 419	-268	381	7 253
	95	4 635	5 314	5 884	-291	-729	10 178
	94	6 722	7 445	4 102	-270	-2 796	8 480
Legal expenses	96	24 966	24 911	-14 803	-2 677	0	7 431
	95	27 727	26 828	-19 882	-2 904	0	4 042
	94	28 218	27 924	-20 677	-2 699	0	4 548
Others	96	13 770	14 343	-3 154	-1 528	-1 536	8 124
	95	10 134	9 833	-3 450	-1 658	-1 407	3 319
	94	9 589	10 728	-7 695	-1 540	1 635	3 128
DIRECT INSURANCE, TOTAL	96	**1 437 297**	**1 420 269**	**-1 153 563**	**-266 413**	**-27 381**	**-27 088**
	95	**1 406 113**	**1 378 520**	**-1 152 050**	**-288 965**	**-20 780**	**-83 276**
	94	**1 398 651**	**1 377 783**	**-1 096 964**	**-268 521**	**-32 785**	**-20 487**
Reinsurance	96	134 501	132 678	-102 063	-44 395	11 952	-1 827
	95	117 428	114 066	-65 719	-40 428	-7 532	387
	94	60 170	80 120	-76 909	-21 092	-12 444	-30 324
TOTAL	96	**1 571 798**	**1 552 947**	**-1 255 626**	**-310 808**	**-15 429**	**-28 916**
	95	**1 523 541**	**1 492 587**	**-1 217 769**	**-329 393**	**-28 313**	**-82 888**
	94	**1 458 821**	**1 457 903**	**-1 173 873**	**-289 613**	**-45 229**	**-50 811**
Change in equalization provision	96						-153 013
	95						-149 356
	94						-194 108
BALANCE ON THE TECHNICAL ACC.	96						**-181 929**
	95						**-232 244**
	94						**-244 919**

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
3 Total operating expenses by function				
Claims paid	63 190	57 260	62 068	56 652
Operating expenses	300 995	317 749	303 655	322 140
Investment charges	13 016	10 318	13 710	10 469
Other expenses	4 942	2 540	21 020	3 248
Total	**382 143**	**387 868**	**400 454**	**392 509**
3.1 Depreciation by function				
Claims paid	1 211	1 621	1 211	3 239
Operating expenses	18 804	25 119	20 808	37 514
Investment charges	763	790	770	1 312
Other expenses, depreciation on goodwill	-	-	15 976	136
Total	**20 778**	**27 530**	**38 765**	**42 201**
3.2 Staff expenses				
Salaries and commissions	140 744	138 175	180 045	174 193
Monetary value of fringe benefits	5 652	5 627	6 772	6 716
Pension expenses	27 691	30 504	34 299	36 273
Other social expenses	15 255	16 560	21 945	21 331
Total	**189 342**	**190 865**	**243 061**	**238 514**
3.3 Operating expenses in profit and loss account				
Insurance policy acquisition costs				
Commissions for direct insurance	19 045	22 101	19 046	22 101
Commissions for reinsurance assumed	34 617	29 084	34 248	29 422
Other insurance policy acquisition costs	98 280	123 961	98 359	123 561
	151 942	175 146	151 654	175 085
Insurance policy management expenses	86 405	86 419	87 274	89 580
Administrative expenses	70 121	63 397	71 880	64 728
Commission for reinsurance ceded	-7 473	-7 214	-7 153	-7 253
Total	**300 995**	**317 749**	**303 655**	**322 140**

FIM 1 000	Parent company		Group	
4 Analysis of net investment income	**1996**	**1995**	**1996**	**1995**
Investment income:				
Income from investment in land and buildings, group companies				
Interest income	16 857	-		
Other income	1 682	1 414		
	18 539	1 414		
Income from investments in land and buildings, other companies				
Dividend income	130	-	130	-
Interest income	5 203	23 732	5 393	23 732
Other income	112 737	103 587	128 240	103 587
	118 070	127 320	133 763	127 320
Income from other investments				
Dividend income	33 644	15 019	34 261	15 019
Interest income	220 661	223 608	230 289	229 127
Other income	6 235	1 180	25 537	2 295
	260 539	239 807	290 088	246 442
Total	397 147	368 541	423 851	373 762
Devaluation cancellations	66 952	4 631	70 456	4 631
Realized gains on investments	89 861	13 012	89 861	13 012
Total	**553 960**	**386 184**	**584 167**	**391 405**
Investment expenses:				
Expenses for land and buildings				
Group companies	-30 709	-		
Others	-60 553	-66 825	-79 565	-66 777
	-91 262	-66 825	-79 565	-66 777
Expenses for other investments	-11 496	-13 737	-27 843	-25 627
Interest expenses and expenses on other liabilities				
Group companies	-650	-507		
Others	-6 326	-1 953	-7 914	-2 506
	-6 975	-2 460	-7 914	-2 506
Total	-109 734	-83 022	-115 322	-94 909
Devaluations and depreciations				
Devaluations	-46 368	-71 514	-87 142	-71 553
Planned depreciation on buildings	-2 395	-3 085	-21 995	-3 085
	-48 762	-74 598	-109 137	-74 637
Realized gains on investments	-2 222	-4 244	-2 222	-4 244
Total	**-160 718**	**-161 864**	**-226 681**	**-173 791**
Net investment income before revaluations and their adjustments	**393 242**	**224 319**	**357 486**	**217 614**
Investment revaluation adjustment	-10 000	-	-10 000	-
Net investment income on the Profit and Loss Account	**383 242**	**224 319**	**347 486**	**217 614**
Avoir fiscal tax credit included in dividend income	7 602	3 638	7 756	3 638

Balance Sheet

FIM 1 000		Parent company		Group	
ASSETS		**1996**	**1995**	**1996**	**1995**
Intangible assets					
Consolidation goodwill				1 636	545
Other long-term expenses	8	43 216	41 032	45 536	42 589
		43 216	**41 032**	**47 172**	**43 134**
Investments	5				
Investments in land and buildings					
Land and buildings	6	864 668	908 261	1 131 272	908 261
Loans to group companies		242 925	-	-	-
		1 107 593	908 261	1 131 272	908 261
Investments in group companies and participating interests					
Shares and holdings in group companies	7	19 137	19 137	-	-
Other shares and variable-yield securities and units in unit trusts	7	38 811	39 086	37 374	37 045
		57 948	58 223	37 374	37 045
Other investments					
Shares and other variable-yield securities and units in unit trusts	7	672 106	512 186	677 934	523 178
Debt securities		2 313 817	2 055 420	2 379 753	2 108 509
Loans guaranteed by mortgages		135 422	176 415	135 422	176 415
Other loans	9	133 910	354 426	133 910	354 426
Deposits		136 089	49 904	206 182	126 108
Other investments		6	1 137	2 112	1 137
		3 391 351	3 149 488	3 535 315	3 289 773
Deposits with ceding undertakings		4 873	4 610	17 415	22 988
		4 561 765	**4 120 582**	**4 721 376**	**4 258 067**
Debtors					
Arising out of direct insurance operations					
Policyholders		266 736	273 224	266 736	273 224
Arising out of reinsurance operations		35 551	38 296	85 434	79 359
Other debtors		142 725	92 835	122 176	93 317
		445 012	**404 356**	**474 346**	**445 900**
Other assets					
Tangible assets					
Equipment	8	15 299	14 196	47 361	45 902
Other tangible assets		2 352	2 277	2 725	2 277
		17 651	16 473	50 086	48 179
Cash at bank and in hand		16 296	18 053	26 787	25 879
		33 947	**34 526**	**76 873**	**74 057**
Prepayments and accrued income					
Interest and rents		138 290	152 119	140 268	154 337
Other prepayments and accrued income		19 719	21 671	21 276	22 667
		158 010	**173 790**	**161 545**	**177 004**
		5 241 949	**4 774 286**	**5 481 312**	**4 998 162**

Balance Sheet

FIM 1 000		Parent company		Group	
LIABILITIES		**1996**	**1995**	**1996**	**1995**
Capital and reserves	10				
Restricted					
Equivalent funds		40 879	40 879	40 879	40 879
Guarantee capital		10 500	10 500	10 500	10 500
Revaluation reserve	10	3 208	3 208	8 560	3 208
		54 587	54 587	59 940	54 587
Non-restricted					
Security reserve		67 800	58 000	67 800	58 000
Reserve fund		100	100	100	100
Contingency reserve		760	784	760	784
Group profits/losses for previous years				43 039	-506
Profit for the accounting period		119 043	10 731	69 823	6 008
		187 703	69 614	181 523	64 385
		242 290	**124 201**	**241 463**	**118 972**
Minority interest				**2 420**	**2 493**
Reserves					
Accumulated depreciation difference		23 345	22 445	24 605	22 445
Optional reserves	11	88 498	88 256	89 200	88 750
		111 843	**110 701**	**113 805**	**111 195**
Technical provisions					
Provision for unearned premiums		533 966	538 513	533 966	538 513
Reinsurers´ share		-3 591	-4 040	-3 591	-4 040
		530 375	534 474	530 375	534 474
Provision for outstanding claims	12	2 400 256	2 179 579	2 479 195	2 263 041
Reinsurers´ share	12	-20 170	-21 420	-33 491	-38 294
		2 380 086	2 158 159	2 445 704	2 224 747
Equalization provision		1 716 688	1 690 631	1 716 688	1 690 631
		4 627 150	**4 383 264**	**4 692 767**	**4 449 852**
Deposits received from reinsurers		**45**	**42**	**1 019**	**1 837**
Creditors					
Arising out of reinsurance operations		14 499	16 028	144 587	133 082
Amounts owed to financial institutions		-	16 100	-	16 100
Pension loans		-	-	827	957
Other creditors		106 691	22 227	132 945	54 597
		121 190	**54 355**	**278 360**	**204 736**
Accruals and deferred income		**139 431**	**101 723**	**151 478**	**109 077**
		5 241 949	**4 774 286**	**5 481 312**	**4 998 162**

Appendices to the Balance Sheet

FIM 1 000 mk	Parent company			Group		

5 Current value and valuation difference of investments
Investments 31.12.1996

	Parent company: Remaining acquisition cost	Parent company: Book value	Parent company: Current value	Group: Remaining acquisition cost	Group: Book value	Group: Current value
Investments in land and buildings						
Land and buildings	184 908	185 065	384 851	625 918	625 918	948 932
Group company shares	166 935	174 249	290 785	-	-	-
Other real estate shares	477 281	505 354	791 290	477 281	505 354	791 290
Loans to group companies	242 925	242 925	242 925	-	-	-
	1 072 049	1 107 593	1 709 851	1 103 199	1 131 272	1 740 222
Group companies						
Shares and other variable-yield securities and units in unit trusts	19 137	19 137	19 137	-	-	-
Participating interests						
Other shares and variable-yield securities and units in unit trusts	38 811	38 811	38 811	37 374	37 374	37 374
Other investments						
Shares and other variable-yield securities and units in unit trusts	672 106	672 106	1 189 685	677 934	677 934	1 195 755
Debt securities	2 313 817	2 313 817	2 522 886	2 379 753	2 379 753	2 592 590
Loans guaranteed by mortgages	135 422	135 422	135 422	135 422	135 422	135 422
Other loans	133 910	133 910	133 910	133 910	133 910	133 910
Deposits	136 089	136 089	136 089	206 182	206 182	206 182
Other investments	6	6	6	2 112	2 112	2 112
	3 391 351	3 391 351	4 117 999	3 535 315	3 535 315	4 265 972
Deposits with ceding undertakings	4 873	4 873	4 873	17 415	17 415	17 415
	4 526 220	**4 561 765**	**5 890 670**	**4 693 303**	**4 721 376**	**6 060 984**
The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it.	-26 884			-27 662		
The book value consists of						
Revaluations entered as income		4 245			-	
Other revaluations		31 299			28 073	
		35 544			28 073	
Valuation difference (difference between the current and book values)			1 328 906			1 339 607

Appendices to the Balance Sheet

FIM 1 000 mk	Parent company			Group		

5 Current value and valuation difference of investments
Investments 31.12.1995

	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
Investments in land and buildings						
Land and buildings	181 792	181 950	369 247	181 792	181 950	369 247
Other real estate shares	680 924	726 311	1 049 674	680 924	726 311	1 049 674
	862 717	908 261	1 418 921	862 717	908 261	1 418 921
Group companies						
Shares and other variable-yield securities and units in unit trusts	19 137	19 137	19 137	-	-	-
Participating interests						
Shares and other variable-yield securities and units in unit trusts	39 086	39 086	39 086	37 045	37 045	37 045
Other investments						
Shares and other variable-yield securities and units in unit trusts	512 186	512 186	683 562	523 178	523 178	694 555
Debt securities	2 055 420	2 055 420	2 192 690	2 108 509	2 108 509	2 249 877
Loans guaranteed by mortgages	176 415	176 415	176 415	176 415	176 415	176 415
Other loans	354 426	354 426	354 426	354 426	354 426	354 426
Deposits	49 904	49 904	49 904	126 108	126 108	126 108
Other investments	1 137	1 137	1 137	1 137	1 137	1 137
	3 149 488	3 149 488	3 458 134	3 289 773	3 289 773	3 602 518
Deposits with ceding undertaking	4 610	4 610	4 610	22 988	22 988	22 988
	4 075 038	**4 120 582**	**4 939 889**	**4 212 523**	**4 258 067**	**5 081 473**
The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it.	-24 679			-25 479		
The book value consists of						
Revaluations entered as income		14 245			14 245	
Other revaluations		31 299			31 299	
		45 544			45 544	
Valuation difference (difference between the current and book values)			819 306			823 405

FIM 1 000	Parent company			Group	

6 *Change in investments in land and buildings 31.12.1996*

	Buildings	Land and water areas and real estate shares	Loans to group companies	Buildings	Land and water areas and real estate shares
Acquisition cost 1.1.	136 473	967 405	-	136 473	967 405
Increases	5 509	9 362	242 925	423 810	86 334
Decreases	-	-3 723	-	-	-223 868
Acquisition cost 31.12.	141 982	973 043	242 925	560 283	829 871
Revaluations 1.1.	158	45 387		158	45 387
Decreases	-	-10 000		-	-17 314
Revaluations 31.12.	158	35 387		158	28 073
Accumulated depreciation according to plan/ devaluations 1.1.	37 568	203 592		37 568	193 592
Depreciation according to plan/devaluations and devaluation cancellations	2 395	43 000		26 728	86 038
Decreases	-	-653		-	-56 814
Accumulated depreciation according to plan/ devaluations 31.12.	39 962	245 939		64 296	222 816
Book value after depreciation according to plan/ devaluations 31.12.	**102 177**	**762 491**	**242 925**	**496 144**	**635 128**
Accumulated depreciation in excess of the plan 1.1.	22 753			22 753	
Depreciation above/below plan	807			2 067	
Accumulated depreciation in excess of the plan 31.12.	23 560			24 820	
Fully depreciated value of buildings 31.12.	78 617			471 324	

FIM 1 000	Parent company		Group	
6 Change in investments in land and buildings 31.12.1995	**Buildings**	**Land and water areas and real estate shares**	**Buildings**	**Land and water areas and real estate shares**
Acquisition cost 1.1.	136 206	958 022	136 206	958 022
Increases	485	11 473	485	11 473
Decreases	-220	-2 091	-220	-2 091
Acquisition cost 31.12.	136 472	967 405	136 472	967 405
Revaluations 1.1.	158	45 387	158	45 387
Revaluations 31.12.	158	45 387	158	45 387
Accumulated depreciation according to plan/ devaluations 1.1.	34 703	178 009	34 703	178 009
Depreciation according to plan/devaluations and devaluation cancellations	2 865	25 583	2 865	25 583
Accumulated depreciation according to plan/ devaluations 31.12.	37 568	203 592	37 568	203 592
Book value after depreciation according to plan/ devaluations 31.12.	**99 062**	**809 199**	**99 062**	**809 199**
Accumulated depreciation in excess of the plan 1.1.	22 220		22 220	
Depreciation above/below plan	533		533	
Accumulated depreciation in excess of the plan 31.12.	22 753		22 753	
Fully depreciated value of buildings 31.12.	76 309		76 309	

FIM 1 000	Parent company		Group	
Land and buildings for own use	**1996**	**1995**	**1996**	**1995**
Remaining acquisition cost	113 619	112 986	112 243	112 986
Book value	113 737	113 105	112 361	113 105
Current value	273 844	284 414	273 844	284 414
Group companies				
Number of companies	27	6		
Total profit (loss) for accounting period	7 831	-3 335		
Capital and reserves, total	213 109	17 906		

FIM 1 000	Parent company		Group	
7 Investments in group companies and participating interests, other investments, shares and other variable-yield securities and units in unit trusts	**1996**	**1995**	**1996**	**1995**
Shares and holdings in group companies				
Original acquisition cost 1.1.	61 137	61 137		
Accumulated devaluations 31.12.	-42 000	-42 000		
Remaining acquisition cost 31.12.	**19 137**	**19 137**		
Other shares and variable-yield securities and units in unit trusts				
Original acquisition cost 1.1.	39 086	3 621	37 045	3 621
Increases	-	35 466	605	35 466
Decreases	-	-	-	-2 041
Accumulated devaluations	-275	-	-275	-
Remaining acquisition cost 31.12.	**38 811**	**39 086**	**37 375**	**37 045**

	No. of shares	% of shares	% of votes	Nominal value FIM 1000	Parent company Book value 1996 FIM 1000	Result for accounting period FIM 1000	Capital and reserves FIM 1000
Shares and other variable-yield securities and units in group companies							
Aura-Karelia Oy	100	100.00	100.00	5	16	-21	-6
Alma Insurance Company Ltd	1300000	100.00	100.00	13 000	10 200	-102	7 003
Tapiola Safety Oy	15	100.00	100.00	15	15	1	16
Tapiola Book Entry Securities	3000	60.00	60.00	3 000	3 000	-166	4 449
Tapiola Data	460	51.11	51.11	920	921	-12	1 311
Tietotyö Oy	4000	100.00	100.00	5 000	4 986	7 489	12 322
					19 137		
Shares and other variable-yield securities and units in unit trusts							
Vakuutusneuvonta Aura Oy	50	33.30	33.30	5	5	1	27
Vakuutusneuvonta Pohja Oy	50	33.30	33.30	5	5	1	27
Kehitysyhtiö Botnia Oy	40	25.00	25.00	400	125	27	498
Suomen Vahinkotarkastus Oy	3333	33.33	33.33	3 333	3 211	1 792	6 076
The Employees´ Mutual Insurance Company Turva [1)]	3976	88.35	45.58	39 760	35 466	5 293	29 808
					38 811		

[1)] Guarantee capital

Other investments Shares and other variable-yield securities and units in unit trusts	Domicile	No. of shares	% of shares	% of votes	Nominal value FIM 1000	Parent company Book value 1996 FIM 1000	Group Book value 1996 FIM 1000
Aamulehti-yhtymä Oy		25800	0.27	0.27	258	3 741	3 741
Akapo-leasing Oy		200	100.00	100.00	20		135
Aktia Säästöpankki Oy		100000	0.27	0.29	1 200	1 357	1 357
Asko Oy		107910	1.53	1.53	5 396	11 577	11 577
Atria Oy		135572	1.15	1.17	1 356	7 470	7 470
Autovahinkokeskus Oy		1243	17.30	17.30	3 108	2 311	2 311
Benefon Oy		30100	0.65	0.21	60	2 390	2 390
Birka Line Ab		45100	2.09	0.44	451	5 049	5 049
Cezam Fund		100423			1 004	1 003	1 003
Ab Chips Oy Ltd		34700	1.04	0.09	347	5 998	5 998
Cultor Oy		114000	0.49	0.71	1 368	15 438	15 438
Devecap Oy		34000	14.78	14.78	34	230	230
Efore Oy Ab		48000	2.95	1.12	480	5 567	5 567
Tapiola Mutual Pension Insurance Company [1]		140000	43.70	1.78	1 400	2 108	2 108
Espoon Sähkö Oy		107996	0.69	0.69	216	5 902	5 902
Finnair Oy		106500	0.13	0.13	533	3 466	3 466
Finvest Oy		749000	0.87	2.31	749	4 082	4 082
Sijoitus-Forestia		49800	5.33	16.64	2 490	2 514	2 514
Harviala Oy		37	19.47	19.47	185	188	188
Tapiola Corporate Life Insurance Company		120000	3.72	3.72	1 200	1 800	1 800
Tapiola Mutual Life Assurance Company [1]		40000	100.00	4 52	12 000	12 000	12 000
Huhtamäki Oy		196300	0.66	1.13	3 926	27 245	27 245
Ilkka Oy		31362	1.92	1.37	314	2 767	2 767
Indekon Oy		25000	7.70	7.70	2 500	3 125	3 125
Instrumentarium Oy		220200	1.09	0.62	2 202	16 378	16 378
Kemira Oy		275000	0.21	0.21	2 750	12 226	12 226
Kone Oy		72382	1.17	0.42	3 619	34 566	34 566
KT-Tietokeskus Oy		4877	0.35	0.35	98	1 512	1 512
Lassila & Tikanoja Oy		66160	1.50	1.50	662	10 722	10 722
Lännen tehtaat Oy		614000	9.53	9.53	6 140	38 068	38 068
Merita Oy		126000	0.02	0.00	1 260	1 384	1 384
Metra Oy		217400	0.73	0.81	4 348	37 329	37 329
Metsä-Serla Oy		866000	0.62	1.42	8 660	20 547	20 547
Metorex International Oy		215	2.83	2.83	215	1 401	1 401
Neste Corporation		173800	0.18	0.18	1 738	13 104	13 104
Nokia Corporation		147000	0.05	0.01	735	12 608	12 608
Nokian Renkaat Oy		87000	0.84	0.86	870	3 186	3 186
Norvestia Oy		51300	0.97	0.64	1 026	3 530	3 530
Olvi Oy		51450	2.30	0.55	515	5 529	5 529
Orion-yhtymä Oy		420226	0.84	0.38	4 202	32 517	32 517

[1] Guarantee capital

Other investments Shares and other variable-yield securities and units in unit trusts	Domicile	No. of shares	% of shares	% of votes	Nominal value FIM 1000	Parent company Book value 1996 FIM 1000	Group Book value 1996 FIM 1000
Oulun Teknologiakylä		15750	1.64	1.64	788	1 090	1 090
Oy Partek Ab		113150	0.28	0.29	1 132	6 457	6 457
Raision tehtaat Oy Ab		364800	2.23	0.15	3 648	15 217	15 217
Rautakirja Oy		66400	1.02	0.06	1 328	10 137	10 137
Rautaruukki Oy		37000	0.03	0.03	370	1 198	1 198
Salon Seudun OK		20000	0.00	0.00	2 000	2 001	2 001
Sanoma Oy		1934	0.46	0.30	193	5 534	5 534
Savo Invest Oy		9	15.00	15.00	9	9	9
Sentra Oy		16750	1.47	0.14	168	2 513	2 513
Stockmann Oy		20000	0.14	0.02	400	4 598	4 598
Suomen Urheiluhevoset		10	16.70	16.70	100	100	100
Suunto Oy		32000	0.55	0.59	160	1 051	1 051
Tamfelt Oy Ab		93000	1.40	0.94	930	5 956	5 956
Thomesto Trading Companies Ltd		150000	1.85	0.56	1 500	3 750	3 750
TP-Salkku Oy		2750	18.33	18.33	1 650	3 643	3 643
TT Tieto		92000	1.04	1.05	920	5 660	5 660
Turkistuottajat Oy		81000	2.25	0.60	810	1 094	1 094
UPM-Kymmene Oy		90000	0.03	0.03	900	8 532	8 532
Vaisala Oy		20250	0.47	0.10	203	3 618	3 618
Valmet Oy		22500	0.03	0.03	225	1 653	1 653
Werner Söderström-WSOY		57200	0.48	0.12	572	3 473	3 473
YIT-yhtymä		4386930	17.96	17.96	43 869	100 373	100 373
Asian Growth Fund Subscription	USA	21 821				7 442	7 442
Assi Domän FR	Sweden	20000				2 147	2 147
Bayer AG	Germany	10000				1 079	1 079
Bergman & Beving Ab	Sweden	20000				2 458	2 458
Copenhagen Airport A/S	Denmark	5000				2 084	2 084
FFF European Smaller Comp	Germany	80700				4 651	4 651
Industri Kapital Svenska Ab	Sweden						4 970
Meridian U.S. Emerging Growth	USA	10575				1 025	1 025
Nestle Registered	Switzerland	500				2 262	2 262
Nippon Equity Sub-Fund	Japan	50000				1 840	1 840
Nycomed A/S	Norway	130000				7 941	7 941
Planar Systems Inc	USA	51000				2 723	2 723
Roche Genusshein	Switzerland	280				8 762	8 762
Rurik Investment Ltd	USA	300000				1 459	1 459
Sandvik Ab	Sweden	20000				1 670	1 670
Scania Ab	Sweden	180000				20 639	20 639
Tele Danmark	Denmark	20000				4 951	4 951
Zürich Versicherungs-Reg.	Switzerland	2000				2 559	2 559
Others		444676			13 808	36 822	
Others		454936			14 112		37 545
						672 106	**677 934**

FIM 1 000	Parent company			Group			

8 Change in tangible and intangible assets

31.12.1996	Intangible assets and long-term expenditure	Equipment	Total	Intangible assets and long-term expenditure	Consoli-dation goodwill	Equipment	Total
Acquisition cost 1.1.	103 501	92 439	195 940	105 186	545	124 146	229 877
Fully depreciated in the previous year	-14 188	-	-14 188	-	-	-	-
Acquisitions	16 345	8 505	24 850	18 106	16 832	22 639	57 577
Sales and disposal	-	-847	-847	-	-	-881	-881
Acquisition cost 31.12.	105 658	100 098	205 756	123 292	17 377	145 903	286 573
Accumulated depreciation according to plan 1.1.	62 469	78 243	140 712	62 597	-	78 244	140 841
Fully depreciated in the previous year	-14 188	-	-14 188	-	-	-	-
Depreciation according to plan	14 160	6 557	20 717	15 160	15 742	20 298	51 199
Accumulated depreciation according to plan 31.12.	62 441	84 799	147 241	77 756	15 742	98 542	192 040
Acquisition cost after depreciation according to plan 31.12.	**43 216**	**15 299**	**58 515**	**45 536**	**1 636**	**47 361**	**94 533**
Accumulated depreciation in excess of the plan 1.1.	-	308	308	-	-	-308	-308
Depreciation above/below plan	-	-92	-92	-	-	92	92
Accumulated depreciation in excess of the plan 31.12.	-	215	215	-	-	-215	-215
Net expenditures after depreciation 31.12.	43 216	15 514	58 730	45 536	1 636	47 577	94 748

FIM 1 000	Parent company			Group			

8 Change in tangible and intangible assets

31.12.1995	Intangible assets and long-term expenditure	Equipment	Total	Intangible assets and long-term expenditure	Consoli-dation goodwill	Equipment	Total
Acquisition cost 1.1.	94 964	84 145	179 109	93 996	-	121 628	215 624
Fully depreciated in the previous year	-3 545	-	-3 545	-	-	-	-
Acquisitions	12 082	8 881	20 964	12 893	545	27 895	41 333
Sales and disposal	-	-587	-587	-	-	-587	-587
Acquisition cost 31.12.	103 501	92 439	195 940	106 889	545	148 936	256 370
Accumulated depreciation according to plan 1.1.	44 569	72 158	116 727	41 923	-	83 361	125 284
Fully depreciated in the previous year	-3 545	-	-3 545	-	-	-	-
Depreciation according to plan	21 446	6 084	27 530	22 378	-	19 672	41 951
Accumulated depreciation according to plan 31.12.	62 469	78 243	140 712	64 301	-	103 034	167 235
Acquisition cost after depreciation according to plan 31.12.	**41 032**	**14 196**	**55 228**	**42 589**	**545**	**45 902**	**89 135**
Accumulated depreciation in excess of the plan 1.1.	-	437	437	-	-	437	437
Depreciation above/below plan	-	-130	-130	-	-	-130	-130
Accumulated depreciation in excess of the plan 31.12.	-	308	308	-	-	308	308
Net expenditures after depreciation 31.12.	41 032	14 504	55 536	42 589	545	45 594	88 827

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
9 *Other loans*				
Remaining acquisition cost by security				
Bank guarantee	32 111	73 754	32 111	73 754
Insurance policy	31 647	27 975	31 647	27 975
Other security	70 152	252 697	70 152	252 697
Remaining acquisition cost	**133 910**	**354 426**	**133 910**	**354 426**

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
10 Capital and reserves				
Restricted				
Equivalent funds	40 879	40 879	40 879	40 879
Guarantee capital	10 500	10 500	10 500	10 500
Revaluation reserve	3 208	3 208	3 208	3 208
Increase	-	-	5 353	-
	3 208	3 208	8 561	3 208
	54 587	54 587	59 940	54 587
Non-restricted				
Security reserve	58 000	52 500	58 000	52 500
Transferred from profits for the previous year	9 800	5 500	9 800	5 500
	67 800	58 000	67 800	58 000
Reserve fund	100	100	100	100
Contingency reserve	784	696	784	696
Transferred from profits for the previous year	91	219	91	219
Used for generally beneficial purposes	-114	-131	-114	-131
	760	784	760	784
Group profit for previous years			-506	-807
Transferred from retained earnings			-4 723	301
Allocated			48 268	-
			43 039	-506
Profit for the previous year	10 731	6 559	6 008	6 860
Transferred by decision of the AGM to the				
Interest on the guarantee capital	-840	-840	-840	-840
Security reserve	-9 800	-5 500	-9 800	-5 500
Contingency reserve	-91	-219	-91	-219
Retained earnings	-	-	4 723	-301
	0	0	0	0
Profit for the accounting period	119 043	10 731	69 823	6 008
	187 703	69 614	181 523	64 385
	242 290	**124 201**	**241 463**	**118 972**

Analysis of the revaluation reserve

Revaluation reserve 1. 1.	3 208	3 208	3 208	3 208
Increase	-	-	5 353	-
Revaluation reserve 31.12.	3 208	3 208	8 561	3 208
Of which related to fixed assets	3 208	3 208	8 561	3 208

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
11 Reserves				
Optional reserves				
Credit loss reserve 1.1.	5 389	6 572	5 389	6 572
Increases	242	-	242	-
Decreases	-	-1 183	-	-1 183
Credit loss reserve 31.12.	5 631	5 389	5 631	5 389
Transitional reserve 1.1.	82 867	126 747	82 867	126 747
Decreases	-	-43 880	-	-43 880
Transitional reserve 31.12.	82 867	82 867	82 867	82 867
Housing reserve 1.1.	-	-	98	-
Increases	-	-	110	-
Housing reserve 31.12.	-	-	208	-
Other reserves 1.1.	-	-	494	494
Other reserves 31.12.	-	-	494	494
Optional reserves, total 31.12.	**88 498**	**88 256**	**89 200**	**88 750**
Tax liability calculated for the depreciation difference and optional reserves	**31 316**	**30 996**	**31 865**	**31 135**
Tax rate	28 %	28 %	28 %	28 %
12 Provision for outstanding claims				
Parent company				
Undisputed recourse receivables deducted from the provision for outstanding claims				
Statutory accident	8 751	5 539	8 751	5 539
Discounting				
Foreign reinsurance				
Average claim settlement time		5,6 years		5,6 years
Interest rate		3 %		3 %
Provision for outstanding claims				
Before discounting				
Provision for outstanding claims		94 323		94 323
Reinsurers´ share		-5 954		-5 954
Discounting				
Provision for outstanding claims		-9 695		-9 695
Reinsurers´ share		33		33
Net liability				
Provision for outstanding claims		84 628		84 628
Reinsurers´ share		-5 921		-5 921

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
Subsidiary				
Discounting				
Foreign reinsurance				
Average claim settlement time			8,5 years	6,8 years
Interest rate			3 %	3 %
Provision for outstanding claims				
Before discounting				
Provision for outstanding claims			100 284	117 572
Reinsurers´ share			24 887	-39 224
Discounting				
Provision for outstanding claims			-11 884	-14 949
Reinsurers´ share			-1 244	2 399
Net liability				
Provision for outstanding claims			88 400	102 623
Reinsurers´ share			23 643	-36 825

13 Net contingent liabilities and pledged assets

Mortgages given				
As security for own debts	-	-	92 046	-
As security for other debts	-	1 300	-	1 300
As security for debts from affiliated companies	-	-	22 200	-
Amount of liability	-	-	2 851	-
Assets pledged				
As underwriting margin for reinsurance business	1 389	1 760	11 490	15 474
Amount of liability	1 352	1 292	7 999	8 775
Guarantee commitments				
As underwriting margin for reinsurance business	-	-	2 749	1 921
Amount of liability	-	-	2 644	1 788
Subscription commitments	3 675	-	3 675	-
Pension liabilities				
Uncovered pension liability based on a commitment given to Tapiola Mutual Pension Insurance Company in connection with the portfolio transfer from Elonvara Pension Fund	-	13 910	-	13 910

14 Management pension commitments

A retirement age of 60 - 63 years has been agreed for the senior management of the company and for those members of the Board of Directors who are employed by the company.

Key figures pertaining to solvency

FIM 1 000	Parent company	
Solvency margin	**1996**	**1995**
Capital and reserves after profit distribution	241 450	123 361
Optional reserves and accumulated depreciation difference	111 843	110 701
Valuation difference between current asset values and book values on the balance sheet	1 328 906	819 306
Intangible assets and insurance acquisition costs not entered as expenses (-)	-43 216	-41 032
Off-balance-sheet commitments	-3 675	-15 210
	1 635 307	**997 127**
Solvency margin required under the Insurance Companies Act, Chapter 11, Section 2	299 539	284 161
Equalization provision included in the technical provisions for years in which there are exceptionally large losses	1 716 688	1 690 631
Equalization provision in proportion to its full amount (%)	107.0	116.0
The solvency margin and the equalization provision in proportion to net premiums earned over the preceding 12 months (%)	222.0	
- 1995	184.0	
- 1994	191.0	
- 1993	175.0	
- 1992	150.0	
The solvency margin and the equalization provision in proportion to technical provisions, net of reinsurance and reduced by the amount of the equalization provision and 75 % of the provision for outstanding claims in respect of investment-linked insurance (%)	115.0	
- 1995	100.0	
- 1994	111.0	
- 1993	106.0	
- 1992	96.0	

Proposal for the appropriation of profit

The Board of Directors proposes that the profit of the accounting period in the amount of FIM 119 042 751.81 be appropriated as follows :

Interest at 8 per cent be paid on the guarantee capital	840 000.00
Transfer to the security reserve	118 000 000.00
Transfer to the contingency reserve	202 751.81
	119 042 751.81

If the Board of Directors´ proposal for the appropriation of profits is approved, the company´s capital and reserves will be as follows:

Restricted capital and reserves		
Equivalent funds	40 879 314.40	
Guarantee capital	10 500 000.00	
Revaluation reserve	3 207 589.10	54 586 903.50
Non-restricted capital and reserves		
Security reserve	185 800 000.00	
Reserve fund	100 000.00	
Contingency reserve	962 877.49	186 862 877.49
		241 449 780.99

Espoo, 3rd April 1997

Asmo Kalpala

Pertti Heikkala

Pentti Koskinen

Tom Liljeström

Auditors' report

TO THE OWNERS OF TAPIOLA GENERAL MUTUAL INSURANCE COMPANY

We have examined the bookkeeping, financial statements and administration of the Tapiola General Mutual Insurance Company for the 1996 financial year. The financial statements prepared by the Board if Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of our audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo has performed the supervisory audit of the company and a separate report was issued on 9th April 1997.

The bookkeeping as well as the principles, content and presentation of the financial statements have been examined in accordance with generally accepted auditing principles. In our examination of the administration, we have determined that the members of the Board and the Supervisory Board and the Managing Director have acted in accordance with the law.

The financial statements, which show a surplus for the parent company amounting to FIM 119,042,751.81 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

The financial statements of the parent company together with its consolidated financial statements can be adopted. The members of the Supervisory Board and the Board of Directors and the Managing Director may be discharged from responsibility for the financial year covered by our audit.

The proposal by the Board of Directors on the appropriation of the surplus is in accordance with the law.

Espoo, 15h April 1997

Mauno Tervo
C.P.A.

SVH Coopers & Lybrand Oy
firm of certified public accountants
Ulla Holmström
C.P.A.

Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for the 1996 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 23rd April 1997

Jarno Mäki
chairman

Tapiola Mutual Pension Insurance Company

Employment pension system developed in many ways

It can be justifiably claimed that the employment pension system was restructured in 1996. A significant package of legislative amend ments came into force at the end of 1996 and the beginning of 1997.

The most important changes concern the use of risk theory to determine the solvency requirement of employment pension institutions from the structure of their investment portfolios. This has greatly improved the possibilities to analyze and supervise the economic state of the company. The company's solvency in relation to the solvency requirement defines the framework within which the company's result is used to increase solvency and reduce the insurance premium. New reserve-making possibilities were created for the purpose of raising solvency, and it will also be possible to raise solvency in future years by transferring the portion of the income corresponding to the assumed interest rate to the unallocated provision for additional benefits. Raising solvency has been considered essential so that it will be possible to select more investments that involve greater risks but also better returns. As far as they apply to Tapiola Pension, the changes will not have any significant impact on our practice of premium discounting. Indeed, the present level of discounts may even be raised.

The dependent relationship between the assumed interest rate and the level of the premium was removed in the legislation by amending the rules applying to funds and reserves. In recent years the lowering of the assumed interest rate has meant almost automatically a corresponding increase in the level of the premium. In addition, the legislative amendments clarifies the issues of ownership of the funds in excess of the technical provisions and the distribution of profit among the policyholders, shareholders and owners of the guarantee capital.

A legislative proposal concerning the administration of pension insurance companies and the separation of their investment operations was put before parliament in December 1996. At the time of writing the passage of this proposal through parliament is still in progress. Also still is progress is the marking to market of the interest rate on TEL premium loans, which was provisionally agreed in the autumn of 1996.

The review year was an very good one for Tapiola Pension from the standpoint of its operations and its financial result. The company continues to provide its customers genuine benefits. The solvency of Tapiola Pension is more than twice as good as that required by law on the basis of its investment portfolio.

A development plan entitled "Tapiola Pension 2001", which is based on the basic strategy devised for the group as a whole, was approved for Tapiola Pension at the end of 1996.

Administration and auditors of Tapiola Pension

SUPERVISORY BOARD

*Term

Ilkka Brotherus 95-98
managing director, Hausjärvi
Antti Oksanen 95-98
deputy chairman, chief excecutive officer, Espoo
Hannu Aho 96-99
farmer, Perho
Veikko Autio 96-99
managing director, Turku
Reino Hanhinen 95-98
Mining Councilor, Espoo
Olli Karkkila 96-99
managing director, Säkylä
Raimo Kivimäki 96-99
production manager, Helsinki
Jarmo Koski 96-99
II secretary, Helsinki
Eero Kurri 94-97
administrative director, Helsinki
Veikko Laine 94-97
managing director, Riihimäki
Leo Laukkanen 96-99
managing director, Mikkeli
Rauno Lehtimäki 96-99
managing director, Hämeenlinna
Marja-Liisa Lehtonen 94-97
waitress, Pori
Raimo Leivo 06-97
managing director, Tampere
Pentti Levo 95-98
chairman, Helsinki
Aulis Lindell 95-98
commercial councilor, Helsinki
Erkki Luhta 95-98
director, Vaasa
Maria-Liisa Nevala 95-98
chief executive officer, Helsinki
Markku Nevala 93-99
executive director, Kerava
Erkki Niemi 96-99
managing director, Lahti
Juhani Peräsalo 94-97
chief physician, Espoo
Risto Pieviläinen 96-99
social secretary, Helsinki
Heikki Pitkänen 94-97
director, Helsinki
Olli Saariaho 95-98
research manager, Helsinki
Matti Salminen 94-97
mining councilor, Turku
Tuomo Saloniemi 95-98
B.Sc. (Agriculture), Nummi
Samuli Sorsa 94-97
managing director, Mikkeli
Mikko Suotsalo 96-97
managing director, Helsinki
Mauri Waenerberg 93-96
secretary general, Helsinki
Jouko Vehmas 94-97
managing director, Kouvola

AUDITORS

Auditors
Mauno Tervo
B.Sc, (Econ.), C.P.A.
SVH Coopers & Lybrand Oy
firm of certified public accountants

Deputy auditors
Ulla Holmström
B.Sc. (Econ.), C.P.A.
Jari Miikkulainen
B.Sc. (Econ.), C.P.A.

BOARD OF DIRECTORS

Asmo Kalpala, chairman, chief executive officer
Pertti Heikkala, deputy chairman, managing director
Esa Härmälä, chairman
Eeva-Liisa Inkeroinen, director
Pauli Leimio, managing director
Tom Liljeström, director, investment services
Ismo Luimula, economist
Maj-Len Remahl, chairman
Matti Sutinen, managing director
Aino Toikka, staff director
Pauli Torkko, deputy managing director
Riitta Työläjärvi, agent
Raimo Vuorinen, managing director

Deputy members
Antti Calonius, director, major clients services
Kari Kaukinen, medical specialist
Seppo Maskonen, managing director
Alpo Mustonen, deputy managing director
Pekka Rinne, executive director

MANAGING DIRECTOR

Asmo Kalpala

*The term commences at the Annual General Meeting

Annual report 1996

The activities of Tapiola Pension in 1996 were coloured by the entry into force of numerous legislative amendments and by participation in the development of the pension system. The success in attracting new customers is evidenced by the positive result of the red business. The solvency was strengthened to the level required by the structure of the investment portfolio.

The special receivership of Kansa Pension Insurance Company assigned the insurance portfolio of that company to the Finnish employment pension insurance companies. The portfolio included both payable pensions and paid-up pensions associated with insurances concluded in Kansa Pension.

Pension liabilities of about FIM 330 million were transferred to Tapiola Pension. Assets worth about FIM 60 million were transferred to cover them partially. The assets left in receivership will be transferred at a later date. If those remaining assets are insufficient to cover the transferred pension liabilities, the deficit will be collected as a component of the employment pension premium.

The level of the TEL (Employees' Pensions Act) pension insurance premium rose by half of one percentage point in 1996 and averaged 21.1 per cent, which includes a 4.3 percentage point premium contribution from employees. The level of the YEL (Self-employed Persons' Pensions Act) pension insurance premium rose by 0.2 of a percentage point and was 20.4 per cent.

Development of Tapiola Pension's insurance portfolio:

	No. at 31.12.1996	% change
Insured under TEL	118 200	+4
Insured under YEL	31 100	+1
Insured under additional TEL	6 700	-1
Insured under additional YEL	70	-3
TEL pensions to be paid	64 500	+6
YEL pensions to be paid	15 100	+3
Pension applications in 1996	6 040	-1

INSURANCE

Premiums written

Tapiola Pension's gross premiums written rose to FIM 3 151 million, which was 4.7 per cent higher than the premiums written for statutory employment pension insurance in 1995. Premiums written were weakened by substantially above-average premium discounts. The company's market share fell slightly.

Credit losses on premiums due were FIM 87 million, which was FIM 32 million more than in the previous year. TEL and YEL insurances accounted for FIM 60 million and FIM 27 million of the credit losses, respectively. The government is ultimately responsible for YEL premium losses, and indeed other YEL expenses, if the YEL premiums are insufficient for that purpose. The procedure for recording credit losses in Tapiola is to enter receivables as credit losses as soon as bankruptcy proceedings are initiated or the company receives documents indicating insolvency.

Claims paid

Tapiola Pension paid out pensions totaling FIM 2 651 million, which was FIM 197 million or 8.0 per cent higher than in the previous year.

The 1996 index increments on TEL and YEL pensions were 1.5 per cent for over-65-year-olds and 2.8 per cent for under-65-year-olds.

INVESTMENTS

Net investment income was FIM 1 037 million, which was 2.4 per cent higher than in the previous year. Net interest income was FIM 1 065 million, 1.5 per cent less than in 1995. Realized gains on investments were FIM 22 million, whereas in the previous year they amounted to FIM 4 million.

The writedown in respect of investments was FIM 39 million, of which FIM 28 million was made on land and buildings and FIM 11 million on other shares. Writedowns of FIM 9 million were recorded in respect of debt securities and loans. Writedowns were made in the full amount and in accordance with the general trend of interest rates.

Cancellations of writedowns made in earlier years increased the company's investment income by FIM 11 million.

The book and current values of the company's investment assets at the end of the year were FIM 15 169 million and FIM 16 090 million, respectively.

The Board of Directors of Tapiola Pension met in March 1997. From left to right: personnel director ***Aino Toikka****, deputy managing director* ***Pauli Torkko****, director* ***Eeva-Liisa Inkeroinen****, managing director* ***Matti Sutinen****, managing director* ***Seppo Maskonen****, managing director* ***Raimo Vuorinen****, managing director* ***Pertti Heikkala****, chairman* ***Maj-Len Remahl****, CEO* ***Asmo Kalpala****, investment director* ***Tom Liljeström****, director* ***Pekka Rinne****, Dr.* ***Kari Kaukinen*** *M.D., economist* ***Ismo Luimula****, chairman* ***Esa Härmälä****, deputy managing director* ***Alpo Mustonen*** *and director* ***Antti Calonius****.*

OPERATING EXPENSES

Net operating expenses on the Profit and Loss Account are FIM 57 million, which is FIM 2 million less than in the previous year. The net figure includes depreciation items totaling FIM 3 million, and appropriate proportions have been allocated to claims incurred and investment charges. Salaries and commissions grew by 0.9 per cent compared with the previous year.

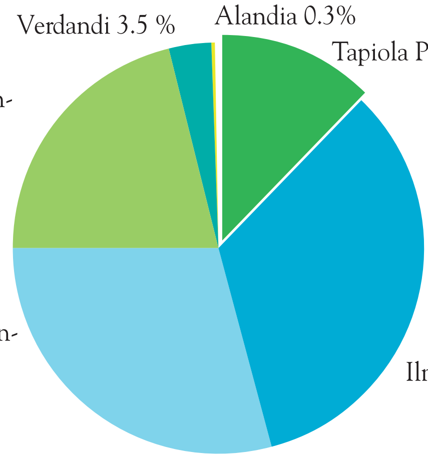
The extraordinary expenses for 1996 also includes a FIM 4 million pension insurance premium in respect of earlier years.

Statutory charges were FIM 54 million. This amount consisted of an FIM 14 million contribution to the Central Pension Security Institute and a FIM 40 million charge levied to cover the credit insurance losses of the same institute.

With the exception of the Managing Director and Deputy Managing Director, the company's business operations were administered by the staff of Tapiola General Mutual Insurance Company. The payments for these services were included in the company's operating expenses under the

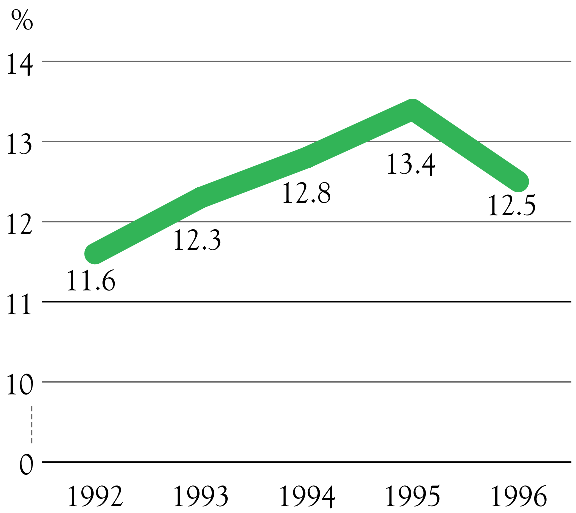
MARKET SHARES 1996

Preliminary data TEL (employees' pensions) and YEL (self-employed persons' pension) Premiums written FIM 24.5 billion

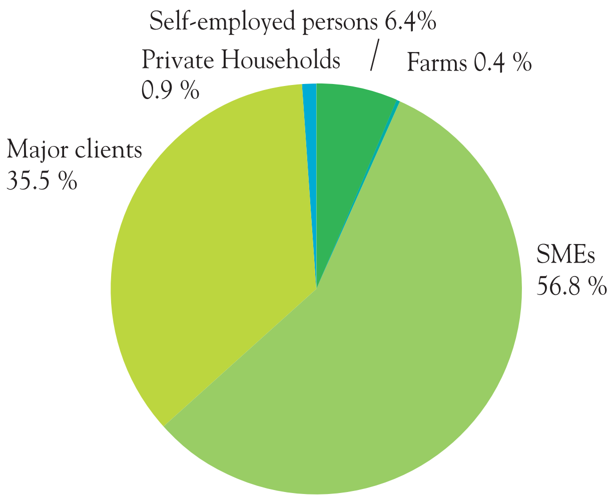


TAPIOLA PENSION DEVELOPMENT OF MARKET SHARE

TEL and YEL insurance



TAPIOLA PENSION PREMIUMS WRITTEN BY CUSTOMER GROUP 1996



same items as would have been used if the staff had been directly employed by Tapiola Pension.

Salaries and commissions paid to members of the Supervisory Board, the Board of Directors and the Managing Director totaled FIM 2 157 356.00. Other salaries and commissions amounted to FIM 30 376 761.79. The total salaries and commissions figure was FIM 32 534 117.79.

RESULT FOR THE ACCOUNTING PERIOD

The company's FIM 353 million result can be regarded as very good. The corresponding result in 1995 was FIM 388 million.

The underwriting result, which describes purely insurance operations, was more or less unchanged from the level of the previous year at FIM 139 million. The result of the premium loss business was a deficit of FIM 8 million, having been weakened by increased credit losses. In other respects the underwriting result was better than last year.

The administrative costs surplus, which describes the company's cost efficiency, was FIM 30 million, whereas in the previous year it was 28 million.

Taking into account writedowns and their cancella-

TAPIOLA PENSION KEY FINANCIAL INDICATORS

	1996	1995	1994
SOLVENCY			
Solvency margin, FIM mill.	1 403	930	473
Minimum solvency margin, FIM mill.	74	69	66
Solvency ratio, %	108,6	106,2	103,5
Equalization provision, FIM mill.	412	175	91
Equalization provision as % of its upper limit	23,9	11,5	7,3
Additional benefits provision, FIM mill.	313	258	163
EFFICIENCY			
*)Operating expenses, FIM mill.	78	79	78
% of loading income	73.6	74.1	72.2
% of premiums written	2.6	2.7	3.0
SCALE OF OPERATIONS			
Gross premiums written, FIM mill.	3 151	3 010	2 659
Turnover, FIM mill.	4 323	4 154	3 689
Provision for outstanding claims, FIM mill.	16 486	15 124	13 734
Balance sheet total, FIM mill.	16 925	15 673	14 297

The definitions of the concepts and the formulae for the financial indicators are presented in the Readers' Guide on page 139.

*) *The operating expenses also include those from the investment and claims management.*

TAPIOLA PENSION PERFORMANCE ANALYSIS

ANNUAL TOTAL REVENUE	1996 FIM mill.	1995 FIM mill.	1994 FIM mill.
Net investment income	1 045	1 021	872
Other interest income	55	77	111
Interest requirement on technical provisions	–917	– 878	– 901
Investment result	**183**	**220**	**82**
Administration cost component of premium	110	105	106
Other income	3	4	4
Function-specific operating costs without depreciations	–76	–75	–75
Depreciation of fixed assets	–3	–4	–3
Direct taxes	–1	–1	–1
Other expenses	–4	–1	–1
Administration cost result	**30**	**28**	**31**
PERFORMANCE ANALYSIS			
Risk business result	139	140	–38
Investment result	183	220	82
Administration cost result	30	28	31
Total result	**353**	**388**	**74**
Application of result			
Change in reserves	–72	14	46
Change in equalization provision	139	205	–38
Transfer to allocated additional benefits provision	113	166	4
Transfer to unallocated addtional benefits provision	169	–	–
Surplus for the accounting period	**3**	**3**	**3**

RETURN ON INVESTMENT 1996		Return % of current value	Return % of book value
Net return in profit and loss account	1 037	6.8	7.2
Change in valuation items	400	2.6	2.8
Total	**1 438**	**9.5**	**9.9**

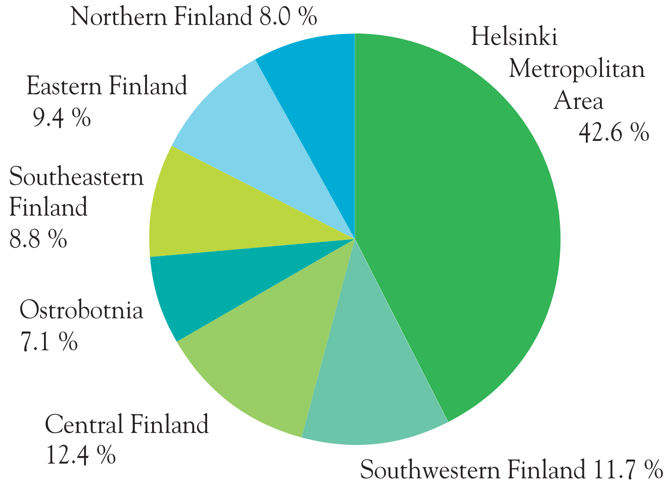
TOTAL RESULT
Considering the changes in the valuation items, the company's result amounted to FIM 753 million (FIM 832 mill. in 1995).

tions, the investment surplus was FIM 183 million, compared with FIM 220 million in the previous year.

The combined total of the administrative costs and investment surpluses was FIM 213 million. The corresponding figure for the previous year was a surplus of FIM 248 million. Without writedowns and their cancellations, the result was a surplus of FIM 246 million, compared with FIM 302 million in the previous year. The amount set aside out of the result for premium discounts to customers was FIM 113 million.

TAPIOLA PENSION PREMIUMS WRITTEN BY GEOGRAPHICAL AREA 1996

Based on reported domicile of prolicholders, including major clients



The amount allocated out of additional benefits provision for premium discounts to customers was FIM 313 million at the end of the year, and in 1997 over FIM 94 million will be used for TEL premium discounts. A new solvency item introduced to the pension system, the unallocated provision for additional benefits, was FIM 169 million at the end of 1996.

The current value of the company's assets has been assessed in the financial statements by adhering to a conservative valuation principle. The procedure is described in greater detail in the accounting principles of the financial statements.

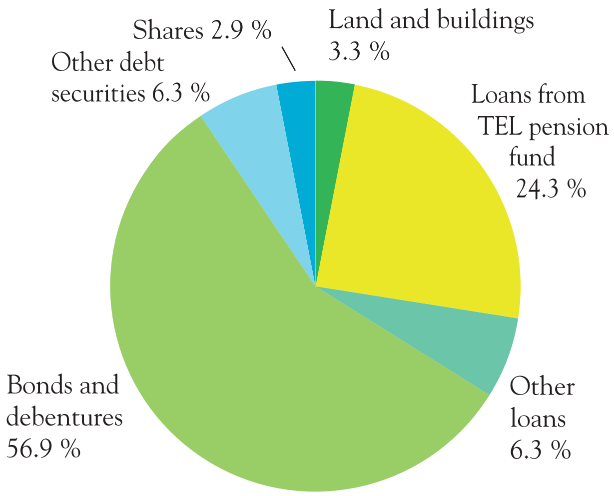
Depreciation of FIM 3 million was charged according to plan. The full amount of depreciation permitted under the Business Taxation Act was entered. The credit loss reserve was increased to its maximum amount. However, it was reduced by FIM 72 million because of the reduced loan portfolio.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Insurance Group was FIM 976 023.53. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

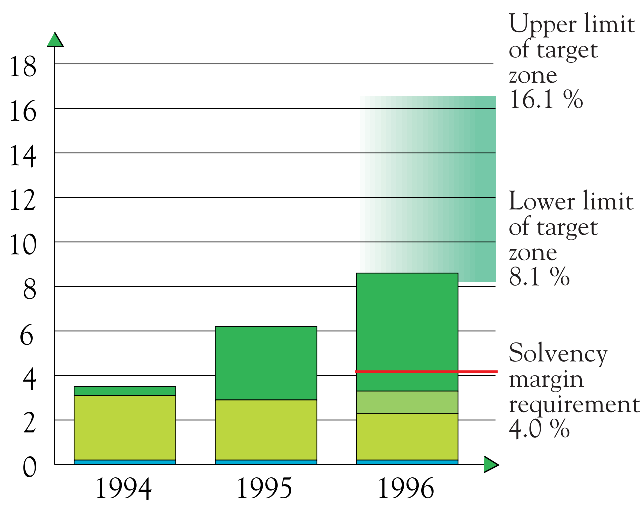
The financial statements show a surplus of FIM 3 327 041.00. The Board of Directors recommends that the surplus be appropriated so that 8 per cent interest, i.e. FIM 384 000.00, is paid on the guarantee capital, FIM 2 940 000.00 is transferred to the security reserve and FIM 3 041.00 is transferred to the contingency reserve. The Balance Sheet shows assets totaling FIM 16 925 084 802.68.

TAPIOLA PENSION
INVESTMENT ASSETS

Current value at 31.12.1995 FIM 16 090 mill.



TAPIOLA PENSION
DEVELOPMENT OF SOLVENCY IN RELATION TO TECHNICAL PROVISIONS



The graph shows that the solvency of Tapiola Pension clearly has arisen into the target zone according to the new solvency requirements.

Consolidated financial statement

On 31.12.1996 the Tapiola Pension Group comprised Tapiola Mutual Pension Insurance Company and twenty housing and real estate companies as subsidiaries.

The company has therefore acquired fifteen subsidiaries during the course of the accounting period. Two of these companies have not affected the consolidated financial statements.

The associated companies of the group were Tapiola Book Entry Securities, Vakuutusneuvonta Aura Oy, Vakuutusneuvonta Pohja Oy and Suomen Metsäsijoitus.

INSURANCE

Premiums written

The group's gross premiums written were FIM 3 151 million, which was 4.7 per cent higher than in 1995.

Pensions paid

The group paid out pensions totaling FIM 2 651 million, which was 8.0 per cent higher than in the previous year.

INVESTMENTS

Net investment income was FIM 1 032 million, which was 1.9 per cent higher than in the previous year. The total includes writedowns of FIM 33 million in respect of real estate shares and other writedowns of FIM 11 million. Writedowns of FIM 14 million were also canceled and realized capital gains of FIM 23 million were recorded.

The book and current values of the group's investment assets at the end of the year were FIM 15 280 million and FIM 16 208 million, respectively.

OPERATING EXPENSES

The group's operating expenses were FIM 57 million and statutory charges FIM 54 million. The level of the group's operating expenses fell by FIM 2 million compared with the previous year.

Salaries and commissions rose by 0.9 per cent. Extraordinary expenses included a FIM 4 million pension insurance premium in respect of earlier years.

CLOSING OF THE ACCOUNTS

The group's result of FIM 353 million was very good. Depreciation of FIM 12 million was charged according to plan. The credit loss reserve was reduced by FIM 72 million because of the reduced loan portfolio. The reserve was in accordance with its full amount.

The loss for the accounting period was FIM 5 237 138.82, which includes depreciation on consolidated goodwill. The Consolidated Balance Sheet showed assets totaling FIM 17 003 332 906.37.

Real estate portfolio, income and vacant premises at 31.12.1996

REAL ESTATE PORTFOLIO, FIM 1 000

Current value	821 040
Book value and loans	774 449
Valuation difference	46 591

Type of real estate	Current value FIM 1 000	Current value FIM/m²	Net yield FIM 1 000	Net yield %	Potential net yield*)	Vacant floor area, m²	Vacancy rate %
Non-residential premises							
Commercial and office premises							
- rented to outside parties	280 088	8 029	18 586	6.6	7.2	34 886	1.4
- in own use **)	29 563	6 945	3 498	11.8	11.8	4 257	0.0
Industrial premises	42 028	4 157	3 520	8.4	8.4	10 110	0.0
Total	**351 679**	**7 140**	**25 604**	**7.3**	**7.8**	**49 253**	**1.0**
Residential buildings *)**	**229 161**	**5 669**	**15 348**	**6.7**	**7.1**	**40 424**	**4.5**
Other properties and premises							
Under construction	79 641						
Acquired mid-year	64 622						
Undeveloped plots	44 540						
Shares in real estate investment companies	51 397						
Total	**240 200**					**20 881**	
REAL ESTATE PORTFOLIO	**821 040**					**110 558**	

*)	The potential net yield is augmented by imputed gross rent for the vacant premises, which averages	FIM 51/m²/month
**)	The imputed gross rent for premises in Tapiola's own use averages	FIM 69/m²/month
***)	The net income from residential premises is augmented by a government interest subsidy of	FIM 6 063 000
	The average vacancy rate over the year for non-residential premises was	4.7 %

Financial Analysis

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
Source of funds:				
Cash flow financing				
Profit (Loss) before interest expenses, extraordinary items, appropriations and taxes	-63 374	18 764	-71 154	17 739
Extraordinary expenses	-4 298	-	-4 298	-
Adjustment items:				
Change in technical provisions	1 362 312	1 389 813	1 362 312	1 389 813
Change in obligatory uncovered liabilities	40 063	-17 717	40 063	-17 717
Investment devaluations and revaluations	28 238	53 116	30 329	53 116
Depreciation	2 706	4 151	11 958	5 598
	1 365 648	1 448 126	1 369 209	1 448 549
Capital financing				
Optional reserves and depreciation difference	-	-	383	-
Increase in own capital	-	-	4 698	-
	-	-	5 081	-
Source of funds, total	**1 365 648**	**1 448 126**	**1 374 290**	**1 448 549**
Application of funds:				
Profit distribution				
Taxes	872	1 218	873	1 218
Interest on guarantee capital	384	384	384	384
Others	5	-	5	-
	1 261	1 602	1 262	1 602
Investments				
Increase in investments (net)	1 414 698	936 526	1 537 279	940 161
Increase in tangible and intangible assets (net)	7 380	6 137	7 933	7 055
	1 422 079	942 662	1 545 212	947 216
Application of funds, total	**1 423 339**	**944 265**	**1 546 474**	**948 818**
Decrease/Increase in working capital	**-57 692**	**503 861**	**-172 184**	**499 731**
Change in working capital				
Change in receivables	-170 018	3 159	-206 625	3 885
Change in cash at bank and in hand	38 820	2 422	38 924	2 422
Change in prepayments and accrued income	31 894	468 001	31 874	468 002
Change in amounts owed	49 484	8 426	-28 345	3 566
Change in accruals and deferred income	-7 873	21 854	-8 011	21 855
Decrease/Increase in working capital	**-57 692**	**503 861**	**-172 184**	**499 731**

Profit and Loss Account

FIM 1 000		Parent company		Group	
		1996	1995	1996	1995
Technical account:					
Premiums written	*1	3 064 376	2 955 461	3 064 376	2 955 461
Investment income	4	1 169 285	1 144 181	1 172 001	1 143 143
Claims incurred					
Claims paid	2	-2 650 829	-2 453 917	-2 650 829	-2 453 917
Change in provision for outstanding claims		-263 101	-477 584	-263 101	-477 584
		-2 913 931	-2 931 501	-2 913 931	-2 931 501
Change in provision for unearned premiums		-1 099 211	-912 229	-1 099 211	-912 229
Change in uncovered liabilities					
Obligatory uncovered liabilities		-40 063	17 717	-40 063	17 717
Statutory charges		-53 914	-64 320	-53 914	-64 320
Net operating expenses	3	-57 066	-59 349	-57 066	-59 349
Investment charges	4	-131 841	-130 592	-140 329	-130 287
Balance on the technical account		**-62 364**	**19 369**	**-68 136**	**18 636**
Non-technical account:					
Other income					
Decrease in goodwill		-	-	229	7
Other income		19	12	19	12
		19	12	248	19
Other expenses					
Depreciation on consolidation goodwill		-	-	-2 013	-253
Other expenses		-1 029	-617	-1 029	-617
		-1 029	-617	-3 042	-870
Direct taxes on ordinary activities					
Taxes for the accounting period		-953	-1 218	-954	-1 218
Taxes from previous years		81	0	82	0
		-872	-1 218	-872	-1 218
Share of participating interests´ losses after taxes				-224	-46
Loss/Profit on ordinary activities after taxes		**-64 245**	**17 546**	**-72 027**	**16 521**
Extraordinary expenses					
Pension insurance premiums		-4 298	-	-4 298	-
Loss/Profit after extraordinary items		**-68 543**	**17 546**	**-76 325**	**16 521**
Increase in depreciation difference		-	-	-709	-
Increase/Decrease in optional reserves		71 870	-14 396	71 797	-14 396
		71 870	-14 396	71 088	-14 396
Profit for the accounting period/ Group loss/profit for the accounting period		**3 327**	**3 150**	**-5 237**	**2 125**

* Reference number in the Appendices

Appendices to the Profit and Loss Account

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
1 Premiums written				
Direct insurance				
Basic insurance under the Employees´ Pensions Act				
Employers´ contribution	2 164 442	2 103 931	2 164 442	2 103 931
Employees´ contribution	581 575	510 080	581 575	510 080
	2 746 017	2 614 011	2 746 017	2 614 011
Additional pension insurance under the Employees´ Pensions Act	27 670	28 326	27 670	28 326
Insurance under the Self-employed Persons´ Pensions Act minimum cover	372 591	363 770	372 591	363 770
Additional pension insurance under the Self-employed Persons´ Pensions Act	3 771	3 351	3 771	3 351
	3 150 049	3 009 459	3 150 049	3 009 459
Transitional charge payable to the State Pension Fund	998	816	998	816
Gross premiums written	**3 151 047**	**3 010 275**	**3 151 047**	**3 010 275**
Credit loss on premiums	-86 549	-54 731	-86 549	-54 731
Premiums written before reinsurers´ share	3 064 498	2 955 543	3 064 498	2 955 543
Reinsurers´ share	-122	-82	-122	-82
Premiums written	**3 064 376**	**2 955 461**	**3 064 376**	**2 955 461**

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
2 Claims paid				
Direct insurance				
Paid to pension beneficiaries				
Basic insurance under the Employees´ Pensions Act	2 151 557	2 026 365	2 151 557	2 026 365
Additional pension insurance under the Employees´ Pensions Act	42 145	40 090	42 145	40 090
Insurance under the Self-employed Persons´ Pensions Act minimum cover	458 256	433 577	458 256	433 577
Additional pension insurance under the Self-employed Persons´ Pensions Act	3 504	3 535	3 504	3 535
	2 655 462	2 503 568	2 655 462	2 503 568
Paid/received liability distribution remuneration				
Pensions under the Employees´ Pensions Act	22 747	-24 636	22 747	-24 636
Pensions under the Self-employed Persons´ Pensions Act	-39 305	-36 574	-39 305	-36 574
	-16 558	-61 210	-16 558	-61 210
	2 638 903	2 442 358	2 638 903	2 442 358
Claims management expenses	11 945	11 492	11 945	11 492
Claims paid before reinsurers´ share	2 650 848	2 453 850	2 650 848	2 453 850
Reinsurers´ share	-19	67	-19	67
Claims paid, total	**2 650 829**	**2 453 917**	**2 650 829**	**2 453 917**
War veterans´ early retirement pension				
Pensions paid to war veterans on the basis of the War Veterans´ Early Retirement Pension Act	2	29	2	29
1 and 2 Reinsurers´ share				
Premiums written	-122	-82	-122	-82
Claims paid	19	-67	19	-67

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
3 *Total operating expenses by function*				
Claims paid	11 945	11 492	11 945	11 492
Operating expenses	57 066	59 349	57 066	59 349
Investment charges	8 844	7 823	8 844	7 823
Other expenses	1 027	617	1 027	617
Total	**78 882**	**79 280**	**78 882**	**79 280**
3.1 *Depreciation by function*				
Claims paid	87	98	87	98
Operating expenses	1 805	3 576	1 805	3 576
Investment charges	813	477	813	477
Total	**2 706**	**4 151**	**2 706**	**4 151**
3.2 *Staff expenses*				
Salaries and commissions	32 059	31 772	32 075	31 772
Monetary value of fringe benefits	1 235	1 034	1 235	1 034
Pension expenses	6 579	6 618	6 582	6 618
Other social expenses	3 092	3 447	3 099	3 447
Total	**42 966**	**42 870**	**42 991**	**42 870**
3.3 *Operating expenses in profit and loss account*				
Insurance policy acquisition costs				
Commissions for direct insurance	458	724	458	724
Other insurance policy acquisition costs	17 842	19 876	17 842	19 876
	18 300	20 600	18 300	20 600
Insurance policy management expenses	22 206	20 496	22 206	20 496
Administrative expenses	16 597	18 267	16 597	18 267
Commissions for reinsurance ceded	-38	-15	-38	-15
Total	**57 066**	**59 349**	**57 066**	**59 349**

4 Analysis of net investment income

FIM 1 000	Parent company 1996	Parent company 1995	Group 1996	Group 1995
Investment income:				
Income from investments, group companies				
Interest income	287	-		
Income from investments in land and buildings, group companies				
Interest income	3 968	1 187		
Income from investments in land and buildings, other companies				
Interest income	-	-	360	-
Other income	51 441	51 207	55 150	51 250
	51 441	51 207	55 510	51 250
Income from other investments				
Dividend income	8 793	879	8 793	879
Interest income	1 068 094	1 082 104	1 068 094	1 082 208
Other income	2 663	-	2 665	-
	1 079 550	1 082 982	1 079 553	1 083 087
Total	1 135 247	1 135 376	1 135 063	1 134 337
Devaluation cancellations	10 983	3 647	13 883	3 647
Realized gains on investments	23 055	5 158	23 055	5 158
Total	**1 169 285**	**1 144 181**	**1 172 001**	**1 143 143**
Investment expenses:				
Expenses for land and buildings				
Group companies	-11 728	-2 894		
Other companies	-29 841	-28 518	-34 296	-29 330
	-41 570	-31 412	-34 296	-29 330
Expenses for other investments	-46 544	-40 088	-46 544	-40 088
Interest expenses and expenses on other liabilities, group	-3 461	-1 170	-4 980	-1 498
	-50 005	-41 258	-51 524	-41 586
Total	-91 575	-72 669	-85 821	-70 916
Devaluations and depreciation				
Devaluations	-39 221	-56 763	-44 211	-56 763
Planned depreciation on buildings	-	-	-9 252	-1 448
	-39 221	-56 763	-53 463	-58 211
Realized losses on investments	-1 045	-1 160	-1 045	-1 160
Total	**-131 841**	**-130 592**	**-140 329**	**-130 287**
Net investment income before revaluations and their adjustments	**1 037 444**	**1 013 589**	**1 031 672**	**1 012 856**
Net investment income on the Profit and Loss Account	**1 037 444**	**1 013 589**	**1 031 672**	**1 012 856**
Avoir fiscal tax credit included in dividend income	953	220	953	220

Balance Sheet

FIM 1 000		Parent company		Group	
ASSETS		**1996**	**1995**	**1996**	**1995**
Intangible assets					
Consolidated goodwill				1 471	918
Other long-term expenses	8	29 159	24 590	29 159	24 590
		29 159	**24 590**	**30 630**	**25 509**
Investments	5				
Investments in land and buildings					
Land and buildings	6	454 644	464 429	657 592	506 923
Loans to group companies		90 862	41 302		
		545 506	505 731	657 592	506 923
Investments in group companies and participating interests					
Other shares and variable-yield securities and units in unit trusts	7	8 510	8 510	7 306	7 301
Other investments					
Shares and other variable-yield securities and units in unit trusts	7	317 658	201 514	317 662	201 514
Debt securities		8 936 040	6 563 394	8 936 040	6 563 394
Loans guaranteed by mortgages	10	944 225	1 469 464	944 225	1 469 464
Other loans	9.10	3 895 371	4 760 740	3 895 421	4 760 740
Deposits		488 326	270 000	488 326	270 000
Other investments		33 280	3 102	33 564	3 102
		14 614 900	13 268 214	14 615 238	13 268 214
		15 168 916	**13 782 455**	**15 280 137**	**13 782 438**
Uncovered liabilities					
Obligatory uncovered liabilities		215 239	255 302	215 239	255 302
Debtors					
Arising out of direct insurance operations					
Policyholders		328 957	581 395	328 957	581 395
Other debtors		83 134	714	48 604	2 793
		412 092	**582 109**	**377 562**	**584 187**
Other assets					
Tangible assets					
Equipment	8	143	37	143	37
Other tangible assets		133	133	133	133
		276	170	276	170
Cash at bank and in hand		41 242	2 422	41 346	2 422
		41 518	**2 592**	**41 622**	**2 592**
Prepayment and accrued income					
Interest and rents		640 204	602 828	640 185	602 828
Other prepayments and accrued income		417 958	423 440	417 958	423 442
		1 058 162	**1 026 268**	**1 058 143**	**1 026 270**
		16 925 085	**15 673 316**	**17 003 333**	**15 676 297**

Balance Sheet

FIM 1 000		Parent company		Group	
LIABILITIES		**1996**	**1995**	**1996**	**1995**
Capital and reserves	11				
Restricted					
Equivalent funds		5 000	5 000	5 000	5 000
Guarantee capital		4 800	4 800	4 800	4 800
Revaluation reserve		-	-	600	-
		9 800	9 800	10 400	9 800
Non-restricted					
Security reserve		16 510	13 750	16 510	13 750
Contingency reserve		274	273	274	273
Group losses (profits) for previous years				1 629	-1 444
Profit (loss) for the accounting period		3 327	3 150	-5 237	2 125
		20 111	17 173	13 176	14 704
		29 911	**26 973**	**23 576**	**24 504**
Reserves					
Accumulated depreciation difference		-	-	1 092	-
Optional reserves	12	336 350	408 220	336 423	408 220
		336 350	**408 220**	**337 515**	**408 220**
Technical provisions					
Provision for unearned premiums		10 954 625	9 855 414	10 954 625	9 855 414
Provision for outstanding claims		5 531 591	5 268 490	5 531 591	5 268 490
		16 486 216	**15 123 904**	**16 486 216**	**15 123 904**
Creditors					
Other creditors		**2 328**	**51 812**	**85 608**	**57 262**
Accruals and deferred income		**70 280**	**62 407**	**70 418**	**62 407**
		16 925 085	**15 673 316**	**17 003 333**	**15 676 297**

Appendices to the Balance Sheet

FIM 1 000	Parent company			Group		

5 Current value and valuation difference of investments
Investments 31.12.1996

	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
Investments in land and buildings						
Land and buildings	-	-	-	293 370	293 370	323 262
Group company shares	90 422	90 422	113 390			
Other real estate shares	359 228	364 222	387 847	359 228	364 222	387 847
Loans to group companies	90 862	90 862	90 862			
	540 511	545 506	592 099	652 597	657 592	711 109
Holdings in other companies						
Shares and other variable-yield securities and units in unit trusts	8 510	8 510	8 510	7 306	7 306	7 306
Other investments						
Shares and other variable-yield securities and units in unit trusts	317 658	317 658	445 689	317 662	317 662	445 693
Debt securities	8 936 040	8 936 040	9 682 123	8 936 040	8 936 040	9 682 123
Loans guaranteed by mortgages	944 225	944 225	944 225	944 225	944 225	944 225
Other loans	3 895 371	3 895 371	3 895 371	3 895 421	3 895 421	3 895 421
Deposits	488 326	488 326	488 326	488 326	488 326	488 326
Other investments	33 280	33 280	33 280	33 564	33 564	33 564
	14 614 900	14 614 900	15 489 014	14 615 238	14 615 238	15 489 352
	15 163 921	**15 168 916**	**16 089 623**	**15 275 142**	**15 280 137**	**16 207 767**
The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it	-108 641			-108 641		
The book value consists of						
Revaluations entered as income		-			-	
Other revaluations		4 995			4 995	
		4 995			4 995	
Valuation difference (difference between the current and book values)			920 707			927 631

Appendices to the Balance Sheet

FIM 1 000	Parent company			Group		

5 Current value and valuation difference of investments
Investments 31.12.1995

	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
Investments in land and buildings						
Land and buildings	-	-	-	56 380	56 380	56 861
Shares in group companies	13 886	13 886	15 559			
Other real estate shares	445 549	450 543	500 022	445 549	450 543	500 022
Loans to group companies	41 302	41 302	41 302			
	500 736	505 731	556 883	501 928	506 923	556 883
Group companies						
Shares and other variable-yield securities and units in unit trusts	8 510	8 510	8 510	7 301	7 301	7 301
Other investments						
Shares and other variable-yield securities and units in unit trusts	201 514	201 514	218 557	201 514	201 514	218 557
Debt securities	6 563 394	6 563 394	7 015 165	6 563 394	6 563 394	7 015 165
Loans guaranteed by mortgages	1 469 464	1 469 464	1 469 464	1 469 464	1 469 464	1 469 464
Other loans	4 760 740	4 760 740	4 760 740	4 760 740	4 760 740	4 760 740
Deposits	270 000	270 000	270 000	270 000	270 000	270 000
Other investments	3 102	3 102	3 102	3 102	3 102	3 102
	13 268 214	13 268 214	13 737 029	13 268 214	13 268 214	13 737 029
	13 777 460	**13 782 455**	**14 302 422**	**13 777 443**	**13 782 438**	**14 301 213**
The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it	-47 092			-47 092		
The book value consists of						
Revaluations entered as income		-			-	
Other revaluations		4 995			4 995	
		4 995			4 995	
Valuation difference (difference between the current and book values)			519 967			518 775

FIM 1 000	Parent company			Group

6 Change in investments in land and buildings 31.12.1996

	Land and water areas and real estate shares	Loans to group companies	Buildings	Land and water areas and real estate shares
Acquisition cost 1.1.	613 209	41 302	47 570	609 691
Increase	28 301	51 120	174 733	83 078
Decrease	-9 686	-1 560		-84 536
Acquisition cost 31.12.	631 824	90 862	222 303	608 233
Revaluations 1.1.	4 995		-	4 995
Revaluations 31.12.	4 995		-	4 995
Accumulated depreciation according to plan/ devaluations 1.1.	153 775		1 558	153 775
Depreciation according to plan/devaluations and devaluation cancellations	28 400		14 750	25 500
Decrease	-		-	-17 645
Accumulated depreciation according to plan/ devaluations 31.12.	182 175	-	16 308	161 630
Book value after depreciation according to plan/ devaluations 31.12.	**454 644**	**90 862**	**205 995**	**451 597**
Accumulated depreciation in excess of the plan 1.1.			-	
Depreciation above/below plan			1 092	
Accumulated depreciation in excess of the plan 31.12.			1 092	
Fully depreciated value of the buildings 31.12.			204 903	

31.12.1995

	Land and water areas and real estate shares	Loans to group companies	Buildings	Land and water areas and real estate shares
Acquisition cost 1.1.	613 280	28 898	36 139	604 096
Increase	386	12 404	11 453	6 052
Decrease	-458		-23	-458
Acquisition cost 31.12.	613 209	41 302	47 570	609 691
Revaluations 1.1.	4 995		-	4 995
Revaluations 31.12.	4 995		-	4 995
Accumulated depreciation according to plan/ devaluations 1.1.	115 787		1 293	115 787
Depreciation according to plan/devaluations and devaluation cancellations	37 988	-	264	37 988
Accumulated depreciation according to plan/ devaluations 31.12.	153 775		1 558	153 775
Book value after depreciation according to plan/ devaluations 31.12.	**464 429**	**41 302**	**46 012**	**460 910**
Fully depreciated value of buildings 31.12.			46 012	

FIM 1 000	Parent company		Group	
Land and buildings for own use	**1996**	**1995**	**1996**	**1995**
Remaining acquisition cost	30 213	32 313	30 213	32 313
Book value	30 213	32 313	30 213	32 313
Current value	29 563	34 347	29 563	34 347
Group companies				
Number of companies	20	5		
Total profit for accounting period	1 607	352		
Capital and reserves, total	75 327	12 792		

7 Investments in group companies and participating interests, other investments, shares and other variable-yield securities and units in unit trusts

Shares and holdings in group companies				
Original acquisition cost 1.1.	8 510	8 510	7 301	7 301
Remaining acquisition cost 31.12.	**8 510**	**8 510**	**7 306**	**7 301**

Shares and holdings in group companies	No. of shares	% of shares	% of votes	Nominal value FIM 1000	Parent company Book value 1996 FIM 1000	Group Book value 1996 FIM 1000	Profit/loss for accounting period FIM 1000	Capital and reserves FIM 1000
Tapiola Book Entry Securities	1000	20.00	20.00	1 000	1 000	890	-166	4 449
Vakuutusneuvonta Aura Oy	50	33.33	33.33	5	5	9	1	27
Vakuutusneuvonta Pohja Oy	50	33.33	33.33	5	5	9	1	27
Suomen Metsäsijoitus	7500	25.00	25.00	7 500	7 500	6 398	152	25 594
					8 510	**7 306**		

Other investments Shares and other variable-yield securities and units in unit-trusts	Domicile	No. of shares	% of shares	% of votes	Nominal value FIM 1000	Parent company Book value 1996 FIM 1000	Group Book value 1996 FIM 1000
Aamulehti-yhtymä Oy		83230	0.86	1.56	832	5 794	5 794
Asko Oy		26000	0.37	0.37	1 300	5 156	5 156
Benefon Oy		20000	0.43	0.14	40	1 600	1 600
Ab Chips Oy Ltd		31500	0.94	0.08	315	6 001	6 001
Cultor Oy		44200	0.19	0.28	530	6 788	6 788
Efore Oy Ab		50000	3.07	1.17	500	5 767	5 767
MB Equity Fund Ky			5.81	5.81	1 129	1 129	1 129
Espoon Sähkö Oy		145200	0.92	0.92	290	8 223	8 223
Finnair Oy		96500	0.11	0.12	483	3 140	3 140
Finnlines Oy		13500	0.07	0.07	135	1 050	1 050
Finnmezzanine rahasto I K			5.35	5.35	4 100	4 100	4 100
Gyllenberg Small Firm		1963			982	1 020	1 020
Huhtamäki Oy		124135	0.42	0.58	2 483	16 455	16 455
Ilkka Oy		24589	1.51	1.09	246	2 253	2 253
Ingman Foods Oy		4500	0.40	0.45	113	1 263	1 263
Instrumentarium Oy		110000	0.55	0.12	1 100	9 346	9 346
Kauppakaari Oy		25000	0.71	0.71	100	1 081	1 081
Kemira Oy		300000	0.23	0.23	3 000	13 572	13 572
Kone Oy		40600	0.66	0.24	2 030	19 116	19 116
KT-Tietokeskus Oy		4877	0.35	0.35	98	1 512	1 512
Lassila & Tikanoja Oy		34200	0.77	0.77	342	6 109	6 109
Maakuntien Viestintä Oy		10000	3.49	0.80	1 000	1 000	1 000
Metra Oy		131300	0.44	0.45	2 626	23 283	23 283
Oy Metsä-Rauma Ab		288000	3.00	3.00	14 400	30 001	30 001
Metsä-Serla Oy		471000	0.34	0.73	4 710	12 641	12 641
Neste Oy		79500	0.08	0.08	795	6 063	6 063
Nokia Oy Ab		20000	0.01	0.00	100	2 984	2 984
Nokian Renkaat Oy		84800	0.82	0.84	848	3 065	3 065
Norvestia Oy		60000	1.14	0.75	1 200	4 193	4 193
Olvi Oy		22800	1.02	0.25	228	2 452	2 452
Orion-yhtymä Oy		176300	0.35	0.43	1 763	21 352	21 352
Oy Partek Ab		98700	0.24	0.26	987	5 426	5 426
Raision tehtaat Oy Ab		59080	0.36	0.15	591	4 516	4 516
Rautakirja Oy		27588	0.43	0.03	552	4 957	4 957
Sanoma Oy		935	0.22	0.24	94	3 074	3 074
Tamfelt Oy Ab		91400	1.38	0.59	914	5 570	5 570
UPM-Kymmene Oy		56000	0.02	0.02	560	4 529	4 529
Vaisala Oy		11600	0.27	0.06	116	2 062	2 062
Valmet Oy		21000	0.03	0.03	210	1 533	1 533
Werner Söderström-WSOY		45500	0.38	0.09	455	2 839	2 839
Vakuutus Oy Garantia		2960	4.93	4.93	2 960	12 178	12 178
Työväen Keskinäinen Vakuutusyhtiö Turva		200	4.44	2.29	2 000	2 000	2 000

Other investments Shares and other variable-yield securities and units in unit-trusts	Domicile	No. of shares	% of shares	% of votes	Nominal value FIM 1000	Parent company Book value 1996 FIM 1000	Group Book value 1996 FIM 1000
Bergman & Beving Ab	Sweden	10000				1 315	1 315
Focus Bank A/S	Norway	40000				1 167	1 167
Nycomed A/S	Norway	135000				8 285	8 285
Roche Genussshein	Switzerland	80				2 800	2 800
Tele Danmark	Denmark	10000				2 232	2 232
Zürich Versicherungs-Reg.	Switzerland	1000				1 252	1 252
Others		619556			5 380	24 415	
Others		619557			5 384		24 419
						317 658	**317 662**

FIM 1 000	**Parent company**	**Group**

8 Change in tangible and intangible assets

31.12.1996

	Parent company: Intangible assets and long-term expenditure	Parent company: Equipment	Parent company: Total	Group: Intangible assets and long-term expenditure	Group: Consolidation goodwill	Group: Equipment	Group: Total
Acquisition cost 1.1.	36 352	686	37 037	36 352	918	686	37 956
Fully depreciated in the previous year	-3 623	-	-3 623	-3 623	-	-	-3 623
Acquisitions	7 213	167	7 380	7 213	14 665	167	22 045
Acquisition cost 31.12.	39 941	853	40 794	39 941	15 583	853	56 377
Accumulated depreciation according to plan 1.1.	11 761	649	12 410	11 761	-	649	12 410
Fully depreciated in te previous year	-3 623	-	-3 623	-3 623	-	-	-3 623
Depreciation according to plan	2 645	61	2 706	2 645	14 112	61	16 818
Accumulated depreciation according to plan 31.12.	10 782	710	11 492	10 782	14 112	710	25 604
Acquisition cost after depreciation according to plan 31.12.	**29 159**	**143**	**29 302**	**29 159**	**1 471**	**143**	**30 773**
Net expenditures after depreciation 31.12.	29 159	143	29 302	29 159	1 471	143	30 773

FIM 1 000	Parent company			Group			

8 *Change in tangible and intangible assets*

31.12.1995

	Intangible assets and long-term expenditure	Equipment	Total	Intangible assets and long-term expenditure	Consoli-dation goodwill	Equipment	Total
Acquisition cost 1.1.	35 083	686	35 769	30 215	-	686	30 900
Fully depreciated in the previous year	-4 868	-	-4 868	-	-	-	-
Acquisitions	6 137	-	6 137	6 137	918	-	7 055
Acquisition cost 31.12.	36 352	686	37 037	36 352	918	686	37 956
Accumulated depreciation according to plan 1.1.	12 495	633	13 127	7 626	-	633	8 259
Fully depreciated in the previous year	-4 868	-	-4 868	-	-	-	-
Depreciation according to plan	4 135	16	4 151	4 135	-	16	4 151
Accumulated depreciation according to plan 31.12.	11 761	649	12 410	11 761	-	649	12 410
Acquisition cost after depreciation according to plan 31.12.	**24 590**	**37**	**24 627**	**24 590**	**918**	**37**	**25 546**
Net expenditures after depreciation 31.12.	24 590	37	24 627	24 590	918	37	25 546

FIM 1 000	Parent company 1996	Parent company 1995	Group 1996	Group 1995
9 *Other loans*				
Remaining acquisition costs by security				
Bank guarantee	3 073 250	3 650 111	3 073 250	3 650 111
Other security	822 121	1 110 629	822 172	1 110 629
Remaining acquisition cost	**3 895 371**	**4 760 740**	**3 895 421**	**4 760 740**
10 *Total amount of pension loans*				
Other loans guaranteed by mortgages	456 829	576 986	456 829	576 986
Other loans	3 458 965	4 094 155	3 458 965	4 094 155
Remaining acquisition cost, total	**3 915 794**	**4 671 140**	**3 915 794**	**4 671 140**

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
11 Capital and reserves				
Restricted				
Equivalent funds	5 000	5 000	5 000	5 000
Guarantee capital	4 800	4 800	4 800	4 800
Revaluation reserve, increase	-	-	600	-
	9 800	9 800	10 400	9 800
Non-restricted				
Security reserve	13 750	11 350	13 750	11 350
Transferred from profits for the previous year	2 760	2 400	2 760	2 400
	16 510	13 750	16 510	13 750
Contingency reserve	273	261	273	261
Transferred from profits for the previous year	6	12	6	12
Used for generally beneficial purposes	-5	-	-5	-
	274	273	274	273
Loss/Profit for previous years			-1 444	2 243
Transferred loss for previous year			-1 025	-3 687
Allocated			4 098	-
			1 629	-1 444
Profit/Loss for the previous year	3 150	2 796	2 125	-891
Transferred by decision of the AGM:				
Interest on the guarantee capital	-384	-384	-384	-384
Security reserve	-2 760	-2 400	-2 760	-2 400
Contingency reserve	-6	-12	-6	-12
Retained earnings	-	-	1 025	3 687
	0	0	0	0
Profit/Loss for the accounting period	3 327	3 150	-5 237	2 125
	20 111	17 173	13 176	14 704
	29 911	**26 973**	**23 576**	**24 504**

Analysis of the revaluation reserve				
Revaluation reserve 1.1.	-	-	-	-
Increase	-	-	600	-
Revaluation reserve 31.12.	-	-	600	-
Of which related to fixed assets	-	-	600	-

FIM 1 000	Parent company		Group	
12 Reserves	**1996**	**1995**	**1996**	**1995**
Depreciation difference				
Depreciation difference 1.1.	-	-	-	-
Increase during the accounting period	-	-	709	-
Other increase	-	-	383	-
Depreciation difference 31.12.	**-**	**-**	**1 092**	**-**
Optional reserves				
Credit loss reserve 1.1.	334 380	319 984	334 380	319 984
Increase	-	14 396	-	14 396
Decrease	-71 870	-	-71 870	-
Credit loss reserve 31.12.	262 510	334 380	262 510	334 380
Transitional reserve 1.1.	73 840	73 840	73 840	73 840
Transitional reserve 31.12.	73 840	73 840	73 840	73 840
Housing reserve 1.1.	-	-	-	-
Increase	-	-	73	-
Housing reserve 31.12.	-	-	73	-
Optional reserves, total 31.12.	**336 350**	**408 220**	**336 423**	**408 220**
Tax liability calculated for the optional reserves	**94 178**	**114 302**	**95 290**	**114 302**
Tax rate	28%	28%	28%	28%
13 Provision for outstanding claims				
Mortgages given				
As security for own debts	-	-	900	-
As security for debts from affiliated companies	-	-	34 100	-
Amount of liability	-	-	900	-
Subscription commitments	23 346	7 250	23 346	7 250
14 Management pension commitments				
Loans				
Loans granted to members of the Supervisory Board and the Board of Directors	-	1 255	-	1 255
Pension commitments				
A retirement age of 60 - 63 years has been agreed for the senior management of the company and for those members of the Board of Directors who are employed by the company				

Key figures pertaining to solvency

FIM 1 000	Parent company	
Solvency margin	**1996**	**1995**
Capital and reserves after profit distribution	29 527	26 589
Optional reserves and accumulated depreciation difference	336 350	408 220
Valuation difference between current asset values and book values on the balance sheet	920 707	519 967
Unallocated additional benefits provision	169 200	-
Intangible assets and insurance acquisition costs not entered as expenses (-)	-29 159	-24 590
Off-balance-sheet commitments	-23 346	-
	1 403 279	**930 185**
Solvency margin required under the Insurance Companies Act, Chapter 11, Section 4	73 596	69 313
Equalization provision included in the technical provisions for years in which there are exceptionally large losses	412 202	175 095

Proposal for the appropriation of the profit

The Board of Directors proposes that the profit for the accounting period in the amount of FIM 3 327 041.00 be appropriated as follows:

Interest at 8 per cent be paid on the guarantee capital	384 000.00
Transfer to the security reserve	2 940 000.00
Transfer to the contingency reserve	3 041.00
	3 327 041.00

If the Board of Directors´ proposal for the appropriation of profits is approved, the company´s capital and reserves will be as follows:

Restricted capital and reserves		
Equivalent funds	5 000 000.00	
Guarantee capital	4 800 000.00	9 800 000.00
Non-restricted capital and reserves		
Security reserve	19 450 000.00	
Contingency reserve	276 775.10	19 726 775.10
		29 526 775.10

Espoo, 3rd April 1997

Asmo Kalpala	Pertti Heikkala	Esa Härmälä	Eva-Liisa Inkeroinen
Pauli Leimio	Tom Liljeström	Ismo Luimula	Maj-Len Remahl
Matti Sutinen	Aino Toikka	Pauli Torkko	Riitta Työläjärvi
Raimo Vuorinen			

Auditors' report

TO THE OWNERS OF TAPIOLA MUTUAL PENSION INSURANCE COMPANY

We have examined the bookkeeping, financial statements and administration of the Tapiola General Mutual Insurance Company for the 1996 financial year. The financial statements prepared by the Board if Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of our audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo has performed the supervisory audit of the company and a separate report was issued on 9th April 1997.

The bookkeeping as well as the principles, content and presentation of the financial statements have been examined in accordance with generally accepted accounting principles. In our examination of the administration, we have determined that the members of the Board and the Supervisory Board and the Managing Director have acted in accordance with the law.

The financial statements, which show a surplus for the parent company amounting to FIM 3,327,041.00 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

The financial statements of the parent company together with its consolidated financial statements can be adopted. The members of the Supervisory Board and the Board of

Directors and the Managing Director may be discharged from

Espoo, 15th April 1997

Mauno Tervo
C.P.A.

SVH Coopers & Lybrand Oy
firm of certified public accountants
Ulla Holmström
C.P.A.

Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for the 1996 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 23rd April 1997

Ilkka Brotherus
chairman

Tapiola Mutual Life Assurance Company

Rapid growth in life insurance

The growth of Finland's life insurance market intensified in 1996. Most of the growth occurred in life insurance companies owned by the banks, but there was still substantial growth in life companies owned by the traditional insurance groups. The premiums written by the life insurance companies rose to FIM 11.9 billion, representing a 69 per cent increase over the level of the previous year. Tapiola's life insurance companies also grew strongly in all customer segments.

Competition in life insurance with savings especially among the joint-stock life insurance companies continues to be intense. Tapiola's life insurance companies, Tapiola Life and its group company Tapiola Corporate Life, will continue to focus on performing the basis role of life insurance, i.e. offering a range of products that afford protection against risk and are applicable to long-term saving. The investment needs of customer-owners will also be taken into account. Individual pension insurance has been selected as the main growth area for Tapiola's life insurances. A cautious approach has been adopted towards single-premium, investment-type savings life insurance, so that solvency would not fluctuate excessively and the investment portfolio would be divided up among as many policyholders as possible.

The main aims of Tapiola Life and Tapiola Corporate Life in 1996 were further improvement of the result as well as raising of the solvency capital and the solvency ratio. In the case of Tapiola Life the performance targets were exceeded by a clear margin. The development of Tapiola Corporate Life's result was slightly weaker than that of its parent company, but still in line with the set targets.

The sales of Tapiola's life insurance companies rose to FIM 149 million, representing a 77 per cent rise over the previous year. Individual pension insurance accounted for FIM 86 million of these sales, and the growth figure was 75 per cent. The market share of Tapiola's life insurance companies fell as the banks' insurance companies altered the structure of the market.

A strategic document entitled "Tapiola Life 2001", which will take the operations of Tapiola's life insurance companies into the new millennium, was approved at the end of 1996.

Administration and auditors of Tapiola Life

SUPERVISORY BOARD

	* Term
Matti Ahde chairman, managing director, Vantaa	95-98
Tuula Entelä investment director, Espoo	96-99
Risto Ihamuotila vice-chancellor, Helsinki	96-99
Alpo Ikonen managing director, Muurame	96-99
Erkki Juntunen minicipal director, Kuusamo	94-97
Pertti Kettunen professor, Jyväskylä	95-98
Vesa Kämäri majorgeneral, Helsinki	95-97
Merja Lehtonen chairman, Riihimäki	96-99
Sisko Mäkelä B.Sc. (Agriculture), Pyhäntä	94-97
Simo Nuutinen farmer, Lieksa	94-97
Arja Pohja head of office, Turku	94-97
Pentti Rahola organisational director, Vantaa	96-99
Mikael Sinervo director, Vantaa	95-98
Antti Viirimäki Agricultural Councilor, Vantaa	93-96

AUDITORS

Auditors
Mauno Tervo
M.Sc. (Econ.), C.P.A.
SVH Coopers & Lybrand Oy
firm of certified public accountants

Deputy auditors
Ulla Holmström
M.Sc. (Econ.), C.P.A.
Jari Miikkulainen
M.Sc. (Ekon.), C.P.A.

BOARD OF DIRECTORS

Asmo Kalpala
chairman,
chief executive officer
Pertti Heikkala
deputy chairman,
managing director
Pentti Koskinen
director, actuarial services
Tom Liljeström
director, investment services
Jari Saine
managing director

Deputy members
Antti Calonius
director, major clients services
Juhani Heiskanen
director, economy services
Matti Luukko
deputy managing director
Alpo Mustonen
deputy managing director

MANAGING DIRECTOR

Jari Saine

* The term commences at the Annual General Meeting

Annual report 1996

Tapiola Life grew strongly, improving its profitability and solvency. The distribution network was developed to meet the needs of expanding markets.

INSURANCE

Premiums written

Tapiola Life's premiums written were FIM 859 million, 62.7 per cent higher than in the previous year. Life insurance accounted for FIM 644 million or 75 per cent of premiums written. The share of individual pension insurance was FIM 215 million or 25 per cent.

The provision for unearned premiums rose by FIM 595 million.

Claims paid

Claims paid by Tapiola Life were FIM 351 million, 4 per cent lower than the figure for 1995. Repayments of savings totals were FIM 115 million, which was FIM 15 million less than in 1995. Surrenders amounted to FIM 65 million, a 1.9 per cent rise compared with the previous year.

INVESTMENTS

Net investment income was FIM 244 million, which was 22.5 per cent higher than in the previous year.

Net interest income was FIM 182 million, an increase of 9.9 per cent over the level of the previous year.

The net income from investments in land and buildings fell from FIM 62 million to FIM 60 million.

Realized gains on investments totaling FIM 31 million were entered as income in 1996, compared with FIM 2 million in the previous year.

Writedowns in respect of land and buildings were FIM 57 million. The figure includes value adjustment items amounting to FIM 40 million. In the previous year, writedowns on land and buildings were FIM 24 million. The critical assessment of land and building values will continue as in previous years.

Cancellations of writedowns made in earlier years with respect to shares and debt securities increased the investment income by FIM 24 million.

The book and current values of the company's investment assets at the end of the year were FIM 4 249 million and FIM 4 922 million, respectively.

Interest-bearing investments were weighted in favour of government bonds.

OPERATING EXPENSES

Operating expenses in 1996 were FIM 81 million, which was 4.6 per cent higher than in the previous year.

Depreciation is included in operating expenses and the appropriate proportions of operating expenses are allocated to claims incurred and investment charges.

Salaries and commissions totaled FIM 39 million, which was 7.8 per cent higher than in the previous year. The rise is a consequence of greatly increased marketing and sales activity.

A pension insurance premium of FIM 11 million in respect of earlier years is recorded under extraordinary expenses. This premium also includes the previously uncovered pension liability.

With the exception of the Managing Director and the Deputy Managing Director, the company's business operations were administered by staff employed by Tapiola General Mutual Insurance Company. The payments for these services were included in the company's operating expenses under the same items as would have been used if the staff had been directly employed by Tapiola Life.

Salaries and commissions paid to members of the Supervisory Board, the Board of Directors and the Managing Director totaled FIM 1 111 964.00. Other salaries and commissions amounted to FIM 40 941 510.15. The total salaries and commissions figure was FIM 42 053 474.15.

CLOSING OF THE ACCOUNTS

The company's technical underwriting result rose to FIM 112 million and was good. The technical underwriting result incorporates the surpluses for underwriting, administrative costs and investments.

The underwriting surplus, which describes purely insurance operations, was FIM 34 million. This compares with a surplus of FIM 31 million in the previous year.

The administrative costs surplus, which describes the company's cost efficiency, was FIM 2 million. In the previous year the comparable figure was deficit of FIM 9 million.

The company's investment surplus was FIM 75 million, compared with FIM 48 million in the previous year.

The overall result is good and allows competitive customer discounts. Purposeful work aimed at improving cost efficiency successfully brought costs into line with their corresponding premium component. The investment surplus was a substantial improvement on that achieved in the previous year.

Tapiola Life's solvency ratio is 120.6 per cent, and the company is very solvent. The solvency ratio was 118.0 per cent in 1995.

The current value of the company's assets has been assessed in the financial statements by adhering to a conservative valuation principle. The procedure is described in greater detail in the accounting principles of the financial statements.

Depreciation of FIM 8 million was charged according to plan. The full amount of depreciation permitted under the Business Taxation Act was made.

The credit loss reserve in respect of receivables other than premiums was brought into line with the maximum amount permissible.

FIM 66 million was set aside in the closing of the accounts for 1997 index increments and additional benefits for policyholders. The corresponding amount in the previous year was FIM 64 million.

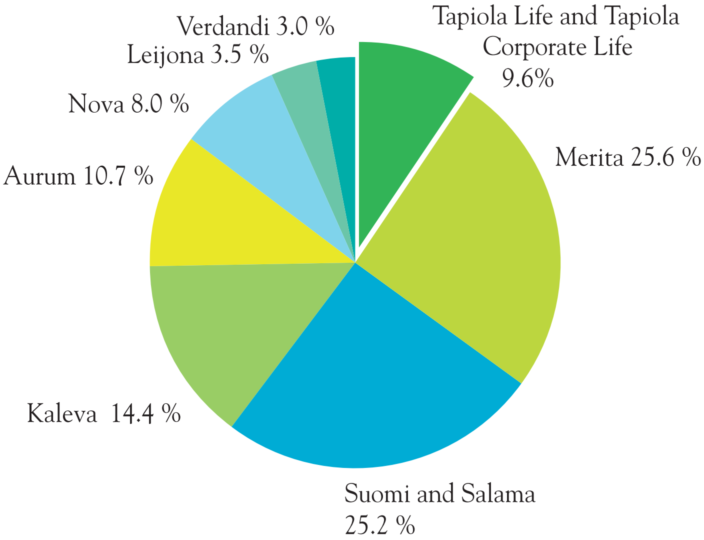
The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Insurance Group was FIM 1 261 604.22. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

The Board of Directors recommends that the surplus of FIM 4 926 956.31 for the accounting period be appropriated so that 8 per cent interest, i.e. FIM 960 000.00, is paid on the guarantee capital, FIM 3 900 000.00 is transferred to the security reserve, and FIM 66 956.31 is transferred to the contingency reserve.

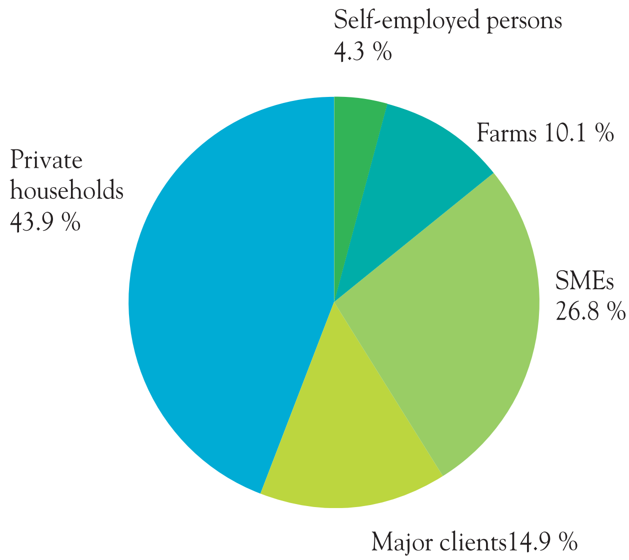
The Balance Sheet showed assets totaling FIM 4 688 008 592.53.

MARKET SHARES 1996

Life, group life, and individual as well as optional pension insurance. Premiums written FIM 11 843 mill.

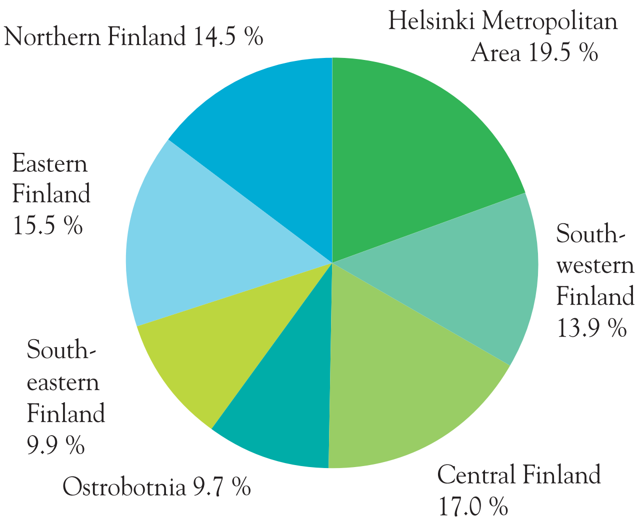


TAPIOLA LIFE PREMIUMS WRITTEN BY CUSTOMER GROUP 1996



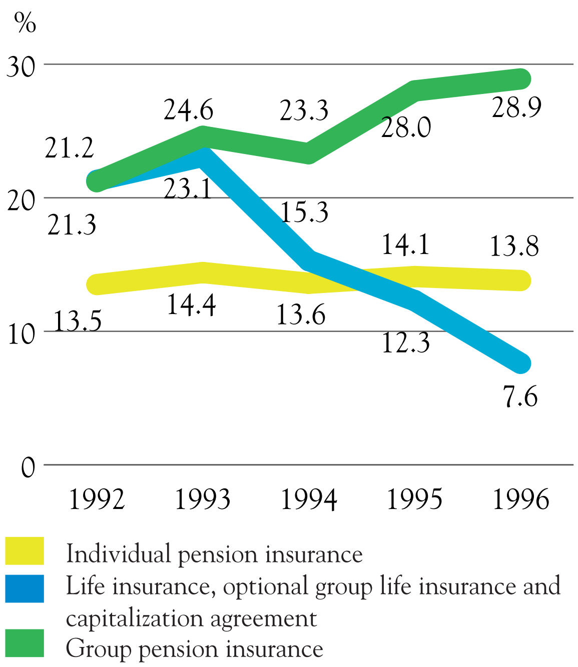
TAPIOLA LIFE PREMIUMS WRITTEN BY GEOGRAPHICAL AREA 1996

Based on reported domicile of policyholders including major clients



TAPIOLA DEVELOPMENT OF MARKET SHARES IN DIFFERENT LIFE INSURANCE CLASSES

Without pension foundation and pension fund abolitions



TAPIOLA LIFE GROUP KEY FINANCIAL INDICATORS

The figures also include Tapiola Corporate Life Insurance Company

		1996	1995	1994
SOLVENCY				
Solvency margin, FIM mill.		960	603	541
Min. solvency margin, FIM mill.		298	273	255
Equalization provision, FIM mill.		171	174	172
Solvency capital, FIM mill.		1157	811	739
Solvency ratio, %		118.3	114.8	114.5
Solvency margin ratio, %		322.5	221.3	212.6
CHANGE IN SOLVENCY CAPITAL				
Change in solvency capital before distribution of profit and policyholder benefits %		6.8	2.9	3.5
Return on equity tied up in the company, %		10.6	6.8	6.6
EFFICIENCY				
Operating cost ratio, %		98.8	91.7	100.2
MARKET SHARE				
Market share, %		9.6	10.2	12.3
Market share without foundation abolitions, %		9.9	15.4	13.6
Market share of insurance savings, %		15.7	18.6	21.9
Turnover, FIM mill.		1 717	1 214	776
INVESTMENT PORTFOLIO				
Breakdown of investments				
- land and buildings,	FIM mill.	2 565	2 232	
	%	35.7	37.1	
- shares,	FIM mill.	348	193	
	%	4.9	3.2	
-bonds and debentures,	FIM mill.	3 352	2 567	
	%	46.7	42.5	
- other debt securities,	FIM mill. Mmk	574	212	
	%	8.0	3.5	
- loans	FIM mill.	335	806	
	%	4.7	13.4	
- other debt securities,	FIM mill.	1	0	
	%	0.0	0.0	

The definitions of the concepts and the formulae for the financial indicators are presented in the Readers Guide on page 139.

Consolidated financial statements

On 31.12.1996 Tapiola Mutual Life Assurance Group consisted of Tapiola Mutual Life Assurance Company, as the parent company, Tapiola Corporate Life Insurance Company and its sub-groups, and 32 housing and real estate companies.

Assosiated companies are Tapiola Data Ltd, Vakuutusneuvonta Aura Oy, Vakuutusneuvonta Pohja and Tapiola Book Entry Securities.

INSURANCE

Premiums written

The group's gross premiums written were FIM 1 135 million, which was 55.7 per cent higher than the comparable figure for the previous year.

The provision for unearned premiums rose by FIM 727 million to FIM 4 750 million.

Claims paid

Claims paid amounted to FIM 525 million, which was 4 per cent less than in the previous year.

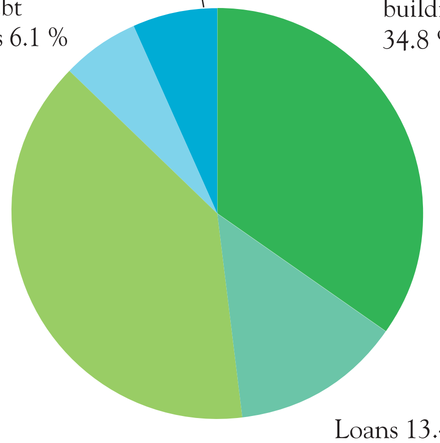
TAPIOLA LIFE
PERFORMANCE ANALYSIS

Tapiola Corporate Life not included

Preliminary figures	1996 FIM mill.	1995 FIM mill.	1994 FIM mill.
COMPOSITION OF THE RESULT			
Risk business	35	30	40
Cost business	2	– 9	8
Interest business	75	45	1
Total	**112**	**66**	**49**
Revaluations		12	
APPLICATION OF THE RESULT			
Policyholder bonuses, discounts and additional benefits	–66	– 64	– 80
Equalizarion provision	–13	– 1	– 12
Extraordinary expenses	–11		
Depreciations etc.	–17	– 11	47
Result	**5**	**2**	**4**

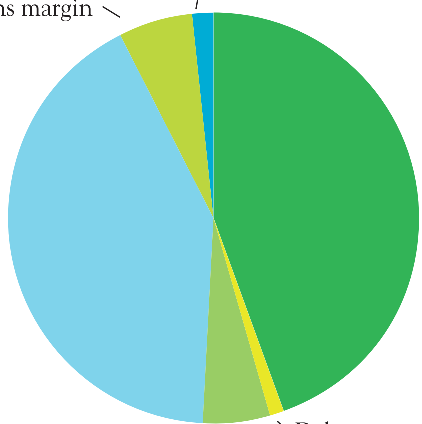
TAPIOLA LIFE
INVESTMENT ASSETS

Current value at 31.12.1996 FIM 4 922 mill.



TAPIOLA LIFE
INVESTMENT RISK PROFILE

Current value at 31.12.1996



The categories are the same as in the regulations concerning the technical provisions margin.

INVESTMENTS

Net investment income was FIM 343 million, including value adjustment items of FIM 23 million.

Writedowns of FIM 56 million were entered into the accounts, compared with 43 million in the previous year. Cancellations of writedowns made in previous years amounted to FIM 43 million.

The book and current values of the group's investment assets at the end of the year were FIM 6 295 million and FIM 7 176 million, respectively.

OPERATING EXPENSES

Operating expenses were FIM 103 million, which was 11.1 per cent higher than in the previous year.

Salaries and commissions rose by 15.1 per cent to FIM 53 million, while social expenses remained at the level of the previous year.

RESULT FOR THE ACCOUNTING PERIOD

The combined total of the underwriting, administrative costs and investment surpluses was FIM 155 million, whereas the comparable result for the previous year was FIM 65 million.

Depreciation was charged according to plan. Provisions were FIM 43 million at the end of the year.

The group deficit for the accounting period was FIM 8 625 631.33, of which the minority interest was FIM -203 582.01. The Balance Sheet showed assets totaling FIM 6 793 857 100.03.

Real estate portfolio, income and vacant premises at 31.12.1996

REAL ESTATE PORTFOLIO, FIM 1 000

Current value	2 298 995
Book value and loans	1 887 252
Valuation difference	411 743

Type of real estate	Current value FIM 1 000	Current value FIM/m²	Net yield FIM 1 000	Net yield %	Potential net yield*)	Vacant floor area, m²	Vacancy rate %
Non-residential premises							
Commercial and office premises							
- rented to outside parties	1 382 676	9 233	64 086	4.6	5.3	149 753	5.5
- in own use **)	63 229	7 535	4 685	7.4	7.4	8 391	0.0
Industrial premises	27 774	3 381	1 527	5.5	6.6	8 214	0.0
Hotels	319 381	7 108	28 270	8.9	9.0	44 933	0.0
Total	**1 793 060**	**8 486**	**98 568**	**5.5**	**6.0**	**211 291**	**3.9**
Residential buildings *)**	**436 011**	**5 589**	**21 740**	**5.0**	**5.3**	**78 017**	**3,2**
Other properties and premises							
Under construction	31 484						
Acquired mid-year	0						
Undeveloped plots	28 230						
Forest holdings	427						
Shares in real estate investment companies	9 783						
Total	**69 924**					**6 762**	
REAL ESTATE PORTFOLIO	2 298 995					296 070	

*)	The potential net yield is augmented by imputed gross rent for the vacant premises, which averages	FIM 55/m2/month
**)	The imputed gross rent for premises in Tapiola's own use averages	FIM 66/m2/month
***)	The net income from residential premises is augmented by a government interest subsidy of	FIM 2 220 000
	In addition, premises under construction are augmented by an interest subsidy of	FIM 129 000

The average vacancy rate over the year for non-residential premises was 6.6%.

Financial Analysis

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
Source of funds:				
Cash flow financing				
Profit (Loss) before interest expenses, extraordinary items, appropriations and taxes	22 179	4 537	11 528	23 332
Extraordinary income and expenses	-11 278	-	-11 278	-
Adjustment items:				
Changes in technical provisions	643 469	278 257	830 008	379 241
Investment devaluations and revaluations	57 563	16 470	36 209	17 986
Depreciation	7 862	10 801	63 295	31 339
	719 795	310 064	929 763	451 898
Capital financing				
Increase in minority interest			-	4 394
Optional reserves	-	-	8 934	-
Increase in own capital	-	-	18 201	-
	-	-	27 134	4 394
Source of funds, total	**719 795**	**310 064**	**956 897**	**456 293**
Application of funds:				
Profit distribution				
Taxes	2 447	724	5 163	6 220
Interest on guarantee capital	960	960	960	960
Other profit distribution	35	5	35	5
	3 442	1 689	6 158	7 184
Investments				
Increase in investments (net)	705 883	377 089	896 812	466 813
Increase in tangible and intangible assets (net)	3 816	2 575	4 812	6 724
	709 699	379 664	901 624	473 537
Repayments of capital				
Decrease in long-term liabilities	21	21	-	-
Decrease in minority interest			6 983	-
	21	21	6 983	-
Application of funds, total	**713 163**	**381 374**	**914 765**	**480 721**
Increase/decrease in working capital	**6 633**	**-71 310**	**42 132**	**-24 429**
Change in working capital				
Change in receivables	56 695	-101 670	61 561	-120 862
Change in cash at bank and in hand	-79 142	41 845	-86 690	61 349
Change in prepayments and accrued income	15 128	27 626	22 981	60 058
Change in deposits received from reinsurers	-3	-3	-31	67
Change in amounts owed	-23 334	-8 870	7 905	15 885
Change in accruals and deferred income	37 289	-30 238	36 406	-40 926
Increase/decrease in working capital	**6 633**	**-71 310**	**42 132**	**-24 429**

Profit and Loss Account

FIM 1 000		Parent company		Group	
Technical account:		**1996**	**1995**	**1996**	**1995**
Premiums written					
Premiums written	*1	859 498	528 113	1 134 578	728 494
Reinsurers ´ share		-14 330	-24 117	-20 545	-30 680
		845 167	503 997	1 114 033	697 814
Investment income	4	414 958	339 906	596 849	485 025
Investment revaluation		-	12 000	-	12 000
Claims incurred					
Claims paid	2	-350 628	-365 337	-524 612	-542 838
Reinsurers´ share		10 609	12 072	14 144	15 628
		-340 019	-353 265	-510 468	-527 210
Change in provision for outstanding claims		-49 144	-36 168	-103 871	-165 367
Reinsurers´ share		-1 488	2 096	-1 639	2 290
		-50 632	-34 072	-105 510	-163 077
		-390 651	-387 337	-615 978	-690 287
Change in provision for unearned premiums					
Change in provision for unearned premiums		-595 388	-251 040	-727 060	-224 005
Reinsurers´ share		2 551	6 855	2 562	7 840
		-592 837	-244 185	-724 498	-216 165
Operating expenses	3	-81 169	-77 634	-103 120	-92 804
Investment charge	4	-131 355	-141 134	-230 791	-170 874
Investment revaluation adjustment	4	-40 000	-	-23 500	-
Other expenses		-958	-754	-1 051	-819
Balance on technical account		**23 155**	**4 858**	**11 944**	**23 891**
Non-technical account:					
Other income					
Decrease in goodwill				2 432	7
Others		287	320	288	320
		287	320	2 720	328
Other expenses					
Depreciation on consolidation goodwill				-1 441	-56
Others		-1 262	-642	-1 625	-777
		-1 262	-642	-3 066	-833
Direct taxes on ordinary activities					
Taxes for the accounting period		-2 083	-724	-4 797	-6 214
Taxes from previous years		-364	0	-366	-6
		-2 447	-724	-5 163	-6 220
Share of participating interests´ losses after taxes				-70	-53
Profit on ordinary activities after taxes		**19 732**	**3 812**	**6 365**	**17 112**
Extraordinary expenses					
Pension insurance premiums		-11 278	-	-11 278	-
Profit/Loss after extraordinary items		**8 454**	**3 813**	**-4 913**	**17 112**
Increase/decrease in depreciation difference		-2 174	-1 066	-4 118	7 332
Decrease/increase in optional reserves		-1 353	-639	609	252
Profit/Loss for the accounting period		**4 927**	**2 107**	**-8 422**	**24 696**
Minority interest in the profit for the accounting period				-204	-2 988
Group loss/profit for the accounting period				**-8 626**	**21 708**

*Reference number in the Appendices

Appendices to the Profit and Loss Account

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
1 Premiums written				
Direct insurance				
Domestic				
Life assurance				
Individual life assurance	614 415	311 878	615 041	311 878
Employees´ group life assurance	27 280	46 965	29 852	52 405
Other group life assurance	2 300	1 349	26 584	26 471
Capitalization agreements			36 300	-
	643 995	360 192	707 777	390 754
Pension insurance				
Individual pension insurance	215 470	167 935	231 245	167 935
Optional employment pension insurance			195 537	169 847
	215 470	167 935	426 782	337 781
	859 465	528 127	1 134 559	728 535
Reinsurance	174	242	174	242
Gross premiums written	**859 639**	**528 369**	**1 134 732**	**728 777**
Credit loss on premiums	-142	-255	-154	-283
Premiums written before reinsurers´ share	**859 498**	**528 113**	**1 134 578**	**728 494**
Premiums from agreements entitled to bonuses				
Continuous premiums	498 112	473 605	733 406	670 752
Lump-sum premiums	361 353	54 521	401 153	57 783
	859 465	528 127	1 134 559	728 535
Premiums from agreements entitled to bonuses	859 465	528 127	1 134 559	728 535

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
The effect of bonuses and rebates on the result from life assurance				
Bonuses				
Life assurance				
Individual life assurance	37 242	30 691	37 245	30 691
Other group life assurance	91	189	889	1 313
Capitalization agreements			89	-
	37 333	30 880	38 224	32 004
Pension insurance				
Individual pension insurance	23 850	28 260	23 920	28 260
Optional employment pension insurance			28 521	34 852
	23 850	28 260	52 441	63 112
	61 184	**59 141**	**90 665**	**95 116**
Rebates				
Life assurance				
Individual life assurance	**4 636**	**5 233**	**4 636**	**5 233**

2 Claims paid before reinsurers´ share

Direct insurance				
Life assurance	256 019	278 545	272 238	295 149
Surrenders	63 337	62 023	63 337	62 023
	319 356	340 567	335 574	357 172
Pension insurance	29 872	23 376	186 218	178 975
Surrenders	1 261	1 349	2 680	6 646
	31 133	24 725	188 898	185 621
	350 488	365 292	524 472	542 793
Reinsurance	140	45	140	45
Claims paid, total	**350 628**	**365 337**	**524 612**	**542 838**

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
3 Total operating expenses by function				
Claims paid	12 847	12 392	14 652	14 181
Operating expenses	81 169	77 634	103 120	92 804
Investment charges	6 652	6 963	7 778	8 090
Other expenses	1 262	642	1 625	777
Total	**101 930**	**97 630**	**127 175**	**115 852**
3.1 Depreciation by function				
Claims paid	27	109	29	112
Operating expenses	2 861	4 637	2 993	5 038
Investment charges	2 195	1 995	2 207	1 999
Total	**5 083**	**6 741**	**5 229**	**7 148**
3.2 Staff expenses				
Salaries and commissions	38 624	35 813	52 886	45 934
Monetary value of fringe benefits	1 064	1 131	1 650	1 362
Pension expenses	7 335	7 557	9 775	9 749
Other social expenses	3 745	4 002	4 995	5 051
Total	**50 768**	**48 503**	**69 307**	**62 096**
3.3 Operating expenses in profit and loss account				
Insurance policy acquisition costs				
Commissions for direct insurance	3 781	2 733	3 964	3 004
Other insurance policy acquisition costs	38 401	35 284	50 414	42 534
	42 182	38 017	54 378	45 538
Insurance policy management expenses	19 716	18 803	25 180	22 973
Administrative expenses	19 271	20 815	24 176	24 927
Commission for reinsurance ceded			-614	-633
Total	**81 169**	**77 634**	**103 120**	**92 804**

FIM 1 000	**Parent company**		**Group**	
	1996	**1995**	**1996**	**1995**
4 Analysis of net investment income				
Investment income:				
Income from investments in group companies				
Interest income	5 775	3 060		
Income from investments in land and buildings, group companies				
Interest income	26 432	11 096		
Income from investments in land and buildings, other companies				
Interest income	-	-	344	11
Other income	137 641	138 529	204 994	171 803
	137 641	138 529	205 338	171 815
Income from other investments				
Dividend income	8 194	4 353	9 357	4 355
Interest income	179 949	167 242	301 736	292 165
Other income	969	-	1 825	-
	189 112	171 596	312 917	296 521
Total	358 960	324 281	518 255	468 335
Devaluation cancellations	24 419	13 007	42 856	13 007
Realized gains on investments	31 579	2 618	35 738	3 682
Total	**414 958**	**339 906**	**596 849**	**485 025**
Investment expenses:				
Expenses for land and buildings				
Group companies	-38 511	-16 296		
Other companies	-64 903	-71 590	-103 303	-94 077
	-103 414	-87 886	-103 303	-94 077
Expenses for other investments	-2 908	-2 526	-3 775	-3 396
Interest expenses and expenses on other liabilities				
Group companies	-584	-91		
Other companies	-3 677	-4 902	-9 588	-9 513
	-4 261	-4 993	-9 588	-9 513
Total	-110 583	-95 405	-116 667	-106 985
Value adjustments on investments				
Devaluation	-17 563	-41 477	-55 565	-42 993
Planned depreciation on buildings	-2 779	-4 060	-58 066	-20 686
	-20 342	-45 537	-113 632	-63 679
Realized losses on investments	-430	-193	-493	-210
Total	**-131 355**	**-141 134**	**-230 791**	**-170 874**
Net investment income before revaluations and other adjustments	**283 603**	**198 772**	**366 059**	**314 151**
Revaluation on investments	-	12 000	-	12 000
Investment revaluation adjustment	-40 000	-	-23 500	-
	-40 000	12 000	-23 500	12 000
Net investment income on the Profit and Loss Account	**243 603**	**210 772**	**342 559**	**326 151**
Avoir fiscal tax credit included in dividend income	2 042	1 088	2 334	1 088

Balance Sheet

FIM 1 000		Parent company		Group	
ASSETS		1996	1995	1996	1995
Intangible assets					
Goodwill				99	132
Other long-term expenses	8	18 242	19 533	18 959	19 915
		18 242	**19 533**	**19 057**	**20 047**
Investments	5				
Investments in land and buildings	6				
Land and buildings		1 303 211	1 388 765	2 103 201	1 893 204
Loans to group companies		331 520	80 700		
		1 634 731	1 469 465	2 103 201	1 893 204
Investments in group companies and participating interests					
Shares and holdings in group companies	7	39 371	39 371		
Debt securities issued by and loans to group companies		35 487	35 487		
Other shares and variable-yield securities and units in unit trusts	7	1 610	1 610	1 340	1 377
		76 469	76 469	1 340	1 377
Other investments					
Shares and other variable-yield securities and units in unit trusts	7	192 928	154 420	229 045	174 946
Debt securities		1 939 966	1 361 986	3 348 003	2 554 726
Loans guaranteed by mortgages		128 689	257 413	150 831	428 808
Other loans	9	164 173	253 671	183 950	377 109
Deposits		112 009	30 000	277 009	60 000
Other investments		-	-	1 341	2 013
		2 537 764	2 057 489	4 190 179	3 597 603
		4 248 964	**3 603 422**	**6 294 720**	**5 492 184**
Debtors					
Arising out of direct insurance operations					
Policyholders		23 638	20 709	27 496	22 499
Other debtors		264 844	211 095	231 398	174 833
		288 481	**231 804**	**258 894**	**197 333**
Other assets					
Tangible assets	8				
Equipment		75	107	95	136
Other tangible assets		214	158	776	163
		289	265	871	299
Cash at bank and in hand		32 175	111 317	44 396	131 086
		32 464	**111 582**	**45 268**	**131 385**
Prepayments and accrued income					
Interests and rents		96 233	82 576	162 261	141 119
Other prepayments and accrued income		3 608	2 136	13 656	11 818
		99 840	**84 712**	**175 918**	**152 936**
		4 687 991	**4 051 053**	**6 793 857**	**5 993 885**

Balance Sheet

FIM 1 000		Parent company		Group	
LIABILITIES		**1996**	**1995**	**1996**	**1995**
Capital and reserves	10				
Restricted					
Equivalent funds		26 650	26 650	26 650	26 650
Guarantee capital		12 000	12 000	12 000	12 000
Revaluation reserves	10	2 100	2 100	26 413	2 100
		40 750	40 750	65 063	40 750
Non-restricted					
Security reserve		20 000	18 900	20 000	18 900
Contingency reserve		539	527	539	527
Group profits for previous years				15 160	1 671
Profit/Loss for the accounting period		4 927	2 107	-8 626	21 708
		25 466	21 534	27 073	42 807
		66 216	**62 284**	**92 137**	**83 557**
Minority interest				**26 408**	**33 187**
Reserves					
Accumulated depreciation difference		28 304	26 130	30 248	17 731
Optional reserves	11	9 278	7 925	12 271	12 345
		37 582	**34 055**	**42 519**	**30 076**
Technical provisions					
Provisions for unearned premiums (life ass.)	12	4 069 236	3 473 848	4 750 031	4 022 971
Reinsurers´ share		-20 414	-17 862	-22 654	-20 092
		4 048 823	3 455 985	4 727 377	4 002 879
Provision for outstanding claims (life ass.)		416 391	367 247	1 768 702	1 664 831
Reinsurers´ share		-3 360	-4 848	-3 827	-5 467
		413 030	362 399	1 764 875	1 659 365
		4 461 853	**3 818 384**	**6 492 252**	**5 662 244**
Deposits received from reinsurers		**20**	**17**	**773**	**742**
Creditors					
Arising out of reinsurance operations				585	838
Amounts owed to financial institutions		399	420	399	420
Other creditors		88 674	65 357	91 516	99 146
		89 073	**65 777**	**92 499**	**100 404**
Accruals and deferred income		**33 247**	**70 536**	**47 270**	**83 676**
		4 687 991	**4 051 053**	**6 793 857**	**5 993 885**

Appendices to the Balance Sheet

FIM 1 000	Parent company			Group		
5 Current value and valuation difference of investments Investments 31.12.1996						
	Remaining acquisition cost	**Book value**	**Current value**	**Remaining acquisition cost**	**Book value**	**Current value**
Investments in land and buildings						
Land and buildings	139 245	183 622	268 871	1 251 646	1 504 291	1 773 688
Group company shares	267 403	526 267	660 214			
Other real estate shares	387 441	593 321	785 874	393 030	598 910	791 421
Loans to group companies	331 520	331 520	331 520			
	1 125 609	1 634 731	2 046 479	1 644 676	2 103 201	2 565 109
Group companies						
Shares and other variable-yield securities and units in unit trusts	39 371	39 371	39 371			
Loans	35 487	35 487	35 487			
	74 858	74 858	74 858			
Participating interest						
Shares and other variable-yield securities and units in unit trusts	1 610	1 610	1 610	1 340	1 340	1 340
Other investments						
Shares and other variable-yield securities and units in unit trusts	192 928	192 928	278 648	229 045	229 045	346 665
Debt securities	1 939 966	1 939 966	2 115 722	3 348 003	3 348 003	3 649 772
Loans guaranteed by mortgages	128 689	128 689	128 689	150 831	150 831	150 831
Other loans	164 173	164 173	164 173	183 950	183 950	183 950
Deposits	112 009	112 009	112 009	277 009	277 009	277 009
Other investments				1 341	1 341	1 341
	2 537 764	2 537 764	2 799 240	4 190 179	4 190 179	4 609 568
	3 739 842	**4 248 964**	**4 922 187**	**5 836 195**	**6 294 720**	**7 176 018**
The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it	-18 072			-34 256		
The book value consists of						
Revaluations entered as income		416 082			432 579	
Other revaluations		93 039			25 946	
		509 121			458 525	
Valuation difference (difference between the current and book values)			673 224			881 298

Appendices to the Balance Sheet

5 *Current value and valuation difference of investments*

Investments 31.12.1995

FIM 1 000	Parent company			Group		
	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
Investments in land and buildings						
Land and buildings	140 607	185 078	260 627	711 089	983 256	1 033 547
Group company shares	94 631	299 327	299 705			
Other real estate shares	604 311	904 359	1 192 532	609 900	909 948	1 198 121
Loans to group companies	80 700	80 700	80 700			
	920 249	1 469 465	1 833 564	1 320 989	1 893 204	2 231 668
Group companies						
Shares and other variable-yield securities and units in unit trusts	39 371	39 371	39 371			
Loans	35 487	35 487	35 487			
	74 858	74 858	74 858			
Participating interest						
Shares and other variable-yield securities and units in unit trusts	1 610	1 610	1 610	1 377	1 377	1 377
Other investments						
Shares and other variable-yield securities and units in unit trusts	154 420	154 420	170 844	174 946	174 946	191 734
Debt securities	1 361 986	1 361 986	1 454 553	2 554 726	2 554 726	2 717 959
Loans guaranteed by mortgages	257 413	257 413	257 413	428 808	428 808	428 808
Other loans	253 671	253 671	253 671	377 109	377 109	377 109
Deposits	30 000	30 000	30 000	62 013	62 013	62 013
	2 057 489	2 057 489	2 166 480	3 597 603	3 597 603	3 777 623
	3 054 207	**3 603 422**	**4 076 513**	**4 919 969**	**5 492 184**	**6 010 668**
The remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it	-13 863			-18 899		
The book value consists of						
Revaluations entered as income		455 257			455 257	
Other revaluations		93 958			116 958	
		549 215			572 215	
Valuation difference (difference between the current and book values)			473 090			518 484

1 000 mk	Parent company			Group	

6 Change in investments in land and buildings 31.12.1996

	Buildings	Land and water areas and real estate shares	Loans to group companies	Buildings	Land and water areas and real estate shares
Acquisition cost 1.1.	159 018	945 186	331 520	667 862	978 944
Increases	1 324	6 520	-	470 748	6
Decreases	-	-36 134	-	-281	-121 319
Acquisition cost 31.12.	160 342	915 573	331 520	1 138 328	857 631
Revaluations 1.1.	34 573	516 472		34 573	516 472
Increases	-	-		208 268	-
Decreases	-	-40 000		-	-300 787
Revaluations 31.12.	34 573	476 472		242 841	215 684
Accumulated depreciation according to plan/ devaluations 1.1.	38 569	227 914		67 186	237 460
Depreciation according to plan /devaluations and devaluation cancellations	2 779	17 000		58 066	12 573
Decreases	-	-2 515		-24 002	-
Accumulated depreciation according to plan/ devaluations 31.12.	41 349	242 399		101 250	250 033
Book value after depreciation according to plan/devaluations 31.12.	**153 566**	**1 149 645**	**331 520**	**1 279 919**	**823 282**
Accumulated depreciation in excess of the plan 1.1.	26 130			17 731	
Depreciation above/below plan	2 174			12 517	
Accumulated depreciation in excess of the plan 31.12.	28 304			30 248	
Fully depreciated value of buildings 31.12.	125 261			1 249 671	

1 000 mk	Parent company			Group	

6 *Change in investments in land and buildings 31.12.1995*

	Buildings	Land and water areas and real estate shares	Loans to group companies	Buildings	Land and water areas and real estate shares
Acquisition cost 1.1.	157 713	940 765	80 700	662 496	971 665
Increases	1 320	4 421	-	5 381	7 278
Decreases	-15	-	-	-15	-
Acquisition cost 31.12.	159 018	945 186	80 700	667 862	978 944
Revaluations 1.1.	34 573	504 472		34 573	504 472
Increases	-	12 000		-	12 000
Revaluations 31.12.	34 573	516 472		34 573	516 472
Accumulated depreciation according to plan/ devaluations 1.1.	34 509	203 805		34 509	203 805
Depreciation according to plan /devaluations and devaluation cancellations	4 060	24 109		32 676	33 655
Accumulated depreciation according to plan/ devaluations 31.12.	38 569	227 914		67 186	237 460
Book value after depreciation according to plan/devaluations 31.12.	**155 021**	**1 233 743**	**80 700**	**635 249**	**1 257 955**
Accumulated depreciation in excess of the plan 1.1.	25 063			-25 063	
Depreciation above/below plan	1 066			7 332	
Accumulated depreciation in excess of the plan 31.12.	-26 130			-17 731	
Fully depreciated value of buildings 31.12.	128 892			617 518	

FIM 1 000	Parent company	
Land and buildings for own use	**1996**	**1995**
Remaining acquisition cost	47 608	68 063
Book value	48 631	67 040
Current value	57 680	83 694
Group companies		
Number of companies	39	12
Profit/Loss for the accounting period, total	2 870	-735
Capital and reserves, total	310 493	163 888

FIM 1 000	Parent company 1996	Parent company 1995	Group 1996	Group 1995

7 Investments in group companies and participating interests, other investments shares and other variable-yield securities and units in unit trusts

	Parent company 1996	Parent company 1995	Group 1996	Group 1995
Shares and holdings in group companies				
Original acquisition cost 1.1.	39 371	9 371		
Increase	-	30 000		
Remaining acquisition cost 31.12.	**39 371**	**39 371**		
Debt securities issued by and loans to group companies				
Original acquisition cost 1.1.	35 487	30 000		
Increase	-	5 487		
Remaining acquisition cost 31.12.	**35 487**	**35 487**		
Other shares and variable-yield securities and units in unit trusts				
Original acquisition cost 1.1.	1 610	1 610	1 377	1 377
Decrease			–37	-
Remaining acquisition cost 31.12.	**1 610**	**1 610**	**1 340**	**1 377**

	No. of shares	% of shares	% of votes	Nominal value FIM 1000	Parent company Book value 1996 FIM 1000	Group Book value 1996 FIM 1000	Result for accounting period FIM 1000	Capital and reserves FIM 1000
Shares and other variable-yield securities and units in unit trusts								
Tapiola Corporate Life Insurance Company	2630000	81.42	81.42	26 300	39 371		7 569	78 866
Other shares and variable-yiels securities and units in unit trusts								
Tapiola Data	300	33.33	33.33	600	600	432	-12	1 311
Vakuutusneuvonta Aura Oy	50	33.33	33.33	5	5	9	1	27
Vakuutusneuvonta Pohja Oy	50	33.33	33.33	5	5	9	1	27
Tapiola Book Entry Securities	1000	20.00	20.00	1 000	1 000	890	-274	4 615
					1 610	**1340**		

Other investments Shares and other variable-yield securities and units in unit-trusts	Domicile	No. of shares	% of shares	% of votes	Nominal value FIM 1000	Parent company Book value 1996 FIM 1000	Group Book value 1996 FIM 1000
Ab Chips Oy Ltd		9000	0.27	0.02	90	1 603	1 603
Cultor Oy		20000	0.09	0.13	240	3 042	3 042
Efore Oy Ab		17200	1.06	0.40	172	2 002	2 002
Espoon Sähkö Oy		85000	0.54	0.54	170	5 004	5 004
Finnair Oy		35000	0.04	0.04	175	1 126	1 126
Gyllenberg Small Firm		1963			982	1 020	1 020
Huhtamäki Oy		61300	0.21	0.21	1 226	7 969	
Huhtamäki Oy		82600	0.28	0.23	1 652		10 548
Ilkka		5148	0.32	0.05	51	456	456
Instrumentarium Oy		27600	0.14	0.02	276	2 261	2 261
Kemira Oy		130000	0.10	0.10	1 300	5 725	
Kemira Oy		200000	0.15	0.15	2 000		8 874
Kone Oy		19000	0.31	0.11	950	8 840	
Kone Oy		29000	0.47	0.17	1 450		13 298
KT-Tietokeskus Oy		3660	0.26	0.26	73	1 135	
KT-Tietokeskus Oy		7320	0.52	0.52	146		2 269
Lassila & Tikanoja Oy		15400	0.35	0.35	154	2 907	
Lassila & Tikanoja Oy		22400	0.51	0.51	224		4 135
Lännen Tehtaat Oy		204600	3.17	3.17	2 046	12 685	12 685
Metra Oy		44900	0.15	0.09	898	7 688	
Metra Oy		60900	0.20	0.12	1 218		10 547
Metsä-Serla Oy		1140000	0.82	1.30	11 400	19 115	19 115
Neste Corporation		40000	0.04	0.04	400	3 061	
Neste Corporation		56000	0.06	0.06	560		4 251
Nokia Corporation		8000	0.00	0.00	40	1 269	1 269
Nokian Renkaat Oy		38400	0.37	0.38	384	1 384	
Nokian Renkaat Oy		67200	0.65	0.66	672		2 422
Norvestia Oy		19000	0.36	0.24	380	1 325	
Norvestia Oy		34000	0.64	0.43	680		2 373
Orion-yhtymä		30200	0.06	0.01	302	3 326	
Orion-yhtymä		40700	0.08	0.03	407		4 927
Raision Tehtaat Oy		38252	0.23	0.15	383	3 635	3 635
Rautakirja Oy		8000	0.12	0.01	160	1 530	1 530
Tamfelt Oy		37500	0.56	0.09	375	2 250	2 250
Werner Söderström-WSOY		23000	0.19	0.05	230	1 428	1 428
YIT-yhtymä Oy		1440570	5.90	5.90	14 406	56 485	56 485
Henkivakuutusosakeyhtiö Retro		13515	19.30	19.30	324	7 034	7 034
Tapiola Mutual Pension Insurance Company		180000	56.30	2.20	1 800	2 700	2 700
Tapiola General Mutual Insurance Company		210	100.00	5.52	10 500	10 500	10 500
Nycomed A/S	Norway	40000				2 351	2 351
Scania AB	Sweden	24500				2 810	
Scania Ab	Sweden	36500					4 187
Others		301353			2 687	9 263	
Others		480721			5 657		23 720
						192 928	**229 045**

FIM 1 000	Parent company			Group			
8 Change in tangible and intangible assets 31.12.1996	**Intangible assets and long-term expenditure**	**Equipment**	**Total**	**Intangible assets and long-term expenditure**	**Consoli-dation goodwill**	**Equipment**	**Total**
Acquisition cost 1.1.	38 995	1 196	40 191	39 961	132	1 545	41 637
Fully depreciated in the previous year	-2 162	-405	-2 566	-2 489	-	-405	-2 893
Acquisitions	3 760	-	3 760	4 231	781	-	5 013
Sales and disposals	-	-	-	-	-132	-	-132
Acquisition cost 31.12.	40 594	791	41 385	41 703	781	1 140	43 625
Accumulated depreciation according to plan 1.1.	19 463	1 088	20 551	20 045	0	1 409	21 454
Fully depreciated in the previous year	-2 162	-405	-2 566	-2 489	0	-405	-2 893
Depreciation according to plan	5 050	33	5 083	5 188	683	41	5 912
Accumulated depreciation according to plan 31.12.	22 352	716	23 068	22 745	683	1 045	24 473
Acquisition cost after depreciation according to plan 31.12.	**18 242**	**75**	**18 317**	**18 959**	**99**	**95**	**19 152**
Net expenditure after depreciation 31.12.	18 242	75	18 317	18 959	99	95	19 152
31.12.1995	**Intangible assets and long-term expenditure**	**Equipment**	**Total**	**Intangible assets and long-term expenditure**	**Consoli-dation goodwill**	**Equipment**	**Total**
Acquisition cost 1.1.	41 758	1 183	42 940	36 891	-	1 532	38 423
Fully depreciated in the previous year	-5 324	-	-5 324	-	-	-	-
Acquisitions	2 562	13	2 575	3 070	132	13	3 214
Acquisition cost 31.12.	38 995	1 196	40 191	39 961	132	1 545	41 637
Accumulated depreciation according to plan 1.1.	18 092	1 042	19 134	12 955	-	1 350	14 306
Fully depreciated in the previous year	-5 324	-	-5 324	-	-	-	-
Depreciation according to plan	6 695	46	6 741	7 090	-	58	7 148
Accumulated depreciation according to plan 31.12.	19 463	1 088	20 551	20 045	-	1 409	21 454
Acquisition cost after depreciation according to plan 31.12.	**19 533**	**107**	**19 640**	**19 915**	**132**	**136**	**20 183**
Net expenditure after depreciation 31.12.	19 533	107	19 640	19 915	132	136	20 183

FIM 1 000	Parent company		Group	
9 Other loans	**1996**	**1995**	**1996**	**1995**
Remaining acquisition cost by security				
Bank guarantee	5 532	7 698	22 474	88 597
Insurance policy	40 319	47 887	40 319	47 887
Other security	118 322	198 085	121 157	240 626
Remaining acquisition cost	**164 173**	**253 671**	**183 950**	**377 109**

FIM 1 000	Parent company		Group	
10 Change in capital and reserves	**1996**	**1995**	**1996**	**1995**
Restricted				
Equivalent funds	26 650	26 650	26 650	26 650
Guarantee capital	12 000	12 000	12 000	12 000
Revaluation reserve	2 100	2 100	2 100	2 100
Increase	-	-	24 313	-
	2 100	2 100	26 413	2 100
	40 750	40 750	65 063	40 750
Non-restricted				
Security reserve	18 900	17 371	18 900	17 371
Transferred from profits for the previous year	1 100	1 529	1 100	1 529
	20 000	18 900	20 000	18 900
Contingency fund	527	487	527	487
Transferred from profits for the previous year	47	45	47	45
Used for generally beneficial purposes	-35	-5	-35	-5
	539	527	539	527
Group profit for previous years			1 671	1 087
Transferred from retained earnings			19 601	584
Allocated			-6 113	-
			15 160	1 671
Profit for the previous year	2 107	2 534	21 708	3 118
Transferred by decision of the AGM to the				
Interest on the guarantee capital/as dividend	-960	-960	-960	-960
Security reserve	-1 100	-1 529	-1 100	-1 529
Contingency reserve	-47	-45	-47	-45
Retained earnings	-	-	-19 601	-584
	0	0	0	0
Profit/Loss for the accounting period	4 927	2 107	-8 626	21 708
	25 466	21 534	27 073	42 807
	66 216	**62 284**	**92 137**	**83 557**
Analysis of the revaluation reserve				
Revaluation reserve 1.1.	2 100	2 100	2 100	2 100
Increase	-	-	24 313	-
Revaluation reserve 31.12.	2 100	2 100	26 413	2 100
Of which related to fixed assets	2 100	2 100	26 413	2 100
11 Reserves				
Depreciation difference				
Depreciation difference 1.1.	26 130	25 063	17 731	-
Increases during the accounting period	2 174	1 067	4 118	17 731
Other increases	-	-	8 399	-
Depreciation difference 31.12.	**28 304**	**26 130**	**30 248**	**17 731**
Optional reserves				
Credit loss reserve 1.1.	7 925	7 286	11 211	11 463
Increases	1 353	639	-	-
Decreases	-	-	-834	-252
Credit loss reserve 31.12.	9 278	7 925	10 377	11 211
Transitional reserve 1.1.	-	-	1 134	1 134
Transitional reserve 31.12.	-	-	1 134	1 134
Housing reserve 1.1.	-	-	-	-
Increases	-	-	760	-
Housing reserve 31.12.	-	-	760	-
Optional reserves, total 31.12.	**9 278**	**7 925**	**12 271**	**12 345**
Tax liability calculated for the depreciation difference and optional reserve	**10 523**	**9 535**	**11 905**	**8 421**
Tax rate	28%	28%	28%	28%

FIM 1 000	Parent company 1996	Parent company 1995	Group 1996	Group 1995
12 Deferred acquisition costs deducted from provisions for outstanding claims in life assurance (zillmerisation)				
Life assurance	10 014	14 431	10 127	14 431
Pension insurance	21 132	20 009	23 487	20 009
	31 146	34 440	33 613	34 440
13 Contingent liabilities				
Mortgages given				
As security for other debts	-	-	23 660	-
As security for debts from affiliated companies	-	-	10 044	-
Amount of liability	-	-	19 819	-
Subscription commitments	1 750	-	2 650	-
Pension liabilities				
Uncovered pension liability based on a commitment given to Tapiola Mutual Pension Insurance Company in connection with the portfolio transfer from Elonvara Pension Fund	-	7 824	-	7 824

14 Management pension commitments

A retirement age of 60 - 63 years has been agreed for the senior management of the company and for those members of the Board of Directors who are employed by the company.

Key figures pertaining to solvency

FIM 1 000	Parent company 1996	Parent company 1995
Solvency margin		
Capital and reserves after profit distribution	65 256	61 324
Optional reserves and accumulated deoreciation difference	37 582	34 057
Valuation difference between current asset value and book values on the balance sheet	673 224	473 090
Intangible assets and insurance acquisition costs not entered as expenses (-)	-18 242	-19 533
Off-balance-sheet commitments	-1 750	-7 824
	756 070	**541 115**
Solvency margin required under the Insurance Companies Act, Chapter 11, Section 4	212 859	191 549
Equalization provision included in the technical provisions for years in which there are exceptionally large losses	136 874	123 760
The solvency margin and the equalization provision in proportion to technical provisions, net of reinsurance and reduced by the amount of the equalization provision and 75 % of the provision for outstanding claims in respect of investment-linked insurance (%)		
- 1996	20.6	
- 1995	18.0	
- 1994	18.5	
- 1993	19.5	
- 1992	25.0	

Proposal for the appropriation of the profit

The Board of Directors proposes that the profit for the accounting period in the amount of FIM 4 926 956.31 be appropriated as follows:

Interest at 8 per cent be paid on the guarantee capital	960 000.00
Transfer to security reserve	3 900 000.00
Transfer to contingency reserve	66 956.31
	4 926 956.31

If the Board of Directors´ proposal for the appropriation of the profit is approved, the company´s capital and reserves will be as follows:

Restricted capital and reserves		
Equivalent funds	26 650 000.00	
Guarantee capital	12 000 000.00	
Revaluation reserve	2 100 000.00	40 750 000.00
Non-restricted capital and reserves		
Security reserve	23 900 000.00	
Contingency reserve	606 086.02	24 506 086.02
		65 256 086.02

Espoo, 3rd April 1997

Asmo Kalpala

Pertti Heikkala

Pentti Koskinen

Tom Liljeström

Jari Saine

Auditors' report

TO THE OWNERS OF TAPIOLA MUTUAL LIFE ASSURANCE COMPANY

We have examined the bookkeeping, financial statements and administration of the Tapiola General Mutual Insurance Company for the 1996 financial year. The financial statements prepared by the Board if Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of our audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo has performed the supervisory audit of the company and a separate report was issued on 9th April 1997.

The bookkeeping as well as the principles, content and presentation of the financial statements have been examined in accordance with generally accepted auditing principles. In our examination of the administration, we have determined that the members of the Board and the Supervisory Board and the Managing Director have acted in accordance with the law.

The financial statements, which show a surplus for the parent company amounting to FIM 4,926,956.31, have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

The financial statements of the parent company together with its consolidated financial statements can be adopted. The members of the Supervisory Board and the Board of Directors and the Managing Director may be discharged from responsibility for the financial year covered by our audit.

The proposal by the Board of Directors on the appropriation of the surplus is in accordance with the law.

Espoo, 15th April 1997

Mauno Tervo
C.P.A.

SVH Coopers & Lybrand Oy
firm of certified public accountants

Ulla Holmström
C.P.A.

Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for the 1996 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 23rd April 1997

Matti Ahde
chairman

Tapiola Corporate Life Insurance Company

Tapiola Corporate Life specializes in the needs of corporate clients

Tapiola Life Insurance Company Ltd belongs to the Tapiola Life Group. The company specializes in corporate life insurance products. Companies are offered insurance products that serve as incentives for key personnel, offering advantages to both employer and employee.

The company's product range was enlarged and an entirely new type of product, the capitalization agreement, was launched on the market at the end of 1996. In a capitalization agreement the insured is not a person; instead, the insurance company accepts responsibility for capital commitments. The premiums written for the product amounted to FIM 36 million in just two months.

The 1996 result for Tapiola Corporate Life was in line with targets, although not as good as that of the parent company. The company improved its solvency

Administration and auditors of Tapiola Corporate Life

SUPERVISORY BOARD

	** Term*
Kari Neilimo chairman, professor, Kangasala	94-97
Pekka Räihä deputy chairman, managing director, Kajaani	94-97
Jari Bachmann managing director, Helsinki	96-99
Magnus Hästö managing director, Helsinki	95-98
Kalevi Luikkonen commercial councilor, Jyväskylä	95-98
Joel Nemes managing director, Espoo	96-99
Jorma Niiniaho managing director, Hamina	95-98
Marjut Nordström managing director, Asikkala	94-97
Jussi Pajunen chairman,Helsinki	96-99
Simo Palokangas managing director, Turku	94-97
Matti Ristikangas managing director, Idensalmi	95-98
Jukka Salminen director, Helsinki	96-99
Pekka Suninen law councilor, Lappeenranta	96-99
Antero Taanila administrative director, Kokkola	95-98
Matti Virranniemi director, Kuusamo	94-99

AUDITORS

Auditors
Mauno Tervo
M.Sc. (Econ.), C.P.A.
SVH Coopers & Lybrand Oy
firm of certified public accountants

Deputy auditors
Ulla Holmström
M.Sc. (Ekon.), C.P.A.
Jari Miikkulainen
M.Sc. (Econ.), C.P.A.

BOARD OF DIRECTORS

Asmo Kalpala
chairman,
chief executive officer
Pertti Heikkala
deputy chairman,
managing director
Pentti Koskinen
director, actuarial services
Tom Liljeström
director, investment services
Jari Saine
managing director

Deputy members
Antti Calonius
director, major clients services
Juhani Heiskanen
director, economy services
Matti Luukko
deputy managing director
Alpo Mustonen
deputy managing director

MANAGING DIRECTOR

Jari Saine

* The terms commences at the Annual General Meeting

Annual report 1996

The company is a subsidiary of Tapiola Mutual Life Assurance Company. The company's premiums written grew strongly and operations were expanded when a capitalization agreement and certain other new products were introduced.

INSURANCE

Premiums written

The company's premiums written were FIM 275 million, of which optional employment pension insurance and capitalization agreements accounted for FIM 196 million and FIM 36 million, respectively. There was a 37.3 per cent rise in premiums written. The provision for unearned premiums grew by FIM 132 million to FIM 679 million.

Claims paid

Claims paid were FIM 174 million. Claims paid in respect of optional employment pension insurance fell by 1.9 per cent to FIM 158 million. Claims paid in respect of group life insurance were FIM 14 million, a fall of 2.3 per cent.

INVESTMENTS

Net investment income was FIM 120 million, which includes capital gains of FIM 4 million, writedown cancellations of FIM 3 million, and writedowns of FIM 17 million on land and buildings.

Net interest income from investments other than land and buildings was FIM 118 million, and income from investments in land and buildings was FIM 12 million. The importance of income from land and buildings is expected to grow in the future, since in practice there are no longer any unrented premises.

The book value of the company's investment assets at the end of the year was FIM 2 031 million. Of this total, debt securities accounted for FIM 1 408 million and land and buildings for FIM 382 million. The current value of the company's investments was FIM 2 175 million.

OPERATING EXPENSES

The company's operating expenses were FIM 22 million, compared with FIM 15 million in the previous year. This

TAPIOLA CORPORATE LIFE PERFORMANCE ANALYSIS

	1996 FIM mill.	1995 FIM mill.	1994 FIM mill.
COMPOSITION OF THE RESULT			
Risk business	1	5	7
Cost business	–1	3	2
Interest business	43	48	3
Total	**43**	**56**	**12**
Revaluations	–	–	–
APPLICATION OF THE RESULT			
Policyholder bonuses, discounts and additional benefits	–30	–27	–1
Equalizarion provision	–2	1	–2
Depreciations etc.	–3	–10	–7
Result	**8**	**19**	**2**

increase was due to the expansion of business activities.

Salaries and commissions totaled FIM 13 million, which was FIM 4 million more than in the previous year. Payrelated expenses rose by 11.0 per cent to FIM 3 million.

With the exception of the Managing Director and the Deputy Managing Director, the company's business operations were administered by staff employed by Tapiola General Mutual Insurance Company. The payments for these services were included in the company's operating expenses under the same items as would have been used if the staff had been directly employed by Tapiola Corporate Life.

Salaries and commissions paid to members of the Board of Directors totaled FIM 217 790.00. Other salaries and commissions amounted to FIM 11 866 688.32. The total salaries and commissions figure was FIM 12 084 478.32.

RESULT FOR THE ACCOUNTING PERIOD

The company's result did not match that achieved in the previous year, but it was still good. The overall result incorporates the surpluses for underwriting, administrative costs and investment.

The underwriting surplus was FIM 1 million, compared with FIM 7 million in the previous year. The administrative costs result was a deficit of FIM 1 million, compared with a surplus of FIM 2 million in 1995. The investment surplus was FIM 43 million, compared with FIM 49 million in 1995. The technical underwriting result was a surplus of FIM 43 million, compared with FIM 57 million in the previous year.

Depreciation of just over FIM 1 million was charged according to plan. The full amount of depreciation permitted under the Business Taxation Act was made. The credit loss reserve in respect of receivables other than premiums was brought in line with the full amount.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Insurance Group was FIM 362 534.35. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

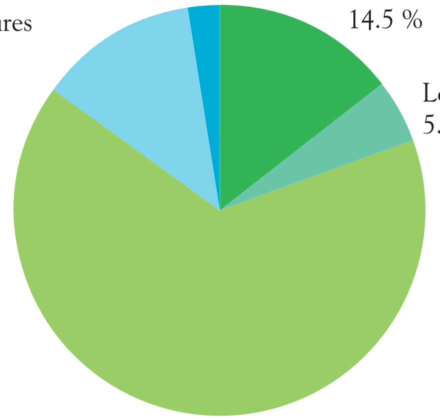
The solvency ratio rose from 112.7 per cent to 114.5 per cent.

The Board of Directors recommends that the surplus of FIM 7 568 587.62 for the accounting period be transferred to retained earnings.

The Balance Sheet showed assets totaling FIM 2 163 072 688.60.

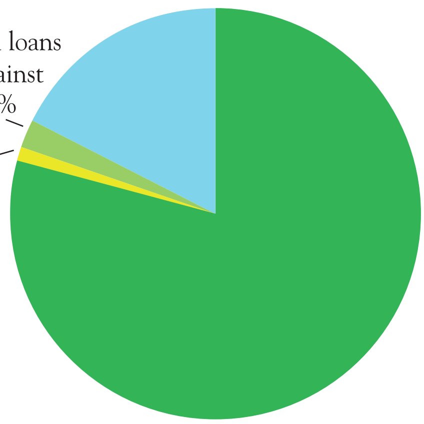
TAPIOLA CORPORATE LIFE INVESTMENT ASSETS

Current value at 31.12.1996 FIM 2 175 mill.



TAPIOLA CORPORATE LIFE INVESTMENT RISK PROFILE

Current value at 31.12.1996



The categories are the same as in the regulations concerning the technical provisions.

Consolidated financial statements

On 31.12.1996 Tapiola Corporate Life Insurance Group consisted of the parent company and eight housing and real estate companies.

INSURANCE

Premiums written

The group's gross premiums written were FIM 275 million, which was 37.3 per cent higher than in the previous year. The provision for unearned premiums at the end of the year was FIM 681 million.

Claims paid

Claims paid amounted to FIM 174 million, and the provision for outstanding claims at the end of the year was FIM 1 352 million.

INVESTMENTS

Net investment income was FIM 111 million, which includes planned depreciation of FIM 12 million in respect of buildings. Writedowns of FIM 32 million were entered into the accounts. There were no revaluations. Realized capital gains were FIM 4 million.

The book and current values of the group's investment assets at the end of the year were FIM 2 064 million and FIM 2 217 million, respectively.

OPERATING EXPENSES

Operating expenses were FIM 22 million.

RESULT FOR THE ACCOUNTING PERIOD

The technical underwriting result of FIM 43 million was good and the group's solvency improved.

Depreciation of FIM 12 million was entered into the accounts according to plan. The credit loss reserve in respect of receivables other than premiums was brought into line with the full amount.

The loss for the accounting period was FIM 1 676 051.96 and the Balance Sheet showed assets totaling FIM 2 197 009 262.44.

Real estate portfolio, income and vacant premises at 31.12.1996

REAL ESTATE PORTFOLIO, FIM 1 000

Current value	420 563
Book value and loans	418 816
Valuation difference	1 747

Type of real estate	Current value FIM 1 000	Current value FIM/m²	Net yield FIM 1 000	Net yield %	Potential net yield*)	Vacant floor area, m²	Vacancy rate
Non-residential premises							
Commercial and office premises							
- rented to outside parties	188 741	8 654	4 388	2.3	3.2	21 810	0.6
- in own use **)	2 023	10 536	135	6.7	6.7	192	0.0
Hotels	101 263	8 905	8 985	8.9	8.9	11 372	0.0
Total	**292 027**	**8 750**	**13 508**	**4.6**	**5.2**	**33 374**	**0.4**
Residential buildings *)**							
	61 112	**8 300**	**2 820**	**4.6**	**4.8**	**7 363**	**3,.2**
Other properties and premises							
Under construction	67 424						
Acquired mid-year	0						
Total	**67 424**					**8 972**	
REAL ESTATE PORTFOLIO	**420 563**					**49 709**	

*)	The potential net yield is augmented by imputed gross rent for thevacantpremises, which averages	FIM 50m²/month
**)	The imputed gross rent for premises in Tapiola's own use averages	FIM 762/month
***)	The net income from residential premises is augmented by a government interest subsidy of	FIM 512 000
	The average vacancy rate over the year for non-residential premises was	8.4%

Financial Analysis

FIM 1 000	Parent company		Group	
Source of funds:	**1996**	**1995**	**1996**	**1995**
Cash flow financing				
Profit before interest expenses, extraordinary items, appropriations and taxes	9 225	28 256	943	22 474
Adjustment items:				
Changes in technical provisions	186 539	100 984	186 539	1 843 860
Investment devaluations and revaluations	14 288	11 062	12 184	11 062
Depreciation	1 423	1 833	11 965	5 297
	211 474	142 135	211 631	1 882 692
Capital financing				
Increase in long-term liabilities	-	5 487	-	30 000
Optional reserves	-	-	-	5 311
Increase in capital and reserves	-	-	988	52 496
	-	5 487	988	87 807
Source of funds, total	**211 474**	**147 622**	**212 619**	**1 970 499**
Application of funds:				
Profit distribution				
Interest on long-term liabilities	-	3 111	-	-
Taxes	2 963	6 286	2 976	6 286
	2 963	9 396	2 976	6 286
Investments				
Increase in investment (net)	162 933	73 535	193 178	1 910 379
Increase in tangible and intangible assets (net)	471	507	471	819
	163 405	74 042	193 650	1 911 198
Application of funds, total	**166 368**	**83 438**	**196 626**	**1 917 484**
Increase in working capital	**45 107**	**64 184**	**15 993**	**53 015**
Change in working capital				
Change in receivables	39 792	-2 091	40 188	4 182
Change in cash at bank and in hand	-7 548	19 504	-7 548	19 769
Change in prepayments and accrued income	8 264	32 524	8 264	67 814
Change in deposits received from reinsurers	-28	70	-28	-725
Change in amounts owed	4 556	24 671	-24 780	-24 961
Change in accruals and deferred income	71	-10 494	-103	-13 064
Increase in working capital	**45 107**	**64 184**	**15 993**	**53 015**

Profit and Loss Account

FIM 1 000		Parent company		Group	
		1996	1995	1996	1995
Technical account:					
Premiums written					
Premiums written	*1	275 081	200 381	275 081	200 381
Reinsurers´ share		-6 215	-6 564	-6 215	-6 564
		268 865	193 817	268 865	193 817
Investment income	4	160 637	151 758	179 693	151 817
Claims incurred					
Claims paid	2	-173 984	-177 501	-173 984	-177 501
Reinsurers´ share		3 535	3 556	3 535	3 556
		-170 449	-173 945	-170 449	-173 945
Change in provision for outstanding claims		-54 728	-129 199	-54 728	-129 199
Reinsurers´ share		-151	194	-151	194
		-54 879	-129 005	-54 879	-129 005
		-225 327	-302 950	-225 327	-302 950
Change in provision for unearned premiums					
Change in provision for unearned premiums		-131 672	27 035	-131 672	27 035
Reinsurers´ share		11	985	11	985
		-131 661	28 021	-131 661	28 021
Operating expenses	3	-21 951	-15 170	-21 951	-15 170
Investment charge	4	-40 884	-30 132	-68 222	-32 861
Other expenses		-93	-64	-93	-64
Balance on technical account		**9 587**	**25 281**	**1 305**	**22 610**
Non-technical account:					
Other expenses					
Decrease in consolidation goodwill				-	-1
Others		-362	-136	-362	-136
		-362	-136	-362	-136
Direct taxes on ordinary activities					
Taxes for the accounting period		-2 961	-6 280	-2 974	-6 280
Taxes from previous years		-2	-6	-2	-6
		-2 963	-6 286	-2 976	-6 286
Profit/Loss on ordinary activities after taxes		**6 262**	**18 859**	**-2 033**	**16 188**
Profit/Loss after extraordinary items		**6 262**	**18 859**	**-2 033**	**16 188**
Increase in depreciation difference		-881	-949	-1 830	
Decrease in optional reserves		2 187	891	2 187	891
		1 306	-58	357	891
Profit for the accounting period/ Group loss/profit for the accounting period		**7 569**	**18 801**	**-1 676**	**17 079**

*Reference number in the Appendices

Appendices to the Profit and Loss Account

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
1 Premiums written				
Direct insurance				
Life assurance				
Individual life assurance	625	-	625	-
Employees´ group life assurance	2 572	5 440	2 572	5 440
Other group life assurance	24 284	25 121	24 284	25 121
Capitalization agreements	36 300	-	36 300	-
	63 782	30 562	63 782	30 562
Pension insurance				
Individual pension insurance	15 775	-	15 775	-
Optional employment pension insurance	195 537	169 847	195 537	169 847
	211 312	169 847	211 312	169 847
Gross premiums written	**275 093**	**200 409**	**275 093**	**200 409**
Credit loss on premiums	-13	-27	-13	-27
Premiums written before credit loss and reinsurers´ share	**275 081**	**200 381**	**275 081**	**200 381**
Premiums written before reinsurers´ share				
Continuous premiums	235 293	197 147	235 293	197 147
Lump-sum premiums	39 800	3 262	39 800	3 262
	275 093	200 409	275 093	200 409
Premiums from agreements entitled to bonuses	275 093	200 409	275 093	200 409

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
The effect of bonuses and rebates on the result from life assurance				
Bonuses				
Life assurance				
Individual life assurance	3	-	3	-
Other group life assurance	798	1 124	798	1 124
Capitalization agreements	89	-	89	-
	890	1 124	890	1 124
Pension insurance				
Individual pension insurance	70	-	70	-
Optional employment pension insurance	28 521	34 852	28 521	34 852
	28 591	34 852	28 591	34 852
	29 481	**35 975**	**29 481**	**35 975**

2 *Claims paid before reinsurers´ share*

Direct insurance				
Life assurance	16 219	16 605	16 219	16 605
Pension insurance	156 346	155 599	156 346	155 599
Surrenders	1 419	5 297	1 419	5 297
	157 765	160 896	157 765	160 896
Claims paid, total	**173 984**	**177 501**	**173 984**	**177 501**

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
3 *Total operating expenses by function*				
Claims paid	1 805	1 789	1 805	1 789
Operating expenses	21 951	15 170	21 951	15 170
Investment charges	1 126	1 127	1 126	1 127
Other expenses	363	136	363	136
Total	**25 245**	**18 222**	**25 245**	**18 222**
3.1 *Depreciation by function*				
Claims paid	2	3	2	3
Operating expenses	132	401	132	401
Investment charges	12	4	12	4
Total	**146**	**408**	**146**	**408**
3.2 *Staff expenses*				
Salaries and commissions	12 461	8 810	12 529	8 845
Monetary value of fringe benefits	568	221	568	221
Pension expenses	2 169	2 028	2 181	2 033
Other social expenses	1 132	945	1 138	948
Total	**16 331**	**12 005**	**16 417**	**12 047**
3.3 *Operating expenses in profit and loss account*				
Insurance policy acquisition costs				
Commissions for direct insurance	183	271	183	271
Other insurance policy acquisition costs	12 013	7 251	12 013	7 251
	12 196	7 521	12 196	7 521
Insurance policy management expenses	5 464	4 170	5 464	4 170
Administrative expenses	4 905	4 112	4 905	4 112
Commissions for reinsurance ceded	-614	-633	-614	-633
Total	**21 951**	**15 170**	**21 951**	**15 170**

FIM 1 000	Parent company		Group	
	1996	1995	1996	1995
4 *Analysis of net investment income*				
Investment income:				
Income from investments in group companies				
Interest income	0	91	0	91
Income from investments in land and buildings, group companies				
Interest income	5 019	2 838	2 432	182
Income from investments in land and buildings, other companies				
Interest income	-	-	2	-
Other income	24 559	21 911	28 999	24 559
	24 559	21 911	29 001	24 559
Income from other investments				
Dividend income	1 163	2	1 163	2
Interest income	122 073	125 852	122 073	125 919
Other income	469	-	469	-
	123 705	125 854	123 705	125 921
Total	153 283	150 694	155 139	150 753
Depreciations cancellations	3 019	-	20 219	
Realized gains on investments	4 335	1 064	4 335	1 064
Total	**160 637**	**151 758**	**179 693**	**151 817**
Investment expenses				
Expenses for land and buildings				
Group companies	-11 608	-9 215	-8 090	-7 069
Other companies	-5 849	-4 371	-9 838	-5 691
	-17 457	-13 586	-17 929	-12 760
Expenses from other investments	-867	-870	-867	-870
Interest and other liability expenses				
Group companies	-3 630	-3 060	-4 846	-3 151
Other companies	-286	-111	-298	-111
	-3 915	-3 171	-5 143	-3 262
Total	-22 239	-17 627	-23 938	-16 892
Value adjustments on investments				
Devaluation	-17 307	-11 062	-32 403	-11 062
Planned depreciation on buildings	-1 276	-1 426	-11 818	-4 889
	-18 583	-12 488	-44 221	-15 951
Realized losses on investments	-62	-17	-62	-17
Total	**-40 884**	**-30 132**	**-68 222**	**-32 861**
Net investment income before revaluations and their adjustments	**119 753**	**121 627**	**111 471**	**118 956**
Net investment income on the Profit and Loss Account	**119 753**	**121 627**	**111 471**	**118 956**
Avoir fiscal tax credit included in dividend income	291	1	291	1

Balance Sheet

FIM 1 000		Parent company		Group	
ASSETS		**1996**	**1995**	**1996**	**1995**
Intangible assets					
Other long-term expenses	8	**716**	**383**	**716**	**383**
Investments	5				
Investments in land and buildings					
Land and buildings	6	314 348	317 218	372 766	353 831
Loans to group companies		67 331	29 324	41 346	3 339
		381 679	346 543	414 112	357 170
Other investments					
Shares and other variable-yield securities and units in unit trusts	7	34 534	19 685	34 534	19 685
Debt securities		1 408 038	1 192 739	1 408 038	1 192 739
Loans guaranteed by mortgages		22 142	171 395	22 142	171 395
Other loans	9	19 778	123 439	19 778	123 439
Deposits		165 000	30 000	165 000	30 000
		1 649 492	1 537 258	1 649 492	1 537 258
		2 031 171	**1 883 801**	**2 063 604**	**1 894 428**
Debtors					
Arising out of direct insurance operations					
Policyholders		3 858	1 790	3 858	1 790
Other debtors		39 009	1 285	40 511	2 392
		42 867	**3 075**	**44 370**	**4 182**
Other assets					
Tangible assets					
Equipment	8	20	29	20	29
Cash at bank and in hand		12 221	19 769	12 221	19 769
		12 241	**19 798**	**12 241**	**19 798**
Prepayments and accrued income					
Interest and rents		66 028	58 543	66 028	58 543
Other prepayments and accrued income		10 049	9 271	10 049	9 271
		76 077	**67 814**	**76 077**	**67 814**
		2 163 073	**1 974 871**	**2 197 009**	**1 986 605**

Balance Sheet

FIM 1 000		Parent company		Group	
LIABILITIES		**1996**	**1995**	**1996**	**1995**
Capital and reserves	10				
Restricted					
Subscribed capital		32 300	32 300	32 300	32 300
Reserve fund		16 180	16 180	16 180	16 180
Revaluation reserves		-	-	1 000	-
		48 480	48 480	49 480	48 480
Non-restricted					
Profit for previous years		22 817	4 016	21 083	4 016
Profit/Loss for the accounting period		7 569	18 801	-1 676	17 079
		30 386	22 817	19 407	21 095
		78 866	**71 297**	**68 887**	**69 575**
Reserves	11				
Accumulated depreciation difference		1 830	949	1 830	0
Optional reserves		2 233	4 420	2 233	4 420
		4 063	**5 369**	**4 063**	**4 420**
Subordinated liabilities		**30 000**	**30 000**	**30 000**	**30 000**
Technical provisions					
Provision for unearned premiums (life ass.)		680 795	549 123	680 795	549 123
Reinsurers´ share		-2 240	-2 229	-2 240	-2 229
		678 554	546 894	678 554	546 894
Provision for outstanding claims (life ass.)		1 352 312	1 297 584	1 352 312	1 297 584
Reinsurers´ share		-467	-618	-467	-618
		1 351 844	1 296 966	1 351 844	1 296 966
		2 030 399	**1 843 860**	**2 030 399**	**1 843 860**
Deposits received from reinsurers		**753**	**725**	**753**	**725**
Creditors					
Arising out of reinsurance operations		585	838	585	838
Other creditors		5 604	9 906	49 156	24 123
		6 188	**10 744**	**49 741**	**24 961**
Accruals and deferred income		**12 805**	**12 876**	**13 167**	**13 064**
		2 163 073	**1 974 871**	**2 197 009**	**1 986 605**

Appendices to the Balance Sheet

FIM 1 000 | **Parent company** | **Group**

5 Current value and valuation difference of investments
Investments 31.12.1996

	Parent company: Remaining acquisition cost	Parent company: Book value	Parent company: Current value	Group: Remaining acquisition cost	Group: Book value	Group: Current value
Investments in land and buildings						
Land and buildings	55 853	55 853	57 611	227 835	227 835	240 075
Group company shares	252 905	252 905	252 935	139 342	139 342	138 688
Other real estate shares	5 589	5 589	5 547	5 589	5 589	5 547
Loans to group companies	67 331	67 331	67 331	41 346	41 346	41 346
	381 679	381 679	383 424	414 113	414 113	425 657
Other investments						
Shares and other variable-yield securities and units in unit trusts	34 534	34 534	50 517	34 534	34 534	50 517
Debt securities	1 408 038	1 408 038	1 534 050	1 408 038	1 408 038	1 534 050
Loans guaranteed by mortgages	22 142	22 142	22 142	22 142	22 142	22 142
Other loans	19 778	19 778	19 778	19 778	19 778	19 778
Deposits	165 000	165 000	165 000	165 000	165 000	165 000
	1 649 492	1 649 492	1 791 487	1 649 492	1 649 492	1 791 487
	2 031 171	**2 031 171**	**2 174 911**	**2 063 604**	**2 063 604**	**2 217 143**
Te remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it	-16 184			-16 184		
The book value consists of						
Revaluations entered as income		–			–	
Other revaluations		–			–	
		–			–	
Valuation difference (difference between the current and book values)			143 741			153 539

Appendices to the Balance Sheet

FIM 1 000 — **Parent company** — **Group**

5 Current value and valuation difference of investments
Investments 31.12.1995

	Parent company: Remaining acquisition cost	Parent company: Book value	Parent company: Current value	Group: Remaining acquisition cost	Group: Book value	Group: Current value
Investments in land and buildings						
Land and buildings	48 010	48 010	48 652	202 055	202 055	202 055
Group company shares	263 620	263 620	263 065	146 187	146 187	145 384
Other real estate shares	5 589	5 589	5 589	5 589	5 589	5 589
Loans to group companies	29 324	29 324	29 324	3 339	3 339	3 339
	346 543	346 543	346 630	357 170	357 170	356 367
Other investments						
Shares and other variable-yield securities and units in unit trusts	19 685	19 685	20 890	19 685	19 685	20 890
Debt securities	1 192 739	1 192 739	1 263 406	1 192 739	1 192 739	1 263 406
Loans guaranteed by mortgages	171 395	171 395	171 395	171 395	171 395	171 395
Other loans	123 439	123 439	123 439	123 439	123 439	123 439
Deposits	30 000	30 000	30 000	30 000	30 000	30 000
	1 537 258	1 537 258	1 609 130	1 537 258	1 537 258	1 609 130
	1 883 801	**1 883 801**	**1 955 760**	**1 894 428**	**1 894 428**	**1 965 497**
Te remaining acquisition cost of debt securities consists of the difference (+/-) between the nominal value and acquisition price that is allocated to interest income or deducted from it	-5 036			-5 036		
The book value consists of						
Revaluations entered as income		–			–	
Other revaluations		–			–	
		–			–	
Valuation difference (difference between the current and book values)			71 959			71 069

FIM 1 000	Parent company			Group		

6 Change in investments in land and buildings 31.12.1996

	Buildings	Land and water areas and real estate shares	Loans to group companies	Buildings	Land and water areas and real estate shares	Loans to group companies
Acquisition cost 1.1.	49 435	278 754	48 324	151 396	216 084	3 339
Increases	9 120	4 704	19 400	74 714	-	38 400
Decreases	-	-	-393	-	-43 601	-393
Acquisition cost 31.12.	58 555	283 458	67 331	226 110	172 483	41 346
Accumulated depreciation according to plan/ devaluations 1.1.	1 426	9 546		4 103	9 546	
Depreciation according to plan/devaluations and devaluation cancellations	1 276	17 200		11 818	4 313	
Decreases	-	-1 782		-2 173	-1 782	
Accumulated depreciation according to plan/ devaluations 31.12.	2 702	24 964		13 749	12 077	
Book value after depreciation according to plan/devaluations 31.12.	**55 853**	**258 494**	**67 331**	**212 361**	**160 405**	**41 346**
Accumulated depreciation in excess of the plan 1.1.	949			-		
Depreciation above/below plan	881			1 830		
Accumulated depreciation in excess of the plan 31.12.	1 830			1 830		
Fully depreciated value of buildings 31.12.	54 024			210 531		

FIM 1 000	Parent company			Group		
6 Change in investments in land and buildings 31.12.1995						
	Buildings	**Land and water areas and real estate shares**	**Loans to group companies**	**Buildings**	**Land and water areas and real estate shares**	**Loans to group companies**
Acquisition cost 1.1.	48 652	277 704	29 791	150 612	213 227	3 806
Increases	784	1 051	-	784	170 568	-
Decreases	-	-	-467	-	-167 711	467
Acquisition cost 31.12.	49 435	278 754	29 324	151 396	216 084	3 339
Accumulated depreciation according to plan/ devaluations 1.1.						
Depreciation according to plan/devaluations and devaluation cancellations	1 426	9 546		4 103	9 546	
Accumulated depreciation according to plan/ devaluations 31.12.	1 426	9 546		4 103	9 546	
Book value after depreciation according to plan/devaluations 31.12.	**48 010**	**269 208**	**29 324**	**147 293**	**206 538**	**3 339**
Accumulated depreciation in excess of the plan 1.1.						
Depreciation above/below plan	949					
Accumulated depreciation in excess of the plan 31.12.	949					
Fully depreciated value of buildings 31.12.	47 061			147 293		

FIM 1 000	Parent company		Group	
Land and buildings for own use	**1996**	**1995**	**1996**	**1995**
Remaining acquisition cost	1 636	2 407	1 636	2 407
Book value	1 636	2 407	1 636	2 407
Current value	1 642	2 373	1 636	2 373
Group companies				
Number of companies	8	6		
Loss (profit) for the accounting period, total	-708	7		
Capital and reserves, total	74 808	70 734		

Other investments Shares and other variable-yield securities and units in unit trusts	Domicile	No. of shares	% of shares	% of votes	Nominal value FIM 1000	Book value 1996 FIM 1000	Book value 1996 FIM 1000
7 *Investments in group companies and participating interests, other investments, shares and other variable-yield securities and units in unit trusts*							
Huhtamäki Oy		21300	0.07	0.02	426	2 579	2 579
Kemira Oy		70000	0.05	0.05	700	3 150	3 150
Kone Oy		10000	0.16	0.06	500	4 458	4 458
KT-Tietokeskus Oy		3660	0.26	0.26	73	1 135	1 135
Lassila & Tikanoja Oy		7000	0.16	0.16	70	1 228	1 228
Metra Oy		16000	0.05	0.03	320	2 858	2 858
Neste Corporation		16000	0.02	0.02	160	1 189	1 189
Nokian Renkaat Oy		28800	0.28	0.28	288	1 038	1 038
Norvestia Oy		15000	0.28	0.19	300	1 048	1 048
Orion-yhtymä Oy		10500	0.02	0.02	105	1 601	1 601
Scania Ab	Sweden	12000				1 376	1 376
Others		179020			1 800	12 874	12 874
						34 534	**34 534**

FIM 1 000	**Parent company**			**Group**		
8 *Change in tangible and intangible assets*						
31.12.1996	**Intangible assets and long-term expenditure**	**Equipment**	**Total**	**Intangible assets and long-term expenditure**	**Equipment**	**Total**
Acquisition cost 1.1.	965	349	1 315	965	349	1 315
Fully depreciated in the previous year	-327	-	-327	-327	-	-327
Acquisitions	471	-	471	471	-	471
Acquisition cost 31.12.	1 109	349	1 459	1 109	349	1 459
Accumulated depreciation according to plan 1.1.	583	321	903	583	321	903
Fully depreciated in the previous year	-327	-	-327	-327	-	-327
Depreciation according to plan	138	9	146	138	9	146
Accumulated depreciation according to plan 31.1.	393	329	722	393	329	722
Acquisition cost after depreciation according to plan 31.12.	**716**	**20**	**736**	**716**	**20**	**736**
Net expenditure after depreciation 31.12.	716	20	736	716	20	736

FIM 1 000	Parent company			Group		
8 Change in tangible and intangible assets						
31.12.1995	**Intangible assets and long-term expenditure**	**Equipment**	**Total**	**Intangible assets and long-term expenditure**	**Equipment**	**Total**
Acquisition cost 1.1.	458	349	807	458	349	807
Acquisitions	507	-	507	507	-	507
Acquisition cost 31.12.	965	349	1 315	965	349	1 315
Accumulated depreciation according to plan 1.1.	187	308	496	187	308	496
Depreciation according to plan	395	12	408	395	12	408
Accumulated depreciation according to plan 31.1.	583	321	903	583	321	903
Acquisition cost after depreciation according to plan 31.12.	**383**	**29**	**411**	**383**	**29**	**411**
Net expenditure after depreciation 31.12.	383	29	411	383	29	411

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
9 Other loans				
Remaining acquisition cost by security				
Bank guarantee	16 942	80 898	16 942	80 898
Other security	2 836	42 540	2 836	42 540
Remaining acquisition cost	**19 778**	**123 439**	**19 778**	**123 439**

FIM 1 000	Parent company		Group	
	1996	**1995**	**1996**	**1995**
10 Change in capital and reserves				
Restricted				
Subscribed capital	32 300	12 300	32 300	12 300
Share capital increase	-	20 000	-	20 000
	32 300	32 300	32 300	32 300
Reserve fund	16 180	6 180	16 180	6 180
Increase	-	10 000	-	10 000
	16 180	16 180	16 180	16 180
Share issue	-	30 000	-	30 000
To subscribed capital	-	-20 000	-	-20 000
To reserve fund	-	-10 000	-	-10 000
	-	0	-	0
Revaluation reserve	-	-	-	-
Increase	-	-	1 000	-
	-	-	1 000	-
	48 480	48 480	49 480	48 480
Non-restricted				
Profit for previous years	4 016	1 892	4 016	4 016
Transferred from profits for the previous year	18 801	2 124	17 079	-
Allocated			-12	-
	22 817	4 016	21 083	4 016
Profit for the previous year	18 801	2 124	-	-
Transferred to retained earnings	-18 801	-2 124	-	-
	0	0	-	-
Profit/Loss for the accounting period	7 569	18 801	-1 676	17 079
	30 386	22 817	19 407	21 095
	78 866	**71 297**	**68 887**	**69 575**
Analyses of the revaluation reserve				
Revaluation reserve 1.1.	-	-	-	-
Increase	-	-	1 000	-
Revaluation reserve 31.12.	-	-	1 000	-
Of which related to fixed assets	-	-	1 000	-

FIM 1 000	Parent company		Group	
	1995	1994	1995	
11 Reserves				
Optional reserves				
Credit loss reserve 1.1.	3 286	4 177	3 286	4 177
Decreases	-2 187	-891	-2 187	-891
Credit loss reserve 31.12.	1 099	3 286	1 099	3 286
Transitional reserve 1.1.	1 134	1 134	1 134	1 134
Transitional reserve 31.12.	1 134	1 134	1 134	1 134
Optional reserves, total 31.12.	**2 233**	**4 420**	**2 233**	**4 420**
Tax liability calculated for the depreciation difference and optional reserves	**1 138**	**1 503**	**1 138**	**1 238**
Tax rate	28%	28%	28%	28%
12 Deferred acquisition costs deducted from provisions for outstanding claims in life assurance (zillmerization)				
Individual life assurance	113	-	113	-
Individual pension insurance	2 354	-	2 354	-
	2 467	-	2 467	-
13 Contingent liabilities				
Subscription commitments	900	-	900	-

14 Management pension commitments

A retirement age of 60 - 63 years has been agreed for the senior management of the company and for those members of the Board of Directors who are employed by the company.

Key figures pertaining to solvency

FIM 1 000	Parent company	
	1996	1995
Solvency margin		
Capital and reserves after profit distribution	78 866	71 297
Optional reserves and accumulated depreciation difference	4 063	5 369
Valuation difference between current asset value and book values on the balance sheet	143 741	71 959
Subordinated liabilities	30 000	30 000
Intangible assets and insurance acquisition costs not entered as expenses (-)	-716	-383
Off-balance-sheet commitments	-900	-
	255 053	**178 243**
Solvency margin required under the Insurance Companies Act, Chapter 11, Section 4	81 009	81 054
Equalization provision included in the technical provisions for years in which there are exceptionally large losses	34 371	50 143
The solvency margin and the equalization provision in proportion to technical provisions, net of reinsurance and reduced by the amount of the equalization provision and 75 % of the provision for outstanding claims in respect of investment-linked insurance (%)		
- 1996	14.5	
- 1995	12.7	
- 1994	9.5	

Proposal for the appropriation of the profit

The Board of Directors proposes that the profit for the accounting period in the amount of FIM 7 568 587.62 be transferred to retained earnings.

If the Board of Directors´ proposal for the appropriation of the profit is approved, the company´s capital and reserves will be as follows:

Restricted capital and reserves		
Subscribed capital	32 300 000.00	
Reserve fund	16 180 000.00	48 480 000.00
Non-restricted capital and reserves		
Profit from previous years		30 385 760.71
		78 865 760.71

Espoo, 3rd April 1997

Asmo Kalpala　　　　Pertti Heikkala

Pentti Koskinen　　　　Tom Liljeström

Jari Saine

Auditors' report

TO THE OWNERS OF TAPIOLA CORPORATE LIFE INSURANCE COMPANY

We have examined the bookkeeping, financial statements and administration of the Tapiola Corporate Life Insurance Company for the 1996 financial year. The financial statements prepared by the Board if Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of our audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo has performed the supervisory audit of the company and a separate report was issued on 9th April 1997.

The bookkeeping as well as the principles, content and presentation of the financial statements have been examined in accordance with generally accepted auditing principles. In our examination of the administration, we have determined that the members of the Board and the Supervisory Board and the Managing Director have acted in accordance with the law.

The financial statements, which show a surplus for the parent company amounting to FIM 7 568 587.62 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

The financial statements of the parent company together with its consolidated financial statements can be adopted. The members of the Supervisory Board and the Board of Directors and the Managing Director may be discharged from responsibility for the financial year covered by our audit.

The proposal by the Board of Directors on the appropriation of the surplus is in accordance with the law.

Espoo, 15th April 1997

Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for the 1996 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 23rd April 1997

Kari Neilimo
chairman

Tapiola
Insurance Group

Social distribution of income

Income from insurance	1996 FIM Million	%	1995 FIM Million	%
Premiums paid by policyholders less transfer payments credited to the State	6 040.7	76.6	5 455.6	76.2
Investment income	1 811.2	23.0	1 635.8	22.8
Reinsurers' share of claims incurred	29.6	0.4	68.8	1.0
Other income	0.7	0.0	0.7	0.0
TOTAL	7 882.2	100.0	7 160.9	100.0

Reinsurers' share of premiums
1996 FIM 57,7 mill. 0,7 %
1995 FIM 59,5 mill. 0,8 %

Profit distribution to shareholders
1996 FIM 2,3 mill. 0,0%
1995 FIM 4,3 mill 0,1%

Tapiola Group
1996 FIM 86,9 mill. 1,1 %
1995 FIM 97,7 mill. 1,4 %

Society
Direct and indirect taxes
and transfer payments
1996 FIM 1 300,6 mill. 16,5 %
1995 FIM 1 260,4 mill. 17,6 %

Staff
Salaries and commissions paid to personnel plus expenses incurred in respect of social security
1996 FIM 250,8 mill. 3,2%
1995 FIM 224,2 mill. 3,1 %

Suppliers of goods and services
Goods and services
1996 FIM 160,7 mill. 2,0 %
1995 FIM 183,3 mill. 2,6 %

	1996	1995
Claims paid to policyholders Claims and pensions paid on the basis of insurance contracts and amounts reserved for the paymentof future claims and pensions	**FIM 6 023,2 mill. 76,5 %**	FIM 5 331,5 mill. 74,5 %

The effects of the insurance company's activities from the standpoint of society can be depicted with the aid of the social distribution of income shown above. The distribution shows from which quarters the insurance companies' incomes are derived and how they are distributed among the various interest groups.

Advisory committees

The members of the various advisory committees are selected from representatives of Tapiola's customers. They play an important role as channels through which external influence can be brought to bear on the administration of the companies in Tapiola Insurance Group. The purpose of these bodies is to act in interactive link between the customers and Tapiola's companies. Altogether there are 18 regional advisory commitees, each of which has 12 - 15 members.

The Advisory Commitee for the SME sector has 12 members. Most if its members also sit on other regional advisory committees, so that the commitee draws its members from all over the country.

The Advisory Committee for Agriculture and Forestry has 12 members as well, and they are also drawn from other egional advisory committees all over Finland.

The terms of office is three years for all of the committees. Every effort is made to ensure that the membership of the committees reflects the diversity of Tapiola's customers. The advisory committees are appointed annually at the joint meeting of the boards of directors of the group companies.

The are also two other advisory committees in Tapiola: one concerned with agency matters and the other with pension affairs.

The advisory commitees with effect from 1.1.1997 are presented in the following. The year given next to each name refers to the end of that person's term of office.

Abbreviations:
a.c. = advisory committee,
r.a.c. = regional advisory committee.

HELSINKI METROPOLITAN AREA

ESPOO

Mr **Timo Haapaniemi,** chairman, Kirkkonummi, 1997

Ms **Tina Schrey,** deputy chairman, Espoo, 1999

Mr **Ilmari Halinen,** Espoo, 1998

Mr **Timo Honka,** Espoo, 1998

Ms **Susanna Rahkonen,** Espoo, 1999

Ms **Ritva Rastimo,** Espoo, 1999

Mr **Markku Reimaa,** Espoo, 1997

Mr **Jouko Seppälä,** Espoo, 1997

Mr **Pekka Tanninen,** Espoo, 1998

Mr **Timo Tiihonen,** Espoo, 1997

Mr **Timo Veijola,** Espoo, 1999

Mr **Klas Winell,** Kirkkonummi 1998

Contact persons at Tapiola:

Mr **Heikki Puhakainen,** secretary of the committee, Espoo, Tel. (09) 4531

Mr **Petri Routa,** Helsinki, Tel. (09) 4531

HELSINKI

Matti Taanila, chairman, Helsinki, 1999

Ms **Kirsti Vaalikivi,** deputy chairman, Helsinki, 1998

Mr **Bo Andersson,** Helsinki, 1999

Mr **Ilkka Holopainen,** Helsinki,1999

Ms **Marita Kaasalainen,** Helsinki, 1998

Ms **Pirkko Lahti, Helsinki,** 1997

Mr **Jorma Lehmuskallio,** Helsinki, 1998

Ms **Aira Merjovirta,** Helsinki, 1997

Mr **Mikko Parjanne,** Helsinki, 1998

Mr **Lars Rask, Helsinki,** 1998

Mr **Risto Salonen,** Helsinki, 1997

Ms **Kerttu Selin,** Helsinki, 1999

Mr **Ilkka Sipilä,** Helsinki, 1997

Mr **Jali Tiainen,** Helsinki 1997

Mr **Johan Åkerman,** Helsinki, 1999

Contact persons at Tapiola:

Mr **Timo Niemi,** secretary of the committee, Helsinki, Tel. (09) 4531

Mr **Petri Routa,** Helsinki, Tel. (09) 4531

VANTAA

Jorma Kaartama, chairman, Nurmijärvi, 1999

Mr **Jouni Kuusisto,** deputy chairman, Vantaa, 1999

Mr **Eero Ahola,** Vantaa, 1997 (a.c. SME sector)

Ms **Sari Ek,** Vantaa, 1999

Ms **Inger Eriksson- Blom,** Vantaa, 1998

Mr **Raimo Järvinen,** Vantaa, 1997

Mr **Veikko Kantero,** Vantaa, 1997

Mr **Risto Palin,** Hyvinkää, 1998

Ms **Eeva Parkkivaara-Anttinen,** Helsinki, 1999

Mr **Hannu Sahanen,** Tuusula, 1998

Mr **Reino Sandström,** Vantaa, 1998

Mr **Karl-Henrik Sohkanen,** Vantaa, 1997

Contact persons at Tapiola:

Mr **Teuvo Miettinen,** secretary of the committee, Helsinki, Tel. (09) 4531

Mr **Petri Routa,** Helsinki, Tel. (09) 4531

SOUTHWESTERN FINLAND

SALO-LOHJA

Mr **Olli Lehti**, chairman, Perniö, 1998 (a.c. SME sector)

Ms **Kaija Aho,** deputy chairman, Lohja, 1999

Mr **Veli-Matti Asikainen,** Lohja, 1999

Mr **Arto Heikkilä,** Lohja, 1997

Mr **Kauko Helskyaho,** Salo, 1997

Mr **Lauri Hänninen,** Halikko, 1998

Ms **Kaarina Jakonen,** Salo, 1997

Mr **Martti Palojärvi,** Vihti, 1999 (a.c. agriculture and forestry)

Mr **Max van der Pals,** Lohjan mlk., 1998

Mr **Mauri Salo,** Somero, 1997

Mr **Pentti Sevón,** Lohja, 1999

Mr **Matti Välimäki,** Lohja, 1998

Contact persons at Tapiola:

Mr **Hannu Määttänen,**
secretary of the committee, Salo,

Tel. (02) 733 3320

Mr **Hans Strandberg,** Turku,
Tel. (02) 270 200

SATAKUNTA

Matti Ojanperä,chairman, Pori, 1997

Ms **Anni Jantunen,** deputy chairman, Pori, 1998

Mr **Veli Hannula,** Rauma, 1997

Mr **Timo Junnila,** Pori, 1999

Mr **Reijo Järvi,** Huittinen, 1998

Mr **Esko Laukkanen,** Rauma, 1999

Mr **Eero Laurila,** Pori, 1999

Ms **Riitta- Liisa Olkkonen,** Kankaanpää, 1999

Mr **Timo Rapila,** Honkajoki, 1997

Mr **Sakari Ryyppö,** Kokemäki , 1997

Mr **Arto Suni,** Pori, 1998

Mr **Veli-Matti Syrilä,** Köyliö, 1998 (a.c. agriculture and forestry)

Contact persons at Tapiola:

Mr **Risto Liljeroos,** secretary of the committee,
Pori, Tel. (02) 641 6100

Mr **Hans Strandberg,** Turku,
Tel. (02) 270 200

TURKU

Juho Paloheimo, chairman, Loimaa, 1999

Ms **Tiina Teperi-Saari,**
deputy chairman, Alastaro, 1997

Mr **Risto Ahonen,** Uusikaupunki, 1997

Mr **Tor Bergman,** Houtskari, 1997

Mr **Alf Donner,** Parainen, 1997

Mr **Esko Eela,** Säkylä, 1998

Mr **Jukka Hellström,** Turku, 1999

Ms **Sanna Hernesniemi,** Turku, 1998

Mr **Mikko Lindberg,** Turku, 1998

Mr **Timo Marttila,** Helsinki, 1999

Mr **Vesa Mattila,** Turku, 1998

Mr **Juhani Ropponen,** Turku, 1999

Mr **Samuli Ryökäs,** Pöytyä, 1998

Mr **Hannu Rämö,** Nousiainen, 1997

Ms **Merja Siltanen,** Turku, 1999

Contact persons at Tapiola:

Mr **Timo Jussila,**
secretary of the committee, Turku,
Tel. (02) 270 200

Mr **Hans Strandberg,** Turku,
Tel. (02) 270 200

CENTRAL FINLAND

TAVASTIA

Kyösti Lassila, chairman, Hämeenlinna, 1999

Ms **Maarit Kuusela,** deputy chairman, Hämeenlinna, 1998

Mr **Matti Haarajoki,** Hämeenlinna, 1998

Mr **Eino Hakala,** Lammi, 1997

Mr **Ossi Halonen,** Hämeenlinna, 1998

Mr **Jorma Hassinen,** Hämeenlinna, 1999

Mr **Reijo Mäkinen,** Tampere, 1999

Mr **Jussi Niemi,** Tampere, 1999

Mr **Hannu Partala,** Tampere, 1997 (r.a.c. SME sector)

Mr **Antti Pohjanheimo,**Tampere, 1998

Ms **Eila Rönni,** Pälkäne, 1997

Mr **Pertti Timonen,** Tampere, 1998

Contact persons at Tapiola:

Mr **Jorma Eerilä,**
secretary of the committee, Tampere,
Tel. (03) 382 5200

Mr **Martti Silvennoinen,** Tampere,
Tel. (03) 382 5200

JYVÄSKYLÄ

Mr **Rauno Meriö,** chairman, Jyväskylä 1997

Ms **Marja Kallio,** deputy chairman, Laukaa, 1999

Mr **Tapio Halonen,** Saarijärvi, 1998

Mr **Erkki Järvelä,** Laukaa, 1998

Mr **Pentti Kokkinen,** Jyväskylä, 1997

Mr **Paavo Komi,** Jyväskylä, 1999

Ms **Arja Koriseva,** Toivakka, 1998

Mr **Asko Liimatainen,** Viitasaari, 1999

Ms **Raija Miettinen,** Jyväskylä, 1998

Mr **Erkki Paananen,** Viitasaari, 1997

Mr **Risto Palokangas,** Jyväskylä, 1999

Ms **Aino Sallinen,** Jyväskylä, 1998

Mr **Esa Salokorpi,** Jyväskylä, 1997

Ms **Juhani Tahvonen,** Jyväskylä, 1999

Mr **Esko Taivalsaari,** Jyväskylä, 1997

Contact persons at Tapiola:

Mr **Seppo J. Ojala,**
secretary of the committee,
Jyväskylä,Tel. (014) 617 121

Mr **Martti Silvennoinen,** Tampere,
Tel. (03) 382 5200

PIRKANMAA

Heikki A. Ollila, Chairman, Kangasala, 1998
(a.c. agriculture and forestry)

Ms **Aila Tamminen,**
deputy chairman,Tampere, 1999

Mr **Matti Hokkanen,** Tampere,1997

Ms **Riitta Kivitila,** Tampere, 1998

Mr **Esko Kuusela,** Tampere, 1997

Mr **Jorma Lehtonen,** Tampere, 1999

Mr **Pertti Leppänen,** Ikaalinen, 1997

Mr **Pentti Molander,** Tampere, 1998

Mr **Pekka Molin,** Lempäälä, 1999

Mr **Reijo Mäkinen,** Tampere, 1999

Mr **Jussi Niemi,** Tampere, 1999

Mr **Hannu Partala,** Tampere, 1997 (a.c. SME sector)

Mr **Antti Pohjanheimo,** Tampere, 1998

Ms **Eila Rönni,** Pälkäne, 1997

Mr **Pertti Timonen,** Tampere, 1998

Contact persons at Tapiola:

Mr **Jorma Eerilä,**
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Mr **Martti Silvennoinen,** Tampere, Tel. (03) 382 5200

OSTROBOTNIA

Mr **Yrjö Välimäki,** chairman, Alavus, 1998 (a.c SME sector)

Mr **Jouko Havunen,** deputy chairman, Vaasa, 1998

Mr **Antti Ala-Talkkari,** Lapua, 1999

Ms **Marjatta Elomaa,** Laihia, 1997

Mr **Martti Eurola,** Kokkola, 1998

Mr **Juhani Filppula,** Veteli, 1999

Mr **Matti Jaakkola,** Vaasa, 1999

Mr **Jouni Jyrinki,** Kokkola, 1999 (a.c. agriculture and forestry)

Mr **Aaro Koljonen,** Teuva, 1998

Mr **Kalle Lähdesmäki,** Seinäjoki, 1998

Mr **Matti Pulkkinen,** Seinäjoki, 1997

Mr **Raimo Rauhala,** Vaasa, 1997

Ms **Helga Sarviranta-Vuorila,** Kokkola, 1998

Mr **Jaakko Tuurihalme,** Seinäjoki, 1997

Mr **Kari Valkosalo,** Kortesjärvi, 1999

Contact persons at Tapiola:

Mr **Tapio Siira,**
secretary of the committee Seinäjoki,
Tel. (06) 414 4533

Mr **Matti Korkiatupa,** Seinäjoki,
Tel. (06) 414 4533

SOUTHEASTERN FINLAND

KYMI

Mr **Tuomo Hintsanen,** chairman, Lappeenranta, 1998

Mr **Tapio Hämäläinen,** deputy chairman, Kotka, 1997

Mr **Timo Hanttu,** Lappeenranta, 1999

Mr **Risto Heikkilä,** Anjalankoski, 1998

Mr Reino Huotilainen, Parikkala, 1999

Mr **Lasse Koskelainen,** Lappeenranta, 1999

Mr **Erkki Lappalainen,** Imatra, 1997

Mr **Esa Lavander,** Lappeenranta, 1998

Ms **Jatta Moilanen,** Kotka, 1998

Mr **Pekka Multanen,** Lappeenranta, 1997

Mr **Heikki Pykälistö,** Inkeroinen, 1997

Mr **Aulis Ripatti,** Lappeenranta, 1999

Mr **Olli Sinisalo,** Pyhtää, 1997 (r.a.c. agriculture and forestry)

Mr **Pentti Toivanen,** Iitti, 1999

Ms **Eeva Vauhkonen,** Kouvola, 1998

Contact persons at Tapiola:

Mr **Martti Mäkelä,**
secretary of the committee,
Lappeenranta, Tel. (05) 451 5687

Mr **Miika Minkkinen,** Lahti,
Tel. (03) 752 4860

LAHTI-PORVOO

Mr **Kimmo Kajaste,** chairman,Porvoo, 1999

Mr **Seppo Jokipelto,** deputy chairman, Hollola, 1997

Mr **Reijo Alanko,** Mäntsälä, 1997

Ms **Aila Blomster,** Heinolan mlk., 1998

Mr **Kari Hyytiä,** Lahti, 1999

Mr **Pekka Kangasmäki,** Porvoo, 1999

Ms **Riitta Karppinen,** Heinola, 1997 (a.c. SME sector)

Mr **Matti Kataja,** Lahti, 1997

Mr **Mikko Kommeri,** Hollola, 1998

Ms **Pirkko Korpinen,** Lahti, 1998

Mr **Markku Mäkeläinen,** Lahti, 1998

Mr **Kimmo Norvas,** Lahti, 1999

Ms **Sirkku Paljakka,** Lahti, 1999

Mr **Antero Siikaniemi,** Hollola, 1998

Mr **Risto Tuomala,** Porvoo, 1997

Contact persons at Tapiola:

Mr **Teemu Toivanen,**
secretary of the committee, Kouvola,
Tel. (05) 375 6715

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Tel. (03) 752 4860

SAVO-KARELIA

NOTHERN KARELIA

Mr **Eino Tenhunen,** chairman, Joensuu, 1997

Ms **Anja Nuutinen,** deputy chairman, Lieksa, 1997

Mr **Mauri Haapalainen,** Joensuu, 1998

Mr **Pentti Holopainen,** Kitee, 1998

Ms **Pirkko Kylänpää,** Joensuu, 1998

Ms **Eija Lampio,** Joensuu, 1997

Mr **Jorma K. Lehtonen,** Joensuu, 1999

Mr **Erkki Miettinen,** Juuka, 1999

Mr **Otto Mikkonen,** Joensuu, 1999

Mr **Pekka Nevalainen,** Outokumpu, 1998

Mr **Vilho Pasanen,** Joensuu, 1999

Mr **Seppo Piirainen,** Joensuu, 1999

Mr **Kirsti Reijonen,** Joensuu, 1997

Mr **Jorma Turunen,** Kesälahti, 1998

Mr **Martti Turunen,** Nurmes, 1997

Contact persons at Tapiola:

Mr **Petri Pakarinen,**
secretary of the committee, Joensuu,
Tel. (013) 120 800

Mr **Matti Kaskinen,** Kuopio,
Tel. (017) 569 5600

KUOPIO

Mr **Matti Niiranen,** chairman, Kuopio, 1998

Mr **Jussi Huttunen,** deputy chairman, Leppävirta, 1998

Ms **Paula Harjanne,** Varkaus, 1998

Mr **Keijo Karlsson,** Varkaus, 1998

Mr **Lauri Laitinen,** Siilinjärvi, 1999

Ms **Asko Lappalainen,** Kuopio, 1997

Mr **Ossi V. Lindqvist,** Kuopio, 1998

Mr **Mauno Liukkonen,** Rautalampi, 1997

Mr **Aulis Miskala,** Kuopio, 1999

Mr **Timo Männikkö,** Varkaus, 1997

Ms **Elina Pallonen,** Iisalmi, 1999

Mr **Matti Pulkkinen,** Kuopio, 1997

Mr **Kosti Repo,** Iisalmi, 1999

Ms **Anna- Riitta Rissanen,** Kuopio, 1999

Mr **Pentti Sihvola,** Kuopio, 1997 (a.c. SME sector)

Contact persons at Tapiola:

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Tel. (017) 569 5600

Mr **Matti Kaskinen,** Kuopio,
tel. (017) 569 5600

MIKKELI

Mr **Juhani Alanen,** chairman, Mikkelin mlk., 1999

Ms **Tuula Jäppinen,** Savonlinna, 1998

Mr **Marcus von Bonsdorff,** Pieksämäki, 1998

Mr **Markku Jalonen,** Juva, 1998

Mr **Jukka Jokela,** Savonlinna, 1997

Mr **Markku Kakriainen,** Mikkeli, 1999

Mr **Erkki Luukkonen,** Puumala, 1999 (a.c. agriculture and forestry)

Mr **Kalle Nieminen,** Mikkeli, 1999

Mr **Tauno Rehn,** Mikkeli, 1998

Mr **Raimo Rekikoski,** Mikkeli, 1997

Mr **Hannu Ronkainen,** Savonlinna, 1999

Mr **Jorma Tapanainen,** Mikkeli, 1998

Mr **Kari Tillanen,** Mikkeli, 1997

Mr **Timo Tuominen,** Mikkeli, 1997

Mr **Seppo Vanninen,** Pieksämäki, 1997

Contact persons at Tapiola:

Mr **Juha Liukkonen,**
secretary of the committee, Mikkeli,
Tel. (015) 361 575

Mr **Matti Kaskinen,** Kuopio,
Tel. (017) 569 5600

KAINUU

Ms **Maija-Liisa Laitinen,** chairman, Kajaani, 1999

Mr **Mikko Pirnes,** deputy chairman, Kajaani, 1998

Mr **Matti Autio,** Kajaani, 1998

Mr **Tauno Hälinen,** Kajaani, 1997

Mr **Tor Jungman,** Sotkamo, 1998

Mr **Markku Korhonen,** Kajaani, 1997

Mr **Timo Korhonen,** Kajaani, 1999 (a.c. agriculture and forestry)

Mr **Timo Leppänen,** Kajaani, 1999

Mr **Jouko Manninen,** Kajaani, 1999

Mr **Olli Pyykkönen,** Suomussalmi, 1997

Ms **Hilkka Tähtinen,** Kajaani, 1998

Mr **Erkki Vähämaa,** Sotkamo, 1997

Contact persons at Tapiola:

Mr **Hannu Isopoussu,**
secretary of the committee, Kajaani,
Tel. (08) 612 0930

Mr **Antti Iinatti,** Oulu,
Tel. (08) 886 5511

OULU

Mr **Pertti Sankilampi,** chairman. Kempele, 1999

Ms **Anja Miilukangas,**
deputy chairman, Raahe, 1999

Mr **Kari Ahola,** Haapajärvi, 1997

Mr **Reijo Flink,** Oulu, 1997

Ms **Kyllikki Hekkala,** Oulu, 1997

Mr **Torsti Kalliokoski,** Kalajoki, 1999

Mr **Raimo Kuismin,** Oulu, 1998

Mr **Juha Laikari,** Oulainen, 1999

Ms **Saara Lampelo,** Oulu, 1998

Ms **Suvi Lindén,** Oulu, 1998

Mr **Tor-Erik Melin,** Oulu, 1997

Mr **Paavo Nikula,** Kalajoki, 1997

Mr **Tauno Riekki,** Kuusamo, 1999

Mr **Matias Timlin,** Ylivieska, 1998

Mr **Mauri Visuri,** Oulu, 1998

Contact persons at Tapiola:

Mr **Harri Kynnös,**
secretary of the committee, Oulu,
Tel. (08) 886 5511

Mr **Antti Iinatti,** Oulu,
Tel. (08) 886 5511

LAPPLAND

Mr **Mauri Gardin,** chairman, Rovaniemi mlk., 1997

Ms **Birgitta Kuusela,** deputy chairman, Rovaniemi, 1997
(a.c. SME sector)

Mr **Jouni Ekonoja,** Rovaniemi mlk., 1997

Ms **Anneli Erholz,** Tornio, 1998

Mr **Mauri Haataja,** Rovaniemi, 1999

Ms **Riitta Jokelainen,** Rovaniemi mlk., 1998

Mr **Martti Leistén,** Rovaniemi, 1999

Mr **Juhani Mölläri,** Rovaniemi, 1998

Mr **Matti Nortamo,** Rovaniemi mlk, 1997

Mr **Jarmo Pietilä,** Rovaniemi, 1999

Ms **Merja Portti,** Ivalo, 1998

Mr **Unto Salmela,** Tornio, 1999

Contact persons at Tapiola:

Mr **Kari Salmela,**
secretary of the committee, Rovaniemi,
Tel. (016) 346 911

Mr **Antti Iinatti,** Oulu,
Tel. (08) 886 5511

ADVISORY COMMITTEE FOR AGRICULTURE AND FORESTRY

Mr **Pekka Rinne,** chairman, Halikko, 1998

Ms **Terttu Mielikäinen,**
deputy chairman, Suomusjärvi, 1999

Mr **Jouni Jyrinki,** Kokkola, 1997 (r.a.c. Ostrobotnia)

Mr Timo Korhonen, Kajaani, 1999(r.a.c. Kainuu)

Mr **Eerikki Lehmonen,** Seinäjoki, 1997

Mr **Erkki Luukkonen,** Puumala, 1998(r.a.c. Mikkeli)

Mr **Heikki A. Ollila,** Kangasala, 1998(r.a.c. Pirkanmaa)

Mr **Martti Palojärvi,** Vihti, 1998 (r.a.c. Salo-Lohja)

Mr **Pentti Rahola,** Vantaa, 1997

Mr **Hannu Saloniemi,** Helsinki, 1999

Mr **Olli Sinisalo,** Pyhtää, 1997 (r.a.c. Southeastern Finland)

Mr **Veli-Matti Syrilä,** Köyliö, 1999 (r.a.c. Satakunta)

Contact persons at Tapiola:

Mr **Risto Tammisalo,** secretary, Espoo,
Tel. (09) 4531

Mr **Markku Kosola,** Espoo,
Tel. (09) 4531

ADVISORY COMMITTEE FOR THE SME SECTOR

Mr **Eero Ahola,** Vantaa, 1998 (r.a.c. Vantaa)

Mr **Sakari Alhopuro,** Turku, 1999

Mr **Ulf Björklund,** Kauniainen,1997

Ms **Riitta Karppinen,** Heinola, 1997 (r.a.c. Lahti-Porvoo)

Ms **Birgitta Kuusela,** Rovaniemi, 1998 (r.a.c. Lappland)

Mr **Markku Lahdenpää,** Helsinki, 1998

Mr **Olli Lehti,** Perniö, 1997 (r.a.c. Salo-Lohja)

Mr **Ari Mäkinen,** Tampere, 1999

Mr **Hannu Partala,** Tampere, 1999(r.c.a. Pirkanmaa)

Mr **Pentti Sihvola,** Kuopio, 1999 (r.a.c. Kuopio)

Mr **Arto Tuominen,** Espoo, 1997

Mr **Yrjö Välimäki,** Alavus, 1998 (r.a.c. Ostrobotnia)

Contact persons at Tapiola:

Mr **Pekka Määttä,**
secretary of the committee, Espoo,
Tel. (09) 4531

Mr **Markku Kosola,** Espoo,
Tel. (09) 4531

ADVISORY COMMITTEE ON PENSION AFFAIRS

as from 1.1.1997

Mr **Alpo Mustonen,** Chairman, Tapiola Pension

Mr **Kari Kaukinen,** Confederation of Finnish Industrial Employers

Mr **Kauko Rautiainen,** Employers' Federation of Service Industries

Mr **Markku Kojo,** Akava rf

Mr Veli-Pekka Anttila, Finnish Food Workers' Union

Mr **Onni Kuutsa,** Wood and Allied Workers' Union

Ms **Riitta Työläjärvi**, Finnish Confederation of Salaried Employees STTK

Mr **Pertti Tukia,** Tapiola Pension

ADVISORY COMMITTEE ON AGENCY MATTERS

Members

Ms **Leena Hermansson,** Helsinki 1997

Mr **Matti Karjalainen,** Kuusamo 1997

Mr **Mika Korkatti,** Oulainen 1998

Mr **Juha Levo,** Turku 1998

Mr **Jari Mäensivu,** Jyväskylä 1997

Mr **Jarmo Ollila,** Elimäki 1997

Mr **Teuvo Partanen,** Sonkajärvi 1998

Mr **Olavi Svala,** Joensuu 1998

Mr **Asko Syrjälä,** Kannus 1998

Mr **Arto Varjonen,** Jalasjärvi 1998

Deputy members

Ms **Ulla Eirola,** Vantaa 1997

Mr **Reijo Haapala,**Nivala 1997

Mr **Mikko Juhola,** Orimattila 1997

Mr **Esko Mänty,** Muurla 1998

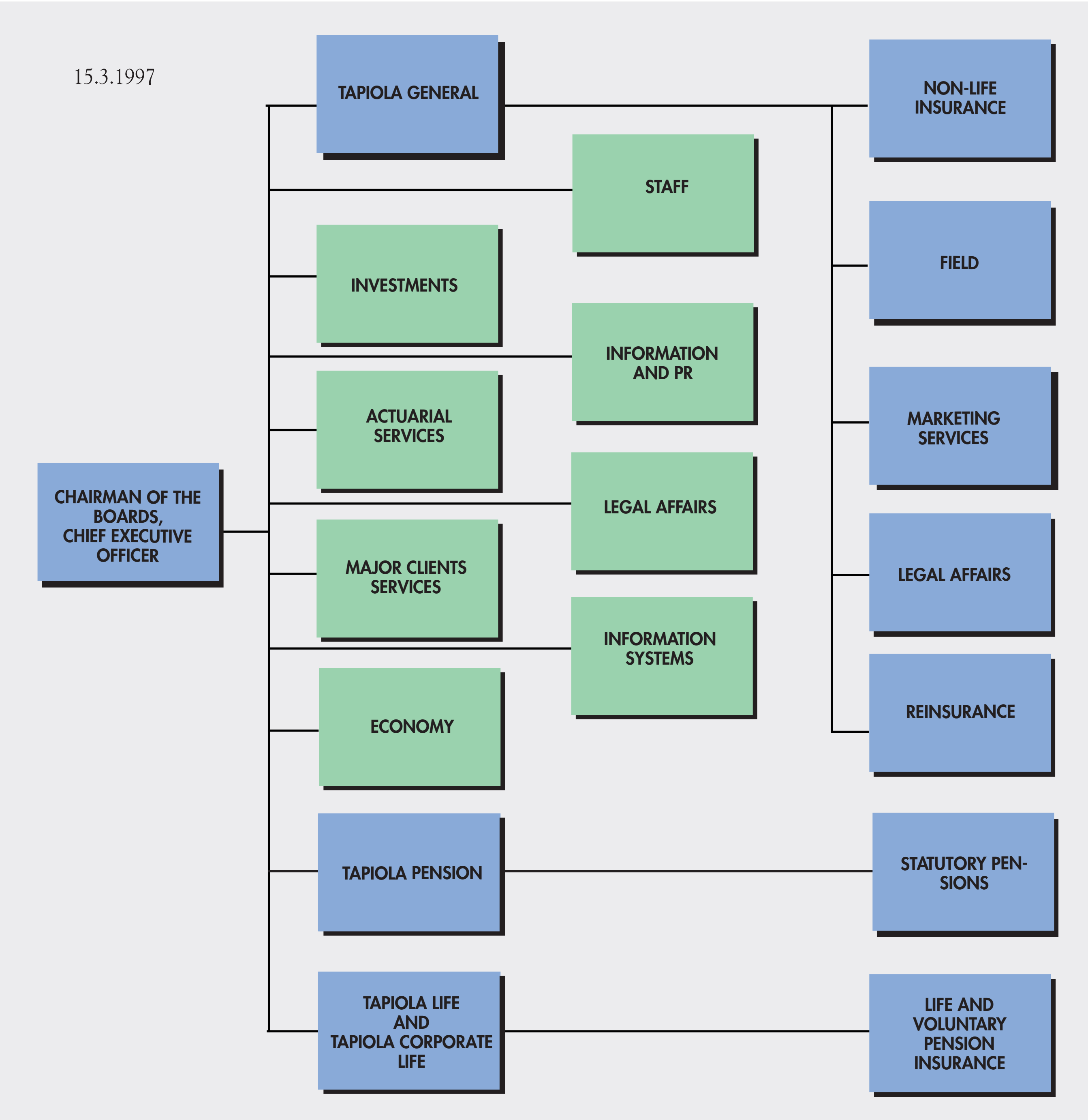
Mr **Mauri Peltoniemi,** Oulunsalo 1998

Mr **Heikki Sarkkola,** Hauho 1997

Ms **Tarja Talvitie,** Ilmajoki 1998

Mr **Pentti Vartiainen,** Juuka 1998

Organization of the Tapiola Insurance Group



Group services on green background.

CHAIRMAN OF THE BOARDS,
CHIEF EXECUTIVE OFFICER
Asmo Kalpala

TAPIOLA GENERAL
Pertti Heikkala,managing director
Per-Olof Bergström,
deputy managing director

Pentti Ketonen, chief physician
Heikki Taipalvesi, unit director,
corp. and agr. insurance
Heikki Huttunen, unit director,
vehicle insurance
Linda Unhola, unit director,
client service, households
Antti Calonius, director, reinsurance

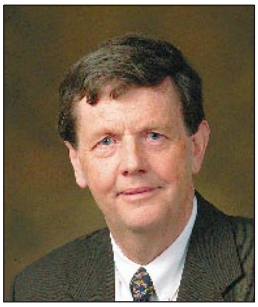
Markku Haapalainen, director,
field organization

Tapani Lehmussaari, assistant director,
marketing services

Kaisu Holopainen, marketing director

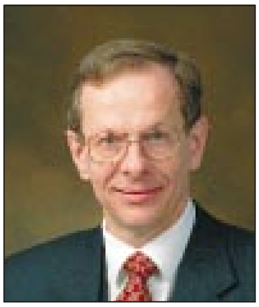
Olli-Pekka Laine, director,
information systems

CHAIRMEN OF THE MANAGERIAL BOARDS



Non-life insurance managing director Pertti Heikkala

Employment pension insurance deputy managing director Alpo Mustonen



Life assurance managing director Jari Saine

Investments director Tom Liljeström

Kalervo Rinne, assistant director, information system planning

GROUP SERVICES
Tom Liljeström, director, investment services
Jari Eklund, unit director, bonds
Asko Salminen, unit director, real estate
Asko Sasi, unit director, financing
Guy Rosqvist, assistant director, legal affairs, investment services

Pentti Koskinen, director, actuarial services

Antti Calonius, director, major clients services
Hannu Vilppo, assistant director, major clients serivces

Juhani Heiskanen, director, economy services

Pekka Pessa, director, personnel services
Matti Kaasalainen, assistant director, upskilling programmes

Markku Kosola, director, information services and PR
Jaakko Gummerus, director, legal affairs

TAPIOLA PENSION
Asmo Kalpala, managing director
Alpo Mustonen, deputy managing director
Kurt Lagerbohm, unit director, statutory pension insurance
Hannu Parviainen, actuary, assistant director
Kalle Varis, chief physician

TAPIOLA LIFE AND TAPIOLA CORPORATE LIFE
Jari Saine, managing director
Matti Luukko, deputy managing director
Juha-Pekka Halmeenmäki, actuary, Tapiola Life
Erkki Kautto, actuary,

Tapiola Corporate Life
Pekka Leinonen, chief physician

TAPIOLA DATA
Juha Seppänen, managing director
Pekka Riikonen, director, quality
Juha Suutala, director, production

CHIEF SHOP STEWARDS
Anne Jurmu, office employees
Antti Valkonen, sales corps
Eeva Hellén, Tapiola Data

REGIONAL ORGANIZATION
HELSINKI METROPOLITAN AREA
Petri Routa, regional director
Teuvo Miettinen, area director, regular customers
Heikki Puhakainen, area director, new business
Timo Niemi, area director, households, companies

<u>Offices in the Helsinki Metropolitan Area</u>
Linda Unhola, unit director, client service, households
Anneli Sarvamaa, area director, offices

SOUTHWEST FINLAND
Hans Strandberg, regional director
Risto Liljeroos, area director, companies
Timo Jussila, area director, households
Juha Anttila, area director, offices

CENTRAL FINLAND
Martti Silvennoinen, regional director
Jorma Eerilä,area director, companies
Heikki Lindroth, area director, households
Seppo J. Ojala, area director
Hanna Perttunen, area director, offices

OSTROBOTNIA
Matti Korkiatupa, regional director also area director, companies
Tapio Siira, area director, households
Jyrki Oksanen, area director, offices

SOUTHEAST FINLAND
Miika Minkkinen, regional director
Martti Mäkelä, area director, companies
Teemu Toivonen, area director, households
Leila Vilko, area director, offices

EASTERN FINLAND
Matti Kaskinen, regional director
Esa Seppälä, area director, companies
Seppo Korhonen, area director, households
Mirja Kukkonen, area director, offices

NORTHERN FINLAND
Antti Iinatti, regional director
Harri Kynnös, area director, offices
Leevi Ainasoja, area director, households
Martti Lintunen, area director, offices
Olavi Sakko, sales manager, farms also area director, all groups of clients

Offices and service outlets

1.5. 1997

OFFICES

ALAVUS
Kuulantie 5, 63300 ALAVUS
(06) 511 3240

ESPOO, head office
Revontulentie 7, 02010 TAPIOLA
(09) 453 2912

ESPOO, Leppävaara
Läkkisepänkuja 2, 02600 ESPOO
(09) 453 4140

FORSSA
Turuntie 2, 30100 FORSSA
(03) 422 2243

HAMINA
Puistokatu 4, 49400 HAMINA
(05) 344 5475

HEINOLA
Savontie 9, 18100 HEINOLA
(03) 715 4064

HELSINKI, City
Kaisaniemenkatu 1, 00100 HELSINKI
(09) 453 4110

HELSINKI, East
Turunlinnantie 8, 00930 HELSINKI
(09) 453 4170

HELSINKI, Kamppi
Runeberginkatu 5, 00100 HELSINKI
(09) 453 4100

HELSINKI, Töölö
Tukholmankatu 2, 00250 HELSINKI
(09) 453 4120

HELSINKI, Vallila
Mäkelänkatu 58-60, 00510 HELSINKI
(09) 453 4130

HYVINKÄÄ
Hämeenkatu 19, 05800 HYVINKÄÄ
(019) 453 770

HÄMEENLINNA
Palokunnankatu 16
13100 HÄMEENLINNA
(03) 612 7311

IISALMI
Savonkatu 22, 74100 IISALMI
(017) 812 433

IMATRA
Lappeentie 16, 55100 IMATRA
(05) 436 4944

JOENSUU
Rantakatu 23, 80100 JOENSUU
(013) 120 800

JYVÄSKYLÄ
Vapaudenkatu 40, 40100 JYVÄSKYLÄ
(014) 617 121

JÄMSÄ
Talvialantie 4, 42100 JÄMSÄ
(014) 714 941

JÄRVENPÄÄ
Järnefeltinkatu 2, 04400 JÄRVENPÄÄ
(09) 291 0233

KAJAANI
Kauppakatu 26, 87100 KAJAANI
(08) 612 0930

KANKAANPÄÄ
Torikatu 7, 38700 KANKAANPÄÄ
(02) 572 3385

KAUHAJOKI
Topeeka 38, 61800 KAUHAJOKI
(06) 231 3133

KEMI
Valtakatu 19, 94100 KEMI
(016) 221 536

KIRKKONUMMI
Toritie 3, 02400 KIRKKONUMMI
(09) 296 1377

KITEE
Kiteentie 4, 82500 KITEE
(013) 411 051

KOKKOLA
Isokatu 10, 67100 KOKKOLA
(06) 831 3522

KOTKA
Ruotsinsalmenkatu 12, 48100 KOTKA
(05) 218 1900

KOUVOLA
Kauppalankatu 14, 45100 KOUVOLA
(05) 371 1201

KUHMO
Kainuuntie 88, 88900 KUHMO
(08) 652 1910

KUOPIO
Suokatu 23, 70100 KUOPIO
(017) 569 5600

KUUSAMO
Kitkantie 32, 93600 KUUSAMO
(08) 852 2511

LAHTI
Aleksanterinkatu 27, 15140 LAHTI
(03) 752 2577

LAPPEENRANTA
Valtakatu 48, 53100 LAPPEENRANTA
(05) 411 8400

LAPUA
Asemakatu 14, 62100 LAPUA
(06) 438 8533

LIEKSA
Moisionkatu 1, 81700 LIEKSA
(013) 521 866

LOHJA
Kauppakatu 8, 08100 LOHJA
(019) 322 388

LOIMAA
Turuntie 22, 32200 LOIMAA
(02) 763 2722

MIKKELI
Maaherrankatu 12, 50100 MIKKELI
(015) 361 575

OULU
Kirkkokatu 9, 90100 OULU
(08) 886 5511

PIEKSÄMÄKI
Keskuskatu 6-10, 76100 PIEKSÄMÄKI
(015) 487 722

PORI
Gallen-Kallelankatu 8, 28100 PORI
(02) 641 5505

PORVOO
Lundinkatu 9, 06100 PORVOO
(019) 524 3666

PUDASJÄRVI
Toritie 1, 93100 PUDASJÄRVI
(08) 822 175

RAAHE
Sovionkatu 10, 92100 RAAHE
(08) 221 710

RAUMA
Eteläkatu 1, 26100 RAUMA
(02) 822 2144

RIIHIMÄKI
Hämeenkatu 25-27
11100 RIIHIMÄKI
(019) 751 156

ROVANIEMI
Rovakatu 27, 96200 ROVANIEMI
(016) 346 911

SALO
Turuntie 22, 24240 SALO
(02) 733 3313

SAVONLINNA
Olavinkatu 37, 57130 SAVONLINNA
(015) 273 677

SEINÄJOKI
Keskuskatu 13, 60100 SEINÄJOKI
(06) 414 4533

SUOMUSSALMI
Kiannonkatu 3
89600 ÄMMÄNSAARI
(08) 711 830

TAMPERE
Rautatienkatu 10, 33100 TAMPERE
(03) 382 5200

TORNIO
Hallituskatu 2, 95400 TORNIO
(016) 481 051

TURKU
Eerikinkatu 6 b, 20100 TURKU
(02) 270 200

UUSIKAUPUNKI
Rantakatu 15
23500 UUSIKAUPUNKI
(02) 841 2780

VAASA
Kauppapuistikko 19-21
65100 VAASA
(06) 317 5338

VAMMALA
Puistokatu 3-5, 38200 VAMMALA
(03) 514 1044

VANTAA, Myyrmäki
Liesikuja 7, 01600 VANTAA
(09) 453 4190

VANTAA, Tikkurila
Kielotie 7, 01300 VANTAA
(09) 453 4220

VARKAUS
Kauppakatu 18, 78200 VARKAUS
(017) 552 3301

YLIVIESKA
Torikatu 3, 84100 YLIVIESKA
(08) 423 911

ÄÄNEKOSKI
Torikatu 5, 44100 ÄÄNEKOSKI
(014) 523 121

SERVICE OUTLETS

ALAJÄRVI
Alajärven Kirjanpitopalvelu
Järvikatu 3, 62900 ALAJÄRVI
(06) 557 3636 fax (06)-557 3636

ANJALANKOSKI
Anjalankosken Laskentapalvelu
Kommandiittiyhtiö
Päätie 19, 46900 ANJALANKOSKI
(05) 367 3233 fax (05) 367 3233

EURA
Yrityspalvelu Wiik Ky
Eurantie 18, 27510 EURA
(02) 865 5120

HAAPAVESI
Haapaveden Toimistopalvelu Oy
Vanhatie 59 A, 86600 HAAPAVESI
(08) 450 441 fax (08) 450 839

HANKO
Hangon Oikeus- ja Tilipalvelu Oy
Vuorikatu 12-14, 10900 HANKO
(019) 248 5760 fax (019) 248 5764

HARJAVALTA
Kokemäenjokilaakson
Op-kiinteistökeskus Oy
Harjavallankatu 13
29200 HARJAVALTA
(02) 674 2280

HARTOLA
Päijätmaan Tili- ja Kiinteistö Ky
Kirkkotie 7, 19600 HARTOLA
(03) 716 1222

HÄMEENKOSKI
Kiinteistövälitys ja Toimistopalvelu
Päivi Järvinen LKV
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6800 HÄMEENKOSKI
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muu puh. (03) 765 5590

HÄMEENKYRÖ
Koski-Foto Ky
Valtakatu 57, 39200 KYRÖSKOSKI
(03) 371 5865

IKAALINEN
Studio Ikafoto I & K Kulmala
Vanha Tampereentie 15-17
39500 IKAALINEN
(03) 458 7680

JALASJÄRVI
Arto Varjonen Ky
Keskustie 21, 61600 JALASJÄRVI
(06) 456 1254

JOUTSA
Joutsan Tili- ja yrityspalvelu Oy
Rantatie 19, 19650 JOUTSA
(014) 882 033, 882 933
fax (014) 882 021,

JOUTSENO
Karjalan Tilitiimi Ky
Saimaantie 11 54100 JOUTSENO
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JUVA
Tili- ja Isännöintitoimisto
Paula Vuorinen Ky
Piikkiläntie 5-7, 51900 JUVA
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KALAJOKI
Tili- ja Toimistopalvelu
Marja Hakola, Kalajoentie 34
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(08) 463 840, (0500) 589 203

KANGASALA
Kangasalan Autokoulu Oy
Linja-autoasema,
36200 KANGASALA
(03) 377 0230

KANGASNIEMI
Tilitoimisto Tietomylly Ky
Keskustie 6, 51200 KANGASNIEMI
(015) 432 150

KANNUS
Jokivarren Op-Kiinteistökeskus Oy
Valtakatu 1, 69100 KANNUS
(06) 873 460

KARSTULA
Tähtitulos Oy
Keskustie, 43500 KARSTULA
(014) 461 555

KARVIA
Tili-Karvia Esko Luomanen
39930 KARVIA
(02) 41 615

KAUHAVA
Kauhavan Tili- ja
Isännöintitoimisto Ky
Einarintie 2, 62200 KAUHAVA
(06) 434 2200

KERAVA
Tili-Isäntä Oy
Kivenhakkaajantie 3, 04200 KERAVA
(09) 294 1191

KEURUU
Talopiste ja Notariaattipalavelu Ky
Keuruuntie 19, 42700 KEURUU
(014) 346 0055, 720 510

KITTILÄ
Kittilän Tilipalvelu Ky
Valtatie 41 A 10, 99100 KITTILÄ
(016) 642 753 fax (016) 642 767

KIURUVESI
ATK-Tilipalvelu Jari Peltola Ky
Asematie 9, 74700 KIURUVESI
(017) 54 434 fax (017) 52 075

KLAUKKALA
Oy Mariatrade Ag.
Kiikkaistenkuja 1
01800 KLAUKKALA
(09) 879 6334

KUHMOINEN
Kuhmoisten Sanomat Oy
PL 8, 17801 KUHMOINEN
(03) 555 1437 fax (03) 555 6538

KURIKKA
Pohjanmaan Kiinteistöpörssi Oy
Laulajantie 10, 61300 KURIKKA
(06) 450 2930

LAITILA
LKV Tili-Koskinen Ky
Katajamäentie 14, 23800 LAITILA
(02) 56 960

LAMMI
Kiinteistötoimisto Eino Hakala Ky
Hämeentie 20, 16900 LAMMI
(03) 633 2500

LEPPÄVIRTA
Autotarvike S Suomalainen Ky
Savonkatu 24, 79100 LEPPÄVIRTA
(017) 554 1531

LOVIISA
Ky Tilitupa Henry Friman Kb
Brandensteininkatu 11
07900 LOVIISA
(019) 532 003 fax (019) 532 903

LUUMÄKI
Isännöitsijätoimisto
Timo Hämäläinen
Metsätalo, 54500 TAAVETTI
(05) 457 2333

MÄNTSÄLÄ
Mäntsälän Notariaatti Oy
Keskustie 4, 04600 MÄNTSÄLÄ
(019) 688 1333

MÄNTYHARJU
Tmi Henkari
Liiketie 2, 52700 MÄNTYHARJU
(015) 346900

NASTOLA
Nastolan Kiinteistönotariaatti Oy (LKV)
Laturintie 1, 15550 NASTOLA
(03) 762 4111 fax (03) 625 110

NILSIÄ
Nilsiän Laskenta Oy
Nilsiäntie 71 A 4, 73300 NILSIÄ
(017) 481 430 fax (017) 481 431

NOKIA
Kiinteistö ja Rakennus Mäkelä Oy
Välikatu 19, 37100 NOKIA
(03) 342 2077

NUMMELA
VL-Matkat
Vanha Lohjantie 2, 03100 NUMMELA
(09) 222 5633

OULAINEN
Tmi Edustusliike Korkatti
Asematie 19, 86300 OULAINEN
(08) 472 983

ORIMATTILA
Kiinteistövälitys- ja Notariaattitoimisto
Hannu Toivonen LKV
Erkontie 20, 16300 ORIMATTILA
(03) 777 2902 fax (03) 777 1172

ORIVESI
Oriveden Yritek Oy
Keskustie 40, 35300 ORIVESI
(03) 334 0700

OUTOKUMPU
Tiliapu Kettunen
Kummunkatu 6 II krs.
83500 OUTOKUMPU
(013) 561 795

PARIKKALA
Parikkalan Tili ja Isännöinti Oy
Sahakuja 2 E 4, 59100 PARIKKALA
(05) 47 0551

PARKANO
Tili- ja Kiinteistömarkkinointi Ky
Pitsinki & Mäkiviinikka LKV
Keskuskatu 2, 39701 PARKANO
(03) 448 3590

PELLO
Pellon Huonekaluliike Ky
Kenttätie 1, 95700 PELLO
Puh./fax. (016) 515 503

PIELAVESI
Pielaveden Tilipalvelu Oy
Puistotie 26, 72400 PIELAVESI
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POLVIJÄRVI
Lakiasiaintoimisto Aki Pietarinen Ky
Polvijärventie 14, 83900 POLVIJÄRVI
(013) 632 632, 631 610
fax (013) 632 610

POSIO
Posion Tilitoimisto B Aapaoja Ky
Riihipolku 1, 97900 POSIO
(016) 372 1436 fax (016) 372 1736

PUUMALA
Puumalan Matkapalvelu
Keskustie 5, 52200 PUUMALA
(015) 468 1600

PYHÄJÄRVI OL.
Tilitoimisto Raija Leppäharju
Ollintie 15, 86800 PYHÄSALMI
(08) 782 051, (08) 782 050

RANUA
Liiketoimintapalvelu Huhtamäki Ky
Kiertotie 4, 97700 RANUA
(016) 355 1778

RUUKKI
Tili- ja Kiinteistöpalvelu
Sinikka Åman Ky
PL 16, 92401 RUUKKKI
(08) 271 7899

SAARIJÄRVI
Reijo Sillantaus
Kauppakatu 12, 43100 SAARIJÄRVI
(014) 422 733 fax (014) 424 260

SALLA
Urheilu Salla Ky
Kuusamontie 12, 98900 SALLA
(016) 831 004

SIILINJÄRVI
Tilitoimisto Siilin Laskenta Ky
Toritie 8, 71800 SIILINJÄRVI
(017) 462 6264

SOMERO
Tilikeskus Seija Ylitalo Ky
Joensuuntie 15, 31400 SOMERO
(02) 748 8125

SONKAJÄRVI
Sonkajärven Rakennus- ja
Maaseutusuunnittelu Oy
Rutakontie 44, 74300 SONKAJÄRVI
(017) 711 011

SOTKAMO
Kuhmon Op-Kiinteistökeskus Oy
Kainuuntie 22, 88600 SOTKAMO
(08) 61 852

SUONENJOKI
Sisä-Savon Sähkö Oy
Herralantie 5 A, 77600 SUONENJOKI
(017) 513 013 fax (017) 513 012

SYSMÄ
Sysmän Op-Kiinteistökeskus Oy
Sysmäntie 36,19700 SYSMÄ
(03) 717 1447

TAIVALKOSKI
Konemakasiini
Ketuntie 1, 93400 TAIVALKOSKI
(08) 841 732

TAMMISAARI
Copy Shop Oy
Kuninkaankatu 8, 10600 TAMMISAARI
(019) 246 1200 fax (019) 246 1201

TERVOLA
Tervolan Monitoimi Ky
Puukivilla, 95300 TERVOLA
(016) 436 100

TEUVA
Oy Gun Exin Finland LTD
Oy Jahtikaverit
Saventie 5, 64700 TEUVA
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(0400) 263 188, fax (06) 267 2481

TOHOLAMPI
Toholammin Tilitoimisto
69300 TOHOLAMPI
(06) 885 140

UTSJOKI
Utsjoen Atk-tilitoimisto Ky Mäkelä
99980 UTSJOKI
(016) 677 354

VALKEAKOSKI
Tilitoimisto Koskitilit
Valtakatu 9-11, Lokero 19
37600 VALKEAKOSKI
(03) 584 7900

VILPPULA
KMV-Kotivinkki
Suokatu 4, 35700 VILPPULA
(03) 471 4800 fax (03) 471 4800

VIRRAT
Kirjanpitotoimisto Markus Koro & Co
Virtaintie 42, 34800 VIRRAT
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VÄÄKSY
Asikkalan Op-Kiinteistökeskus Oy
Rusthollintie 1, 17200 VÄÄKSY
(03) 766 2951

YLITORNIO
Ylitornion Metsänhoitoyhdistys
Alkkulanraitti, 95600 YLITORNIO
(016) 571 131

ÄHTÄRI
R Mäkelä Ky/RM Matkat
Otsolantie 4, 63700 ÄHTÄRI
(06) 533 7377

Accounting Principles of the 1996 Financial Statements

The financial statements are prepared in accordance with the Companies Act and the Insurance Companies Act, adhering to the directives and instructions of the supervising authority, the Ministry of Health and Social Affairs.

Valuation and allocation of intangible assets

Other long-term expenditure
Basic building improvement expenses and EDP system planning expenses are activated as long-term expenditure. They are presented on the Balance Sheet at their acquisition cost after depreciation according to plan.

Valuation and allocation of investments

Land and buildings and real estate shares
Land and buildings are presented on the Balance Sheet at their acquisition cost after depreciation according to plan or, if lower, at their likely realizable value.

Real estate shares are presented on the Balance Sheet at their acquisition cost after depreciation according to plan or, if lower, at their likely realizable value.

Land and buildings and real estate shares have been revalued if their value at the end of the accounting period was permanently and essentially higher than their original acquisition cost. An entry corresponding to the revaluation of land and buildings or real estate shares held as investment assets has been included on the Profit and Loss Account since 1978. Revaluations made prior to that date were recorded in the non-distributable revaluation reserve on the Balance Sheet. The corresponding entry in respect of investments regarded as fixed assets is recorded in the non-distributable revaluation reserve on the Balance Sheet.

Writedowns made previously in respect of investments are canceled up to the amount of the original acquisition cost if the current value rises to such an extent that it has an income effect.

Shares, variable-yield securities and units in unit trusts
Shares, variable-yield securities and units in unit trusts are presented on the Balance Sheet at their acquisition cost or, if lower, at their likely realizable value. Sales and writedowns of shares, variable-yield securities and units in unit trusts are recorded according to the FIFO principle.

Debt securities
Debt securities are bonds and debentures and other financial market instruments. Debt securities are recorded on the Balance Sheet at their acquisition cost. The difference between the nominal value and acquisition cost of a debt security is allocated according to the regulations of the Ministry of Social Affairs and Health as interest income or a deduction from interest income over the maturity of the debt security. A corresponding item is recorded as an increase or decrease in the acquisition cost of the debt security. Writedowns due to variation in the level of interest rates or some other reason are recorded. Similarly, cancellations of writedowns are recorded if the current value of a debt security has subsequently risen above its remaining acquisition cost up to the amount of the original acquisition cost.

The acquisition cost is calculated according to the FIFO principle.

Loans, deposits and deposits with ceding undertakings
Loans, deposits and deposits with ceding undertakings are recorded on the Balance Sheet at nominal value or permanently lower likely value.

Valuation of receivables

Premium receivables
Premium receivables are presented on the Balance Sheet at no more than their likely value. In the case of non-life and life insurance companies, likely credit losses are deducted from the nominal value of premium receivables. In the case of a pension insurance company, credit losses are recorded as such as soon as they are finally confirmed.

Items denominated in foreign currencies
As far as liabilities and receivables are concerned, the acquisition cost of investments denominated in foreign currencies are converted into Finnish marks using the exchange rate quoted by the Bank of Finland on the accounting date. In the case of other investments, the exchange rates prevailing on the acquisition date are used.

Exchange rate differences are allocated to the appropriate income and expense adjustment items. With regard to cash in hand and at bank and deposits, exchange rate differences as well as items that could not be directly allocated as an income or expense adjustment are recorded as exchange rate gains or losses on investments.

Derivative contracts

Share derivatives are used mainly to hedge against investment portfolio risks and, to a lesser extent, for the exploitation of incorrect pricing situations, for risk arbitrage operations and for the elimination of market influences on transactions.

Changes in the values of derivative contracts made for hedging purposes are taken into account so that the income effect of a change in the value of the protected item is neutralized.

Depreciation

The acquisition costs of buildings and their material components, equipment, intangible assets and long-term expenditure are written off as expenses by depreciation according to plan over their respective periods of usefulness or effect.

The depreciation charges are based on the following depreciation plan:

Intangible assets
- Basic repairs to premise 10 years
- Planning costs of ADP systems 5 years

Buildings
- Residential, office and hotel buildings 40-50 years
- Department store and shop buildings 30-40 years
- Industrial, warehousing and other buildings 20-30 years
- Material components of buildings
- Depreciation of net expenditures, 30%

Equipment

Office equipment, fixtures and fittings, etc.

Depreciation of net expenditures, 30 %

The effect of significant basic repairs to buildings on their economic lifetimes is assessed separately.

Depreciation in respect of activated revaluations has been charged according to the holding time of the item in question.

The accumulated difference of depreciation according to plan and total depreciation entered into the bookkeeping is recorded on the liabilities side of the Balance Sheet under the item Provisions, accumulated depreciation difference, and the increase or decrease in the depreciation difference during the accounting period is presented separately in the Profit and Loss Account.

Provisions

Accumulated depreciation difference

See “Depreciation” above.

Optional reserves

Provisions having an impact on the result have been made on the basis of bookkeeping and tax legislation.

Credit loss reserve

In the case of non-life and life insurance companies, the credit loss reserve may not exceed one per cent of the insurance company’s non-premium receivables.

In the case of a pension insurance company, a credit loss reserve can be made in respect of premiums up to a maximum of 2 per cent. In addition, 0.6 per cent of non-premium receivables can be deducted from the result during the accounting period, so that the combined total of credit loss reserves made during and before the accounting period do not exceed 5 per cent of the total amount of receivables.

Transitional reserve

A transitional reserve was formed as a consequence of the abolition of premature expense write-offs on investments and the reduction in the size of the credit loss reserve that occurred in connection with the 1993 reform of the Business Taxation Act.

Direct taxes

Direct taxes are presented on the Profit and Loss Account on an accruals basis. The tax liability calculated in respect of optional reserves, the depreciation difference and revaluations is presented in the Appendices to the Balance Sheet.

Current values of investments

Investments in land and buildings

The current values of investments are determined by the company’s experts in the manner specified for individual classes of real estate by the Ministry of Social Affairs and Health, taking account of the income obtained from the real estate and other factors influencing the current value.

Investments in shares and debt securities

In the case of investments that are quoted on an official stock exchange or otherwise publicly traded, the last striking price of the year, or, in its absence, the buying price, during official trading on the accounting date is used as the current value. For other investments, the current value is based on net worth, book value or likely realizable selling price.

Loans, deposits, and deposits with ceding undertakings

For loans, deposits, and deposits with ceding undertakings, the nominal value is used as the current value. Reduction of the nominal value required by the risk of a credit loss is taken into account when assessing the likely realizable value.

Staff pension cover and allocation of pension expenses

The statutory pension cover of the staff is arranged by means of basic employees’ pension insurance with Tapiola Pension and additional pension cover with Tapiola Corporate Life and Tapiola Life.

Pension insurance premiums have been entered as expenses on an accruals basis.

Tapiola Mutual Life Assurance Company

Principles of zillmerization

1. Individual life insurance

In fixed-premium individual life insurances, activated acquisition costs are deducted from the provision for unearned premiums over the first ten years of the insurance. The deduction for the first insurance year is 25 per cent of the sum of the insurances’ annual premiums in corporate insurances, and the sum of the insurances' gross annual premiums in other insurances. In subsequent years the magnitude of the deduction falls by the same amount each year. The deduction is calculated on the basis of the insurances in force at the end of the accounting year.

Zillmerization is not applied to

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home-savings insurance, teenagers' comprehensive insurance, the savings insurance appended to teenagers' comprehensive insurance granted after 31.12.1991.

Zillmerization is not applied to flexible-premium individual life insurance.

2. Individual pension insurance
In fixed-premium individual pension insurance, activated acquisition costs are calculated as in fixed-premium life insurances. Fifty per cent of the sum of the insurances' gross annual premiums are used as the basis for zillmerization.

In flexible-premium individual pension insurances, the provision for unearned premiums is reduced by activated acquisition costs over the first five insurance years, but in any event not longer than the insurance's term of payment. In the first insurance year the magnitude of the deduction is 25 per cent of the insurance's gross annual premium if the insurance began before 1.1.1996. If the insurance began on or after 1.1.1996, the deduction is 20 per cent of the insurance's gross annual premium in the first insurance year. In subsequent years the magnitude of the deduction falls by the same amount each year. The deduction is calculated on the basis of the insurances in force at the end of the accounting year.

3. Group life insurance
Zillmerization is not applied.

Assumed interest rate for the technical provisions
An assumed interest rate of 4.5 per cent is applied when calculating the technical provisions of Tapiola Life, with the following exceptions:

-an assumed interest rate of 9 per cent is applied in the case of the special provision for disability insurance.

-an assumed interest rate is not applied to the supplementary reserve of the provision for unearned premiums arising due to amendment of the insurance terms and condition

-an assumed interest rate is not applied when calculating additional sum and premium discount reserves of the provision for unearned life insurance premiums.

Tapiola Corporate Life Insurance Company

Principles of zillmerization
In flexible-premium individual pension insurances, the provision for unearned premiums is reduced by activated acquisition costs over five insurance years, but in any event not longer than the insurance's term of payment. In the first insurance year the magnitude of the deduction is 20 per cent of the insurance's gross annual premium. In subsequent years the magnitude of the deduction falls by the same amount each year. The deduction is calculated on the basis of the insurances in force at the end of the accounting year.

Zillmerization is not applied to group life insurances, optional group pension insurances and capitalization agreements.

Assumed interest rate for the technical provisions
An assumed interest rate of 4.25 per cent is used when calculating the technical provisions of optional group pension insurance. An assumed interest rate of 4.5 per cent is used when calculating the technical provisions of other insurance classes (individual pension insurance, group life insurance and capitalization agreements).

Tapiola General Mutual Insurance Company

Deduction items of the technical provisions, and the discounting used in calculating the provision for outstanding claims.

Provision for unearned premiums
The activated acquisition costs of insurances have not been deducted from the provision for unearned premiums, neither does it contain supplementary items of the provision for unexpired risks.

Provision for outstanding claims
In 1996 the provision for outstanding claims was reduced by FIM 8 751 474 in respect of undisputed recourse receivables. The corresponding deduction in the previous year was FIM 5 539 498.

Discounting is applied only whwn calculating the provision for outstanding pension claims.

Consolidated financial statements

In accordance with the Insurance Companies Act, the consolidated financial statements include joint stock and other comparable companies in which the parent company directly or indirectly holds more than half of the voting rights.

The consolidated financial statements are compounded from the profit and loss accounts, balance sheets and notes to the financial statements of the parent company and its subsidiaries. Intra-group receivables and debts, income and expenses, profit distribution, and internal capital gains/losses have been eliminated from the consolidated financial statements. The minority interest of the capital and reserves and of the result is presented separately in the Profit and Loss Account and in the Balance Sheet.

Intra-group ownership has been eliminated using the past equity method. The financial statements of the participating interests are combined in accordance with the equity method. The goodwill arising in connection with the elimination is generally allocated to the subsidiary's appropriate asset items, taking account of the items' current values, and the goodwill is depreciated according to plan like the corresponding item. Unallocated consolidated goodwill is presented on the Balance Sheet under intangible assets in a separate item, and it is written off according to plan over five years.

Intra-group direct insurance has not been eliminated. However, in the consolidated financial statements of Tapiola General Mutual Insurance Company, intra-group reinsurance, with the exception of the equalization provision, has been eliminated.

Reader's guide

The insurance companies have developed a uniform set of financial indicators derived from the financial statements. The concepts used in the annual report are presented and defined in this Reader's Guide.

In the case of the most important ratios, their formulae are also given.

An asterisk (*) means that the term can be found as a headword.

The **valuation difference** is the difference between an asset's current value and its book value.

The **policyholder bonus** is the interest that is paid annually on insurance savings in addition to the assumed interest*. The level of the policyholder bonus depends on the result achieved by the company. The benefit of the bonus for a personal insurance policyholder is that the value of insurance cover is at least preserved.

Direct insurance means insurance business received directly from Tapiola's customers. Insurance business received from another insurance company is assumed reinsurance business*. Ceded reinsurance is insurance business passed on by Tapiola to another insurance company.

The **reinsurers' share** means the reinsurance cover that Tapiola purchases from other insurance companies for the risks it does not wish to insure itself. The net expenses or income resulting from this ceded reinsurance business as well as its composition are shown in the Profit and Loss Account.

The reinsurers' share of the provision for outstanding claims* and the provision for unearned premiums* arise from ceded reinsurance business.

Reinsurance commissions are included in operating expenses (the net figure of commissions received and paid on assumed and ceded business).

The **breakdown of assets in the technical provisions margin** is a classification of investments at current values in the technical provisions margin as specified in the regulations of the supervising authorities.

Total operating expenses is a concept used in employment pension companies. They are expressed in proportion to the loading income* and premiums written*.

The **return on assets (ROA), non-life insurance companies** (at current values) is the profit or loss before the change in the equalization provision, extraordinary items, appropriations and taxes - expenses and interest on liabilities +/- revaluations/ cancellations entered in the revaluation reserve +/- the change in investment valuation differences in proportion to the balance sheet total plus the investment valuation differences. The ratio is a measure of a non-life insurance company's financial performance.

The **return on assets (ROA), life insurance companies** is (the change in solvency capital before distribution of profit and customer benefits + the assumed interest requirement for the technical provisions) / (net technical provisions other than the equalization provision, averaged for the accounting year + solvency capital).

Gross premiums written is the total of premiums received before reinsurers' share and the deduction of credit losses.

The **interest business result** is the difference between the interest requirement for the technical provisions and net investment income according to the financial statements of a life insurance company.

Claims (claims paid) is made up of claims paid during the accounting period, irrespective of the year in which the loss occurred. Operating expenses incurred in claims settlement activities are also included in the claims paid figure.

The difference between **claims incurred** and claims paid* is that claims arising from insured events occurring in the accounting period but payable later are also included in claims incurred. Claims paid are augmented by the change in the provision for outstanding claims*, which also includes the change in the equalization provision*.

Formula: Claims paid + the provision for outstanding claims at the end of the year - the provision for outstanding claims at the beginning of the year.

The **provision for outstanding claims** consists of the claims which the insurance company will have to pay after the end of the accounting period in respect of losses and other insured events occurring during the accounting period and in preceding years. The provision for outstanding claims thus represents the company's debt to policyholders and beneficiaries. The provision for outstanding claims also includes an equalization provision* to provide for years in which the company may incur exceptionally heavy claims. It is calculated in accordance with principles laid down by the Ministry of Social Affairs and Health.

The **change in the provision for outstanding claims** is an item included in the Profit and Loss Account and represents the difference between the provision for outstanding claims at the beginning and end of the year, and is included in the Profit and Loss Account. Claims paid adjusted for the change in the provision for outstanding claims indicate the real claims incurred* for the accounting period.

The **loading income** appears as a concept in, for instance, the calculation of the gross expense ratio for life and pension insurance companies. This income is derived from a loading component added to the insurance premium for the purposes of covering the costs pertaining to the accounting period. The gross expense ratio is obtained by comparing actual operating expenses to the corresponding loading income.

The **administrative costs surplus** is the difference between the actual operating expenses and the loading income*. Here the operating expenses include costs arising from the claims settlement activities and recorded as claims incurred, whereas investment management expenses are not included. The allocation of operating expenses by means of zillmerization* is taken into account when calculating the loading income.

Statutory charges of a pension insurance company consist of the company's contribution towards the costs of the Central Pension Security Institute.

The **deferred tax liability** (average of the tax liability at the beginning and the end of the year). This item consists of taxes and tax refunds either allocated to the

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accounting period on an accruals basis or pertaining to previous accounting periods, with the exception of taxes included in extraordinary items.

On the accounting date the deferred tax liability is deducted in accordance with the prevailing tax rate from the accumulated depreciation difference, from optional reserves, and, to the extent that it is likely to be realized in the near future, from untaxed revaluations and investment valuation differences.

When assessing likelihood, the expectations of the next three years are particularly significant. No tax liability is incurred if it is intended that the valuation differences are to be realized only to the extent that expenses are covered.

The **assumed interest** is the minimum interest that the company must pay on insurance savings. Interest is annually credited to the technical provisions in accordance with the approved basis of calculation. In addition to the assumed interest , additional interest, i.e. the policyholder bonus*, is also credited to the technical provisions.

Net operating expenses include insurance policy acquisition costs, insurance policy management expenses, and general administrative expenses. According to the new accounting principles, reinsurance commissions (the net figure of commissions received and paid on assumed and ceded business) are included in operating expenses. Expenses related to claims settlement and investment management activities are allocated to claims incurred and investment charges, respectively.

The **net expense ratio** is the ratio of net operating expenses to net premiums earned*. The ratio is calculated after the deduction of credit losses and the reinsurers' shares.

The **gross expense ratio** is a measure of the efficiency of a life insurance company. The gross expense ratio is 100 x gross operating expenses / loading income*. Gross operating expenses include costs attributable to claims settlement activities, whereas investment management expenses are not included here. The allocation of operating expenses by means of zillmerization* is taken into account when calculating the loading income*.

In the case of a pension insurance company, operating expenses are proportioned to the loading income and premiums written.

The **turnover** of a non-life insurance company means gross premiums earned before credit losses* and reinsurers' share + investment income + revaluations activated in connection with asset disposal. Investment income does not include activated revaluations is the asset in question has not been sold. Premiums written are used instead of premiums earned when calculating the turnover of a life and employment pensioninsurance company.

The **operating profit** or loss is an intermediate result describing the unequalized annual business performance. It is calculated before the change in the equalization provision* and revaluations* of investments, so fluctuations in claims incurred* and investment income are reflected in the profit/loss figures.

Provision for additional benefits (unallocated) is a fund into which the accumulated surpluses of a employment pension company are collected. Part of the accumulated surplus is transferred to the allocated provision for additional benefits, from where the funds are returned to the policyholders in the form of premium discounts.

The **credit losses** incurred by an insurance company mainly arise from unpaid premiums, see premiums written*. On the lending side of the business, credit losses are minimal because loans are reliably secured.

Credit loss reserves are made in case of credit losses on premiums and on other business receivables. The maximum amounts of the reserves and thus the possibilities of increasing their size depends on the business of the insurance company and the nature of the receivables concerned.

The **market share** is the percentage share of one company in the combined premiums written by all the companies operating on the market. In the case of life insurance companies, the market share is an official ratio. Its standard formula is 100 x the company's gross premiums written / the sum of all the life insurance companies' gross premiums written. This ratio is calculated solely for direct insurance business.

Net figures, e.g. net premiums written, relate to that part of direct insurance* and assumed reinsurance business* remaining with the company for coverage by the same after the reinsurers' share* has been deducted.

The **return on equity** (at current values) is (the profit or loss before extraordinary items, appropriations and taxes +/- revaluations/cancellations entered in the revaluation reserve +/- the change in investment valuation differences* - taxes +/- the change in the deferred tax liability) per (capital and reserves + minority interest + accumulated depreciation difference + optional reserves +/- investment valuation differences - deferred tax liability*) x 100 %.

The ratio is a measure of a non-life insurance company's financial performance.

The **equity to assets ratio** (at current values) is capital and reserves + minority interest + accumulated depreciation difference + optional reserves + investment valuation differences + subordinated liabilities - deferred tax liability* in relation to the balance sheet total plus investment valuation differences*.

The ratio is a measure of a non-life insurance company's financial performance.

The **underwriting result** is the difference between claims incurred* and premiums applying to the current accounting period and intended to cover life insurance and pension insurance risks. The assumed interest * for the provision for outstanding claims is taken into consideration as a factor reducing claims incurred.

The **result of the red business** is the estimated premiums written for statutory pension insurance to be transferred to Tapiola Pension from other pension insurance companies at the beginning of the following year, less the premiums written for insurance business to be transferred from Tapiola Pension to other pension insurance companies.

Transferred charges are charges which are collected from policyholders in their premiums and which the insurance company credits forward to the authorities. The transferred charges include premium tax, fire brigade charges, traffic safety payments, industrial safety charges, and payments under Sec. 58 of the Employment Accidents Insurance Act.

Transitional reserve

In the years 1993-1997 a transitional reserve can be established to take the place of writedowns on investments and the credit loss reserve abolished in the reform of the Business Taxation Act.

Breakdown of investment assets includes the following investment categories at current values: investments in land and buildings, shares, bonds and debentures, debt securities, loans, and other investments. In the case of pension insurance companies, loans are further divided into loans from the pension funds and other lending.
Net investment income means the difference between the income and expenses of investment operations. Those operating expenses attributable to the management of investments are included in investment charges.
The **investment surplus** of a pension insurance company is the difference between the interest requirement for the technical provisions and the net investment income as reported in the closing of the accounts. See interest business result*.
Surrenders are refunds paid to policyholders who have canceled their life insurance policies. These payments consist of the savings portions included in the premiums paid by the policyholders. Surrenders are included in the Profit and Loss Account under claims paid.
The **equalization provision** is a non-distributable reserve that acts as a buffer against years in which claims are particularly heavy. It is an item of the technical provisions necessitated by the security requirement. It is also intended to ensure the sufficiency of the technical provisions when there are unfavourable fluctuation in factors exercising a significant effect on the technical provisions. The supervising authorities lay down calculation rules and set a minimum requirement on the equalization provision on a company-by-company basis.
The **solvency margin** is the difference between assets and liabilities at current values. It describes a company's solvency and the amount of assets that a company has at its disposal to ensure the continuity of its operations.
The **solvency margin ratio** describes the relationship between a life insurance company's solvency margin and the minimum amount prescribed for it by law. The solvency margin ratio is 100 x the solvency margin / the minimum solvency margin.
The **loss ratio** means the ratio of claims incurred to premiums earned*. The ratio is calculated after deduction of credit losses and the reinsurers' share. The claims incurred figure includes the operating expenses attributable to claims settlement activities, but not the change in the equalization provision.
The **solvency ratio** is, in the case of a pension insurance company, 100 x (technical provisions and items corresponding to it - the solvency margin) / technical provisions and items corresponding to it. In this case the equalization provision and the self-employed persons' pension liability are counted as technical provisions.

In the case of a life insurance company, the solvency ratio describes a company's net worth in relation to its adjusted technical provisions less the equalization provision:
Solvency ratio: 100 + 100 x solvency capital / (technical provisions, net - the equalization provision).
Solvency capital is the combined total of the solvency margin and the equalization provision. The minority interest is also added in the case of a group.
The **change in solvency** capital in a life insurance company is the relative change in solvency capital before profit distribution and customer benefits / (net technical provisions other than the equalization provision, averaged for the accounting year + solvency capital).
Premiums written (cf. Gross premiums written) are payments received in consideration of insurance cover that began during the course of the accounting period. Credit losses* are already deducted from the premiums written figure (which is not the case for gross premiums written).
Premiums earned are net premiums written* less the change in the provision for unearned premiums*.

Formula: premiums earned = net premiums written + the provision for unearned premiums at the beginning of the year - the provision for unearned premiums at the end of the year.
The **provision for unearned premiums** is that portion of premiums written that are accrued during the accounting period and preceding years, the corresponding risks of which pertain to the period after the end of the accounting period in question. The provision for unearned premiums is the company's debt to the policyholders.
The **change in the provision for unearned premiums** is shown on the Profit and Loss Account. It is the difference between the provision for unearned premiums at the beginning and the end of the year. See provision for outstanding claims*.
The technical provisions consist of the provision for unearned premiums* and the provision for outstanding claims*.
The **technical underwriting result** is, in the case of non-life insurance company, the balance on the technical account calculated before the change in the equalization provision: premiums earned* - claims incurred* and net operating expenses*.
The **risk-carrying capacity** of a non-life insurance company is the ratio of the solvency capital* to premiums earned over the past twelve months after deduction of credit losses and the reinsurers' share.
The **interest requirement for the technical provisions** is the minimum interest payable on the technical provisions, i.e. the provision for unearned premiums and the provision for outstanding claims.
The **profit or loss before extraordinary items, appropriations and taxes** describes the financial performance of a non-life insurance company and is proportionally indicative of the company's turnover*.
The **minimum solvency margin** describes the legally prescribed amount by which a company's assets must exceed its liabilities. If a company does not meet this requirement, it cannot continue to operate without special supervisory controls.
Zillmerization means the allocation of the operating expenses of a life insurance company over a number of years. In the Appendices to the Balance Sheet, Zillmerization appears as non-amortized sales expenses deducted from the provision for unearned premiums*.
The **combined ratio** is the loss ratio* + the net expense ratio. The combined ratio describes the actual underwriting performance of a non-life insurance company.
Avoir fiscal tax credit is a tax credit in favour of a dividend recipient to the extent that the company paying the dividend has already paid tax when distributing the dividend. The income of the dividend recipient then comprises the combined amount of the dividend received and the avoir fiscal tax credit.
Return on equity tied up in a company See return on equity*

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