

SAMPO

ANNUAL REPORT  
1997





# CONTENTS

2	Sampo Highlights 1997
3	Sampo Insurance Group Key Information
4–5	Chief Executive Officer's Review
6–7	Structural Reorganisation
8	Sampo and the Environment

## **Accounts for the Year**

10–72	Sampo Insurance Company Limited Accounts for the Year
-------	--

## **The Sampo Group**

74	Sampo Group Key Information
75	The Sampo Group's Principal Shareholdings
76–77	Personnel
78–79	Private Client Services
80–81	Corporate Client Services
82–85	Major Accounts Services
86–87	Sampo Life Insurance
88–89	Foreign Reinsurance Run-Off
90–91	Investments
92–93	Statutory Employment Pension Insurance
94	Management of the Sampo Group
95	Shareholder Information
95	Investment Analyses
96	Sampo Group Offices

# SAMPO HIGHLIGHTS 1997

## January

- Sampo Insurance Group's new life insurance company, Sampo Life, commenced operations.
- The Major Accounts Services unit went live.
- The Group Board of Directors ratified Sampo's Environment Programme. An internal environmental activities pilot project was launched at our Turku and Salo offices.

## February

- Sampo announced there were no negotiations in progress aiming at a merger between Sampo and Merita. There had been negotiations about various alternatives for co-operation in the latter part of 1996, but these ended without result.
- Sampo, Sampo Pension, Nova and Pension-Varma made a preliminary agreement on buying the shops, central warehousing and wholesale cash-and-carry real estate attached to Tuko's perishable goods business, on behalf of a new real estate company. The new company, Vasa-Sijoituskiinteistöt Oy, later bought the real estate. Sampo Insurance Group's total investment in the new company was FIM 160 million.

## March

- Sampo published its result for 1996. Group operating profit almost doubled to FIM 619 million.

## April

- Sampo's FIM 100,000 Safety Award was conferred for the 8th time. The award was made to Oy Ensto Busch-Jaeger Ab for developing a water leakage guard to detect water damage in buildings at an early stage.

- Sampo's Annual General Meeting approved the 1996 Accounts, the splitting of Sampo shares and the related amendment to the Articles of Association.

## May-June

- Sampo arranged physical exercise days for its personnel. The events were arranged in ten different locations in Finland and attracted over 700 employees.

## August

- Sampo Life invested FIM 145 million in the purchase of Partek's headquarters in Helsinki. The Partek Group now leases the building.
- Sampo participated in financing the Järvenpää-Lahti motorway, the first privately financed road to be built in Finland.
- Sampo published its Interim Report for the first half-year. Group operating profit stood at FIM 688 million.

## September

- The registration period for transferring Sampo shares to the book-entry securities system closed on September 12th, 1997. At the end of the period, 26,765 Sampo shareholders were registered in the system.
- Industrial Insurance's sprinkler technology inspection and consultation services were granted the ISO 9002 certificate.

## October

- Sampo Group companies started systematic co-operation for the creation of a leading Sampo brand. The Sampo brand stands for quality, value, and reliability.
- The Sampo share split was entered in the trade register on October 24th,

1997. The nominal value of a Sampo share was reduced from FIM 20 to FIM 5 by forming four new shares from each old one.

## November

- Sampo, Sampo Life, Sampo Pension, Nova, Pension-Varma and Enterprise-Fennia announced a significant structural reorganisation affecting life and employment pension companies.
- The Sampo Group was the first insurer in Finland to ratify the UNEP Statement of Environmental Commitment by the Insurance Industry. The United Nations Environment Programme (UNEP) had drawn up the statement together with the insurance companies, signed by 72 in 26 countries.

## December

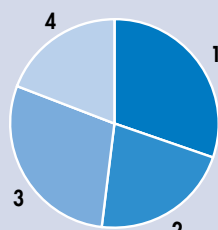
- Sampo's international services were strengthened by the completion of Major Accounts Services' overseas co-operation network, covering 65 countries in all.
- Sampo and Cap Gemini established a common IT company, Capsam Consulting Ltd. The new company delivers development and maintenance services for Sampo's information systems.
- Ratings company Standard & Poor's issued a Claims Paying Ability rating to Sampo and Sampo Insurance Group's Major Accounts Services, the latter comprising Industrial Insurance Company Ltd, Otso Loss of Profits Insurance Company Ltd and Sampo Industrial Insurance N.V. The companies had applied for the rating which assesses capital adequacy and solvency. All four companies received an A- rating, representing good security on the S & P scale. ☒

# SAMPO INSURANCE GROUP KEY INFORMATION

FIM millions	1997	1996	Change %
Turnover	7,848	6,182	27.0
Gross premiums written	5,748	4,495	27.9
Operating profit	921	619	48.9
Total on balance sheet	20,961	16,128	30.0
Solvency capital	10,004	7,696	30.0
Average number of personnel	3,176	3,113	2.0
Earnings per share, FIM *	8.32	4.23	96.7
Net asset value per share, FIM *	145.54	115.64	25.9

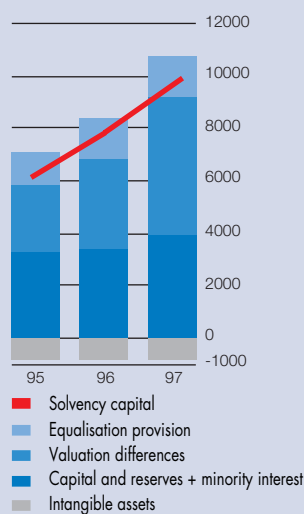
\* The figure for 1996 has been adjusted in accordance with the split ratio.

**Direct insurance premiums written by the Sampo Insurance Group 1997**  
(Total FIM 5,416 m)

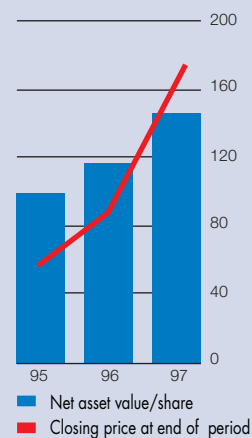


1	Private Client Services	30%
2	Corporate Client Services	22%
3	Major Accounts Services	29%
4	Life Insurance Services	19%

**Solvency capital, FIM m**



**Net asset value per share, FIM\***



\* The figures for 1995-1996 have been adjusted in accordance with the split ratio.

# CHIEF EXECUTIVE OFFICER'S REVIEW

The past year was notably successful for Sampo, representing another significant increase in earnings. The Group ended 1997 having doubled the quoted price of Sampo shares and thus its market capitalisation. Sampo Group life insurance companies performed especially well. A resolution was passed that will make our life and employment pension insurance companies market leaders in Finland, a position already attained by the non-life companies.

Economic growth has continued at a surprisingly steady pace, providing a favourable operating environment for the insurance business. Investment yield prospects were further improved by the positive trend in quoted share prices.

A pick-up in the economy and the resulting increase in traffic were reflected in loss experience, leaving the non-life insurance technical result slightly lower than expected. On the other hand, investment returns were much better than anticipated.

Strong growth in life insurance that has continued for the past few years ended during the year under review, at least temporarily. The development of life insurance companies, particularly those owned by banks, deviated from the previous year. The drop in the total amount of life insurance premiums written was 5 per cent, but Sampo's life insurance companies continued their steady rate of growth, achieving a clear increase in premiums written and market share.

The interest rate level remained low throughout the year, although the Finnish State still incurred more debt than is acceptable given the trade cycle. Minimal inflationary pressure helped keep interests low.

A proposal for combining the supervision of insurance and banking met with a contradictory reception and will not materialise in its original form.

From the insurance industry perspective, the key issue in supervision reform is that no supervisory borders

should be created within insurance companies or even within insurance groups. Uniform and competent supervision is the best guarantee of a working system.

## **New Sampo Life and Varma-Sampo**

The previous major structural reorganisation affecting the Sampo Group was accomplished just over four years ago. A little later, Kansa General became a Group company following an acquisition.

These arrangements made Sampo the leading non-life insurance group in Finland. As for life and employment pension insurance, the plans did not materialise, which left the reorganisation incomplete. In addition to supplying life and employment pension insurance through the Sampo Group companies, Sampo worked with its co-operation partners Nova and Pension-Varma, in which a competitor, the Fennia Group, also had holdings.

In November 1997, the parties reached an agreement by which these overlaps will be eliminated and uniform insurance groups formed.

Sampo Life and Nova will merge into a Sampo subsidiary. A new pension insurance company will be formed of the employment pension insurance portfolios of Sampo Insurance Group clients who presently have their insurances at Pension-Varma and Sampo Pension. The new company will be named Varma-Sampo Mutual Pension Insurance Company.

The new Sampo-Varma Group is a functional entity where synergies can be gained even more easily than before. Co-operation between the Sampo Insurance Group and the new employment pension company enables greater efficiency than offered by the former model comprising two co-operation partners.

Varma-Sampo will be the largest employment pension company in Finland with a market share of approximately 35 per cent, equalling Sampo's market share in non-life insurance.

Measured by technical provisions or insurance savings, Sampo life insurance will also be the undisputed market leader. The total amount of premiums written by Sampo Life, Kaleva and Nova was already the largest in the field in 1997.

## **Operating Profit Increased Again**

The operating profit of the Sampo Insurance Group rose by approximately 50 per cent to FIM 921 million and earnings per share doubled to FIM 8.32.

Sampo's good result was attributable in particular to record-breaking investment results and a decrease in operating expenses. However, the balance on technical account fell, mainly owing to adjustments in technical provisions. Without these non-recurring increases in expenses, the underwriting result would have improved, too.

We reached our 19.5 per cent expense ratio target, a most satisfactory level even by European standards. In the year under review, we also succeeded in benefiting from synergies, a goal sought in Sampo's structural reorganisations.

Reaching our expense ratio target ahead of schedule facilitates the accomplishment of major conversion work required by our information systems, such as the transfer from the Finnish markka to the Euro, changes required by year 2000 compatibility, and the Sampo 2000 programme.

We have also been able to keep up with the target trend set for the combined ratio, although the loss ratio has not fallen quite as anticipated. One of the means for reaching our objectives is the adjustments we have effected in the premium level of motor third party liability insurance. Furthermore, we have also developed and implemented risk tariffing by client group in private household insurance.

Sampo has expanded its overseas operations in foreign direct insurance in a controlled manner, primarily around the Baltic Rim and in Central Europe,

where Sampo Industrial Insurance performed very well in 1997. Foreign direct insurance was profitable in other respects, too.

The starting point of Sampo's overseas operations is to serve our clients ourselves in the most important markets. Furthermore, a network of international co-operation partners serves corporate clients in 65 countries so that Sampo's service network covers almost the entire industrialised world.

### Share Price and Turnover Up

The rise in the quotation price of Sampo shares was the fourth largest on the Helsinki Stock Exchange in 1997. Sampo was the sixth largest company by market capitalisation at the year-end.

Trading in Sampo shares was so lively it broke all records. The improvement in liquidity that we have aimed at was further facilitated by the share split in October. Consequently, the Sampo share is now among the ten most traded on the Helsinki bourse.

The Sampo share price took an upward turn after the split, quickly reaching its all time high of over FIM 200 in December 1997. Essential factors contributing to the rise were e.g. the development of earnings and the realisation of further structural reorganisation.

### Challenges for the Future

Throughout the 1990s, Sampo has developed its structures with determination in anticipation of the unification of Europe and increasing competition. Our objective is an efficient combination of companies whose expense ratio is amongst the best in Europe.

We have also set our targets high in respect of solvency, since the pronounced growth in the proportion of life insurance of all

voluntary insurance is expected to continue. And high solvency is vital for a life company in Finland.

It is clear that mastery and the utilisation of information technology, one of the prerequisites of success for an insurance company, will be even more crucial in the next millennium.

To prepare for future information technology challenges, Sampo established a new IT organisation with Cap Gemini, one of the largest IT consultancies in Europe. The new company is called Capsam Consulting.

Capsam's most important initial task is to continue to develop Private Sampo's information systems as part of the Sampo 2000 programme.

In order to succeed, all development projects require that personnel are able to absorb and utilise new tools. I am confident that Sampo staff's ability and will to learn shall suffice in future as it has in

the past. I wish to thank all our people for a prosperous year. As a more concrete expression of gratitude, the Board of Directors will propose to the Annual General Meeting in Spring 1998, that a bond loan with warrants be offered to the whole personnel.

In my review a year ago, I promised our clients that we will stay at the forefront of our industry in future, further developing our operations. We pursued this target on a broad front in 1997 and the work continues. I wish to thank all our clients for their co-operation.

We will also continue to develop Sampo as an investment object. Our aim is to be worthy of the confidence our shareholders place in us. ☐

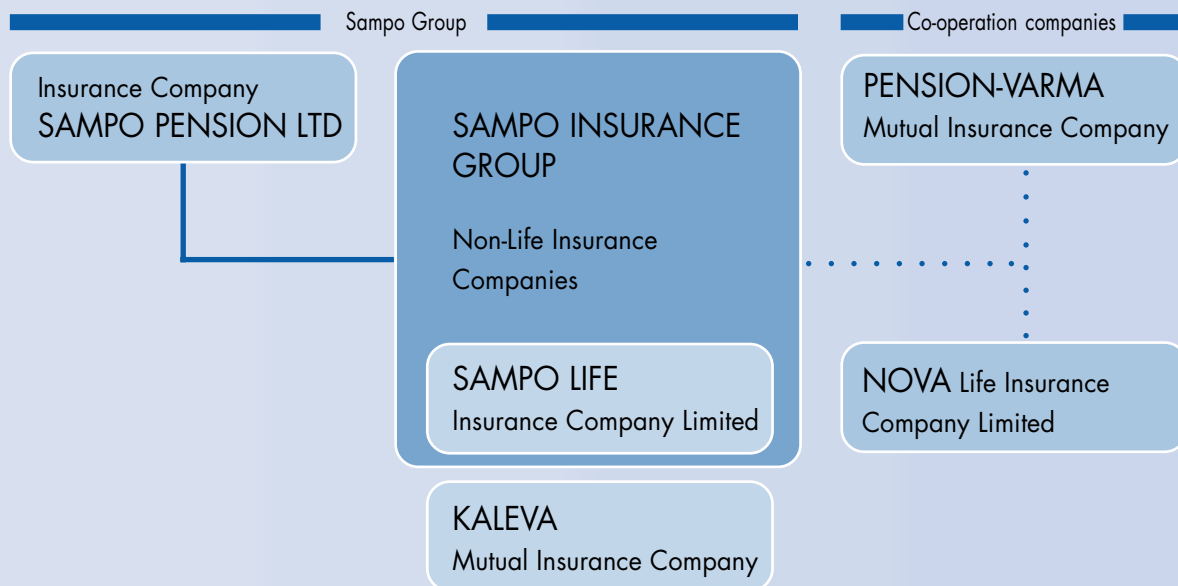
March 1998

**Jouko K. Leskinen**



# STRUCTURAL REORGANISATION OF LIFE AND EMPLOYMENT PENSION COMPANIES

## Current Co-operation Structure



The Sampo Group and its co-operation partners Pension-Varma, Nova and Enterprise-Fennia will effect a structural reorganisation in 1998. This aims to simplify the structures of the insurance groups and affects life and employment pension insurance companies.

The companies' Boards reached agreement on the reorganisation on November 6th, 1997. The solution follows up on another structural reorganisation finalised in 1992, as a result of which Sampo became Finland's largest non-life insurance group.

Co-operation built on the 1992 solution has not been satisfactory from the standpoint of the Sampo Insurance Group, however. Its non-life group co-operated not only with the Sampo Group life and employment pension companies, but also with the co-operation partners themselves. They in turn co-operated with a competing non-life insurance company, Enterprise-Fennia, which owns one quarter of Nova's share capital and half of Pension-Varma's guarantee

capital. The November solution divides the competitors into their own groups.

### **Nova Becomes a Sampo Insurance Group Company**

The most significant part of the life insurance reorganisation is the merger of Sampo subsidiary, Sampo Life Insurance Company Limited (commonly known as Sampo Life), with Nova Life Insurance Company Limited. The new company, a new and stronger Sampo Life, will be part of the Sampo Insurance Group.

Sampo will buy Enterprise-Fennia's one-quarter holding of Nova shares for FIM 200 million. It is intended that the Sampo Life merger will come into force at the turn of the year, 1998-1999. Sampo Life shares will be 60 per cent owned by Sampo and its Group companies. The new employment pension company Varma-Sampo will have 35.2 per cent and Kaleva Mutual Insurance Company 4.8 per cent.

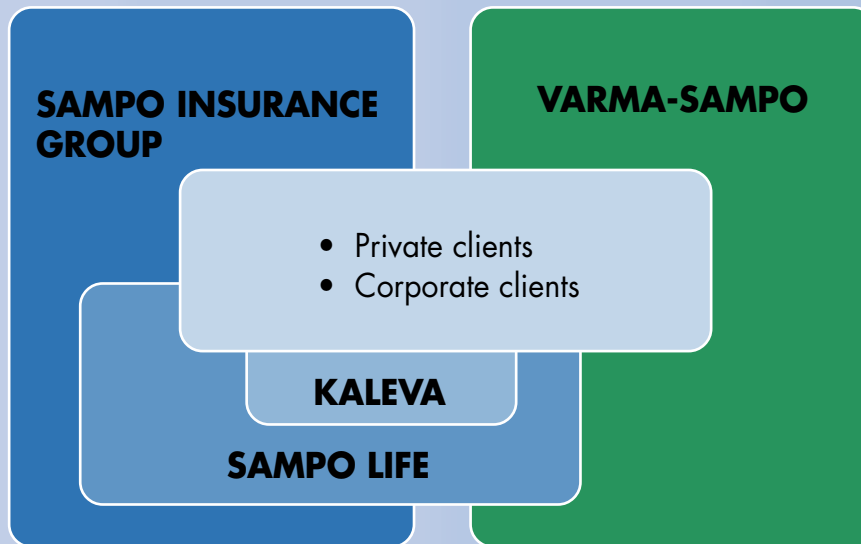
Total premiums written by Nova and Sampo Life in 1997 stood at around

FIM 2.2 billion, and the balance sheet totals were valued at slightly over FIM 15 billion. Enterprise-Fennia will establish its own company, Fennia Life, to which its clients currently at Nova can transfer. These clients account for approximately FIM 0.1 billion of Nova's premiums written and FIM 0.7 billion of balance sheet value.

The contracting parties propose that the present Managing Director of Nova, Mr. Kari Stadigh, be appointed Managing Director of the new Sampo Life, and the current Managing Director of Sampo Life, Mr. Matti Rantanen, will be his deputy and Deputy Managing Director of the new company. Mr. Rantanen will also continue as Managing Director of Kaleva Mutual Insurance Company. The structural reorganisation of the life insurance business has no effect on Kaleva's operations, and the company will continue active management of its old insurance portfolio and to act as a group insurer of employee and official organisations.



## Sampo-Varma Group



### Varma-Sampo – The Group's Employment Pension Company

Sampo Insurance Group clients' statutory employment pension insurances will be concentrated in Sampo Pension, to be renamed Varma-Sampo Mutual Pension Insurance Company. The Sampo Insurance Group will own the new company's guarantee capital and hold 2.5 per cent of the voting rights.

Varma-Sampo will take over approximately 70 per cent of Pension-Varma's insured employment relationships, which mainly comprise the employment pension insurances of clients whose statutory accident insurance policies are handled by Sampo Insurance Group. The rest of Pension-Varma's insurance portfolio will remain in Fennia Pension, part of the Fennia Group. The insurance portfolio transfer will be effected according to plan on July 1st, 1998.

Varma-Sampo's premiums written will rise to approximately FIM 11.5 billion and technical provisions to FIM 70 billion. The corresponding figures for

Fennia Pension will be approximately FIM 2.4 and FIM 15 billion.

The companies' Boards propose that the present Managing Director of Pension-Varma, Mr. Paavo Pitkänen, be appointed Managing Director of Varma-Sampo, and the current Managing Director of Sampo Pension, Mr. Markku Hyvärinen, will be his deputy and Deputy Managing Director of the new company.

The realisation of the reorganisations laid out above is subject to the approval of the appropriate administrative bodies and regulatory authorities.

### The New Situation

The reorganisation will significantly simplify Sampo's activities. As a Sampo subsidiary, Sampo Life will be part of the listed Sampo Insurance Group. While Kaleva is a mutual and thus not part of the Group, it does work in close co-operation with Sampo Life.

The merger with Nova means that Sampo's life insurance business will be

clearly the largest in Finland measured by technical provisions i.e. insurance savings; the new structure will also make Sampo the leading life insurer in Finland in terms of premiums written. Total direct premiums written by Sampo Life, Kaleva, and Nova rose by approximately 10 per cent last year, a year in which, according to preliminary information, premiums written in the entire life insurance business fell by around 5 per cent.

After the structural reorganisation, Sampo-Varma Group's employment pension company Varma-Sampo will be Finland's largest with a market share of 35 per cent, about the same as that of Sampo's non-life companies. A common clientele ensures an efficient operating environment for Sampo's field organisation, which handles client contacts for the non-life, life and employment pension companies of the Sampo-Varma Group. ☒

# SAMPO AND THE ENVIRONMENT

The Sampo Insurance Group Board of Directors approved the Sampo Environment Programme in January 1997. This emphasises principles of sustainable development to be taken into account in underwriting and loss prevention services, claims settlement, asset management and internal activities.

The business and service units carry responsibility for the programme's implementation, co-ordinated by an environmental policy steering group appointed by the Board of Directors. The group brings together representatives from the central business units, logistics services unit and investments unit.

## **International Environmental Commitment**

In November 1997, the Sampo Group was the first insurer in Finland to ratify the UNEP Statement of Environmental Commitment by the Insurance Industry. The United Nations Environment Programme (UNEP) had drawn up the statement together with the insurance companies, signed by 72 in 26 countries.

## **Environmental Damage, Risk Management and Insurance**

Traditional risk management methods can be applied to the management of environmental damage as they can to any other damage. In co-operation with the Neste Group – a Finnish oil, energy

and chemicals corporation – Industrial Insurance drew up a publication in 1997 entitled "Environment and Safety - Risk Management Tools for a Company". The publication consists of two parts: a method for identifying environmental risks and a model for EHS (Environment, Health, Safety) inspections, based on a system applied by Neste.

The Sampo Group arranged a symposium on environmental risks for its clients in Helsinki, in the same month the UNEP Statement was signed. Lectures were delivered by specialists on the subject from Sampo and other companies. The programme dealt with experiences gained from practical applications of the tools described in the "Environment and Safety" publication, cases where environmental damage had occurred, and up-to-date information on insuring against such damage.

Insurance is one means of managing environmental risks and the key insurance types for companies are general and environmental liability policies. In accordance with the law stipulated in January 1998, environmental damage insurance will become obligatory in Finland from the beginning of 1999. Any company whose operations involve significant environmental risk will be obliged to insure against damage. The law is applied in cases where the party liable for the damage has not been established or where compensation cannot be

collected from the party liable. Insurance will be supplied by member companies of the Environmental Damage Centre to be established later this year.

## **Internal Environmental Programme**

A pilot project was conducted in Sampo's Turku and Salo offices from January to September 1997, to plan and initiate an operations model aimed at the continuous improvement of environmental actions. The project established the environmental effects of Sampo's internal operations and set goals for more effective sorting and collection of paper and cardboard, for the collection of metal and glass waste, and to decrease the amount of plastic waste arising from the use of company drinks dispensers.

The logistics services unit pilot project, from which the above stemmed, will also be utilised to develop environmental operations at other branch offices within the Sampo Group; Lauttasaari (Helsinki) is next on the list. The Sampo Environmental Programme covered 1,070 staff in 1997 and this year will directly involve over 1,600.

Sampo has further started collecting figures to compile an environmental balance sheet that will initially cover data on the consumption of office paper, heat, electricity and water in its Turku, Helsinki, Tampere, and Oulu offices, where more than 2,200 people are employed. ☒



# ACCOUNTS FOR 1997

10	Board of Directors' Report
21–23	Consolidated Profit and Loss Account
24–25	Consolidated Balance Sheet
26–27	Parent Company Profit and Loss Account
28–29	Parent Company Balance Sheet
30	Working Capital Flow Statement

## Notes on the Accounts

31–34	Accounting Principles
35–36	Calculation Methods for the Key Figures
37–38	Sampo Insurance Group Key Figures
39–67	Analyses

68	Auditors' Report
69	Statement by the Supervisory Board
70	Supervisory Board
71	Board of Directors
72	Auditors

Pages 10–67 contain the final accounts presented in full thousands of Finnish markka. The official final accounts can be inspected at Sampo's head office in Turku, at Yliopistonkatu 27.



# SAMPO INSURANCE COMPANY LIMITED

## BOARD OF DIRECTORS' REPORT 1997

Sampo Insurance Group's operating profit increased to FIM 921 million, of which non-life insurance contributed FIM 795 million (FIM 619 million in 1996) and life insurance FIM 126 million. Earnings per share doubled to FIM 8.32 (FIM 4.23).

The non-life insurance balance on technical account before the change in equalisation provision decreased to FIM -542 million (FIM -505 million). Due to increased life expectancy, a provision of FIM 105 million was made on claims outstanding for pensions payable under statutory accident insurance and motor third party liability insurance. The adjustment of technical provisions was covered by a change in equalisation provision, so it has no effect on Group performance. However, as added to claims incurred it weakens the loss ratio and the balance on technical account before the change in equalisation provision. Claims incurred were increased by FIM 229 million (FIM 108 million) by changes in currency exchange rates, particularly the strengthening of the US Dollar and Pound Sterling by approximately 15 per cent. Since technical provisions are hedged by investments in corresponding currencies, exchange rate gains of FIM 198 million (FIM 94 million) were entered under investment income.

Non-life insurance net operating expenses stood at FIM 783 million (FIM 844 million) decreased by, for instance, the growth in net reinsurance commissions. The expense ratio improved to 19.5 per cent (21.9 per cent). The combined ratio remained virtually unchanged at 113.5 per cent (113.1 per cent) despite the adjustments in technical provisions and significant changes in exchange rates.

Net investment income amounted to a total of FIM 1,595 million, of which FIM 1,274 million (FIM 1,159 million) was accounted for by non-life insurance and FIM 321 million by life insurance.

Group solvency strengthened in 1997. Sampo Insurance Company Limited and the Sampo Insurance Group's Major Accounts Services, comprising



**Sampo Board of Directors 1997. From the left: Vesa Vainio, Kari O. Sohlberg (Vice Chairman), Georg Ehrnrooth, Jukka Härmälä (Chairman), Ari Heiniö, Jouko K. Leskinen and Thor Björn Lundqvist.**

Industrial Insurance Company Ltd, Otso Loss of Profits Insurance Company Ltd and Sampo Industrial Insurance N.V., applied for a Claims Paying Ability rating, an assessment of their capital adequacy and solvency, from Standard & Poor's Ratings Services. All four companies received an A- rating, representing good security on the S & P's scale.

Solvency capital totalled FIM 10,004 million (FIM 7,696 million). The equalisation provision grew by FIM 79 million, although FIM 174 million was used to cover the collective guarantee item and the adjustment of technical provisions due to increased life expectancy. Valuation differences on investments were FIM 4,846 million (FIM 3,460 million) in non-life insurance and FIM 443 million in life insurance. Net asset value per share improved to FIM 145.54 (FIM 115.64). Valuation differences on life insurance have not been taken into account in the calculation of net asset value, because no final decision on the details of the application of the Principle of Fairness has yet been made

in the Group, due to the merger of Sampo Life and Nova, and solvency requirements that will be further specified.

The parent company Sampo's profit for the financial year was FIM 210 million (FIM 179 million). Direct insurance premiums written stood at FIM 1,641 million (FIM 1,544 million) and claims incurred at FIM 1,392 million (FIM 1,202 million). The parent company's net operating expenses decreased to FIM 423 million (FIM 429 million) and the combined ratio rose to 116.3 per cent (111.9 per cent), mainly due to the adjustments in technical provisions. Net investment income increased to FIM 573 million (FIM 502 million). The parent company's solvency strengthened further and solvency capital amounted to FIM 8,252 million (FIM 6,963 million).

## GROUP COMPOSITION

On December 31st, 1997, the final accounts of the Sampo Insurance Group comprised, in addition to the parent company Sampo Insurance Company Limited, subsidiaries Industrial Insurance Company Ltd, Sampo Enterprise Insurance Company Limited, Otso Loss of Profits Insurance Company Ltd, the Insurance Company of Finland Limited, Sampo Holdings (UK) Limited, and Sampo Life Insurance Company Limited, each with their sub-groups, ST International Insurance Company Limited, Risk Management Ltd, Capsam Consulting Ltd, 16 housing and real estate companies owned by Sampo and 7 associated undertakings.

Sampo Life commenced operations on January 1st, 1997, when the company began to sell life and pension insurances. The pension insurance operations of Kaleva Mutual Insurance Company, whose technical provisions were FIM 2,639 million, and the foreign life reinsurance operations of Industrial Insurance, with technical provisions of FIM 269 million, together with all associated assets of both companies, were ceded to Sampo Life. Sampo holds 50.5 per cent of the new company, Industrial Insurance 30 per cent and Kaleva 19.5 per cent.

Sampo Insurance Company Limited and Cap Gemini Ltd established a common information technology company, Capsam Consulting Ltd, which provides development and maintenance services for Sampo information systems. Sampo owns 40 per cent of the new company and Cap Gemini 60 per cent. Sampo has the majority of votes at 60 per cent, which makes Capsam Consulting a Sampo subsidiary. The company commenced operations in December 1997.

In the same month, the Insurance Company of Finland, the Finnish State and the German credit insurance company Hermes Kreditversicherungs AG (Allianz Group) applied for a licence to start a common credit insurance company to be named the Credit Insurance

Table 1. Group Analysis of Result

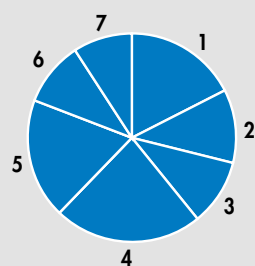
FIM millions	1997	1996
<b>NON-LIFE INSURANCE</b>		
Premiums earned	4,017	3,862
Claims incurred	-3,776	-3,523
Net operating expenses	-783	-844
<b>Balance on technical account before the change in equalisation provision</b>	<b>-542</b>	<b>-505</b>
Investment income and charges	1,275	1,159
Other income and charges	-59	-61
Share of associated undertakings' profit	121	26
<b>Operating profit</b>	<b>795</b>	<b>619</b>
Change in the equalisation provision	-145	-252
Unrealised gains and losses on investments	-1	0
<b>Non-life insurance profit before extraordinary items, untaxed reserves and tax</b>	<b>650</b>	<b>367</b>
<b>LIFE INSURANCE</b>		
Premiums written	1,127	
Investment income and charges, and unrealised gains and losses on investments	321	
Claims paid	-174	
Change in technical provisions before additional benefits and change in equalisation provision	-1,051	
Net operating expenses	-96	
<b>Technical result before additional benefits and the change in equalisation provision</b>	<b>126</b>	
Other income and charges	0	
<b>Operating profit</b>	<b>126</b>	
Change in the equalisation provision	-3	
Additional benefits	-85	
<b>Life insurance profit before extraordinary items, untaxed reserves and tax</b>	<b>38</b>	
Extraordinary income	166	3
Extraordinary charges	-191	-5
<b>Profit before untaxed reserves and tax</b>	<b>662</b>	<b>365</b>
Taxes	-169	-111
Minority interest	-5	0
<b>Group profit for the financial year</b>	<b>487</b>	<b>255</b>
<b>IMPACT OF CURRENCY EXCHANGE RATES ON NON-LIFE INSURANCE BUSINESS</b>		
Balance on technical account	-229	-108
Investment income and charges	198	94
<b>Total impact on result</b>	<b>-32</b>	<b>-14</b>
Change in valuation differences	57	31
<b>Total impact</b>	<b>25</b>	<b>16</b>

**Table 2. Group Solvency**

FIM millions	Group 1997	Non-life 1997	Life* 1997	1996
Capital and reserves after proposed profit distribution	3,821	3,674	147	3,480
Valuation differences on investments	5,289	4,846	443	3,460
Intangible assets	-650	-639	-11	-666
Deferred tax	48	46	2	58
<b>Solvency margin</b>	<b>8,507</b>	<b>7,926</b>	<b>581</b>	<b>6,332</b>
Equalisation provision	1,441	1,438	3	1,362
Minority interest	55	3	52	2
<b>Solvency capital</b>	<b>10,004</b>	<b>9,368</b>	<b>636</b>	<b>7,696</b>

\* The life insurance solvency margin has been calculated after the deduction of minority interests, thus deviating from Sampo Life's solvency margin calculation.

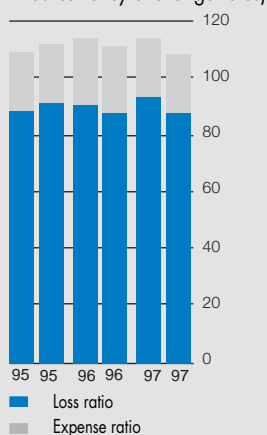
**Distribution of direct insurance premiums written** (Total FIM 5,416 m)



1	Statutory workers' compensation	18%
2	Motor third party liability	11%
3	Motor, other classes	10%
4	Fire and other damage to property	23%
5	Other direct non-life	18%
6	Life	10%
7	Voluntary pension	9%

Company of Finland Ltd. The new company will be a Sampo Insurance Group associated company. The approval of EU competition authorities is required to initiate operations.

**Combined ratio, %**  
(Calculated at changing and fixed currency exchange rates)



The left-hand column at changing rates, the right at fixed rates.

### A CHANGE IN THE COMPOSITION OF THE BOARD

Sampo's Supervisory Board appointed Mr. Christoffer Taxell as a member of the Board of Directors in December 1997. Mr. Taxell takes the place of Mr. Vesa Vainio who wished to step down at the beginning of 1998 for the term running to the end of 1999. Mr. Taxell has resigned from Sampo's Supervisory Board accordingly.

## INSURANCE BUSINESS

Sampo Insurance Group gross premiums written amounted to FIM 5,784 million, of which non-life insurance accounted for FIM 4,648 million (FIM 4,495 million) and life insurance FIM 1,136 million.

### Non-life Insurance

Domestic direct insurance premiums written increased by 4.2 per cent to FIM 4,004 million. Among the most important groups of insurance class, the strongest growth in premiums written came from motor third party liability insurance, thanks to tariff adjustments. According to preliminary information, the Group's market share decreased slightly to 35.0 per cent (35.6 per cent).

Credit losses dropped by 28.1 per cent to FIM 19 million and accounted for less than half a per cent of direct insurance premiums written.

The overall profitability of direct insurance remained virtually unchanged with a combined ratio of 106.9 per cent (106.3 per cent). The profitability of fire and other property insurances improved significantly. The combined ratio of land vehicles insurance decreased slightly.

Technical provisions adjustments had a negative impact on the profitability of statutory accident insurance and motor third party liability insurance, and the profitability of both classes decreased. There was no major change in the number of large losses. The Group received nine claims for compensation each in excess of FIM 10 million.

In compliance with amendments to the legislation on the statutory non-life insurance guarantee system, a collective guarantee item has been reserved within the technical provisions. This will safeguard compensations payable under the legislation, should an insurance company go into liquidation or become bankrupt. The collective guarantee item is three per cent of the gross technical provisions pertaining to workers' compensation insurance and motor third party liability insurance, excluding the

equalisation provision. For Sampo, the collective guarantee item amounted to FIM 166 million; this was accumulated from premiums earned (FIM 46 million), compensations jointly covered by insurance companies (FIM 51 million) and the change in equalisation provision (FIM 69 million). The effect of the provision has been entered in the profit and loss account under extraordinary income and charges, so the collective guarantee item has no impact on the group key figures.

Foreign direct insurance premiums written amounted to FIM 369 million (FIM 207 million), mainly accounted for by Sampo Industrial Insurance, whose combined ratio improved to 93.2 per cent (143.0 per cent). The company's figures for this report cover the whole of 1997, whereas for 1996 calculation began on April 1st.

Non-life reinsurance premiums written by the Group totalled FIM 247 million (FIM 346 million). Sampo Industrial Insurance operated as a Group company for the whole review year unlike in the comparison year, due to which reinsurance premiums written accounted for by the company were eliminated from group accounts.

### Run-off Operations

The significant strengthening of the Pound Sterling and US Dollar had a substantial impact on the technical underwriting result and investment income of the Group's run-off companies Patria, ST International, and Lakewood in London. The technical loss produced for the Group by old reinsurance portfolios before the change in equalisation provision was FIM -230 million (FIM -230 million). Calculated with the changing currency rates, gross claims outstanding decreased slightly to FIM 1,588 million (FIM 1,622 million); at fixed rates the decrease was FIM 265 million.

The exchange rate gains in investment income compensate exchange rate losses in underwriting business, since investments are made mainly in those

currencies involved in claims outstanding.

The stop-loss reinsurance agreements between Sampo and ST International, and between Industrial Insurance and Patria, were commuted during 1997. Neither ST International nor

Patria any longer has reinsurance cover granted by its parent company.

### Life Insurance

According to preliminary information, the strong growth of life insurance premiums written that has continued since

**Table 3. Non-Life Insurance Balance on Technical Account by Group of Insurance Class**

Columns: 1 = Gross premiums written before credit loss and reinsurers' share  
2 = Premiums earned  
3 = Claims incurred  
4 = Operating expenses  
5 = Balance on technical account before the change in equalisation provision  
6 = Combined ratio, %

FIM millions	1	2	3	4	5 <sup>1</sup>	6
<b>Direct insurance</b>						
Statutory workers' compensation						
1997	948	943	-933	-67	-57	106.1
1996	912	904	-837	-66	1	99.9
Motor third party liability						
1997	618	577	-697	-119	-238	141.3
1996	546	525	-572	-121	-168	132.1
Motor, other classes						
1997	561	544	-417	-124	3	99.4
1996	528	511	-389	-123	0	100.0
Fire and other damage to property						
1997	1,248	996	-756	-242	-3	100.3
1996	1,120	916	-758	-221	-63	106.9
Other direct insurance						
1997	999	775	-591	-152	32	95.9
1996	943	715	-561	-147	7	99.0
<b>Direct insurance in total</b>						
1997	4,373	3,835	-3,394	-704	-263	106.9
1996	4,049	3,571	-3,117	-678	-224	106.3
<b>Reinsurance</b>						
1997	274	181	-382	-78	-279	254.1
1996	446	291	-406	-166	-282	196.9
<b>Total</b>						
1997	4,648	4,017	-3,776	-783	-542	113.5
1996	4,495	3,862	-3,523	-844	-505	113.1

<sup>1</sup>) The strengthening of the provision for outstanding claims, which was carried out due to increased life expectancy, weakened the balance on technical account before equalisation provision of direct insurance by a total of FIM 105 million in 1997. The share of statutory accident insurance amounted to FIM 70 million, and motor third party liability insurance to FIM 36 million. The overall effect on the combined ratio was 2.6 percentage points.

Table 4. Group Investment Income and Charges

FIM millions	Group 1997	Non-life 1997	Life 1997	1996
Interest income	489	369	119	403
Dividend income	316	274	42	211
Income from land and buildings	262	210	52	231
Realised gains on investments	681	490	192	381
Value readjustments	84	80	4	226
Exchange rate gains	230	201	29	132
Other income	34	34	0	38
<b>Investment income</b>	<b>2,097</b>	<b>1,658</b>	<b>439</b>	<b>1,622</b>
Interest expenses	-26	-24	-2	-33
Expenses for land and buildings	-111	-98	-13	-121
Operating expenses and depreciation on investments	-32	-28	-4	-26
Depreciation according to plan on buildings	-94	-84	-10	-76
Realised losses on investments	-4	-3	0	-5
Value adjustments	-153	-115	-38	-101
Exchange rate losses	-55	-3	-51	-38
Other charges	-29	-27	-2	-62
<b>Investment charges</b>	<b>-504</b>	<b>-383</b>	<b>-121</b>	<b>-463</b>
Unrealised gains and losses on investments	2	-1	3	0
<b>NET INVESTMENT INCOME</b>	<b>1,595</b>	<b>1,274</b>	<b>321</b>	<b>1,159</b>

1994 in Finland, ended and took a downward turn in the year under review. However, the total value of direct insurance premiums written by Sampo Group life insurance companies Sampo Life and Kaleva, increased by 8.6 per cent to FIM 1,857 million (FIM 1,709 million). The joint market share of these two companies grew, according to preliminary information, to 16.5 per cent (14.4 per cent). When the Group's associated undertaking Nova is included, the total market share is 26.1 per cent.

Direct insurance premiums written by Sampo Life amounted to FIM 1,042 million, of which single premium endowment policies accounted for FIM 551 million or 53 per cent. Individual life insurance premiums written

totalled FIM 547 million and individual pension insurance premiums FIM 465 million. The premiums written in unit-linked insurance amounted to FIM 36 million and life reinsurance premiums written stood at FIM 94 million.

Sampo Life's claims incurred amounted to FIM 234 million, including surrenders of FIM 34 million. The provision for unearned premiums increased by FIM 1,079 million and totalled FIM 3,503 million. FIM 58 million of the change in the provision was used for additional benefits on insurance savings. In addition to the 4.5 per cent calculated interest paid on insurance savings of life and pension insurance, an average of 2.2 per cent index credit was paid (bonuses and rebates).

## INVESTMENTS

The net investment income of the Sampo Insurance Group amounted to FIM 1,595 million, of which non-life insurance accounted for FIM 1,274 million (FIM 1,159 million) and life insurance FIM 321 million. Net interest income was FIM 463 million and net income from land and buildings FIM 151 million. The potential net yield from the completed property portfolio was 6.0 per cent (6.0 per cent) in the non-life group, 8.4 per cent in the life group and 6.3 per cent in the whole insurance group.

Dividend income continued to increase, thanks in the main to the improved performance of business organisations, and amounted to FIM 316 million including the avoiron fiscal tax credit.

Net gains on the realisation of investments amounted to FIM 678 million, largely from trading in Nokia, Orion and UPM-Kymmene shares. Value readjustments amounted to FIM 84 million, mainly from the shares of Merita.

Value adjustments totalled FIM 153 million, of which FIM 129 million pertained to shares.

A net amount of FIM 176 million in exchange rate gains was released to income from investments, mostly due to the weakening of the Finnish markka against the US Dollar and Pound Sterling. In addition, unrealised exchange rate gains included in valuation differences on investments increased by FIM 85 million to FIM 119 million.

The value of investments at December 31st, 1997 stood at FIM 22.9 billion, of which shares made up 48.2 per cent, interest-bearing instruments 31.1 per cent and real estate investments 20.7 per cent. Foreign holdings accounted for 20 per cent of the investment portfolio. The valuation difference between current and book values increased to FIM 4,846 million (FIM 3,460 million) in non-life insurance. Nokia accounted for FIM 1.4 billion of the valuation difference in shares. The valuation differences in life insurance amounted to FIM 443 million.



Table 5. Group Investments

FIM millions	Dec. 31, 1997	Dec. 31, 1996
<b>NON-LIFE INSURANCE</b>		
Land and buildings	4,039	4,016
Shares	9,373	6,912
Debt securities	3,073	3,173
Other money-market instruments	532	668
Loans	668	660
Other investments	790	1,083
<b>CURRENT VALUE IN TOTAL</b>	<b>18,476</b>	<b>16,512</b>
Valuation differences		
Land and buildings	573	547
Shares	4,091	2,761
Debt securities	171	152
Other money-market instruments	10	0
<b>VALUATION DIFFERENCES IN TOTAL</b>	<b>4,846</b>	<b>3,460</b>
<b>BOOK VALUE IN TOTAL</b>	<b>13,630</b>	<b>13,052</b>
<b>LIFE INSURANCE</b>		
Land and buildings	697	
Shares	1,669	
Debt securities	1,360	
Other money-market instruments	202	
Loans	19	
Other investments	444	
Investments based on unit-linked insurance	48	
<b>CURRENT VALUE IN TOTAL</b>	<b>4,439</b>	
Valuation differences		
Land and buildings	44	
Shares	290	
Debt securities	109	
<b>VALUATION DIFFERENCES IN TOTAL</b>	<b>443</b>	
<b>BOOK VALUE IN TOTAL</b>	<b>3,996</b>	

#### PERFORMANCE OF ASSOCIATED UNDERTAKINGS

The bottom lines of the Group's associated undertakings showed a profit of FIM 121 million, an increase of almost FIM 100 million over 1996. The most

significant of these, Unsa Ltd and Nova Life Insurance Company Limited, accounted for over FIM 113 million of the total. FIM 61 million of Sampo's proportion of Unsa's profit constituted value readjustments on Sampo shares.

#### EXTRAORDINARY INCOME AND CHARGES

The non-recurring expenses of FIM 4 million incurred from joining the book-entry securities system, and the non-recurring payment of FIM 22 million attached to the head office rent liability of the Kansa Corporation, have been entered under extraordinary charges. The collective guarantee item has also been entered under extraordinary income and charges.

#### PERSONNEL

The Group employed an average number of 3,176 persons over 1997 (3,113). Sampo Life personnel (117) is not included in the figure for the comparison year. The service and maintenance of the Group's real estate was transferred to Kiinteistövarma Oy on January 1st, 1997, which effected a decrease of 48 in the number of personnel compared with 1996.

The Group's total expenditure on incentive salaries and commissions amounted to FIM 584,684,081.54, of which remunerations and commissions paid to executives and Board members accounted for FIM 11,338,098.26. Management bonuses based on Group results amounted to FIM 822,046.00.

The parent company Sampo employed an average number of 1,925 persons in 1997, incentive salaries and commissions amounting to FIM 322,882,975.31. Of this sum, FIM 2,756,936.00 was paid to executives and Board members.

Table 6. Sampo Insurance Group Companies: Key figures 1997

FIM millions	Sampo (parent company)	Sampo Enterprise	Industrial Insurance	Otso	Insurance Co. of Finland
Direct insurance premiums written	1,641	1,165	1,056	124	31
Reinsurance premiums written	3	28	218	130	3
Claims incurred	-1,438	-1,037	-1,027	-118	-8
Net operating expenses	-423	-163	-123	-52	1
Net investment income	573	199	470	106	19
Profit/loss for the financial year	210	43	248	63	11
Technical provisions, net	3,744	2 233	2 970	646	59
Total on Balance Sheet	7,695	2 778	3 992	933	236
Combined ratio, %	116.3	107.6	109.9	120.0	152.8
Solvency capital	8,252	1,117	3,871	1,187	258
Average number of personnel	1,925	560	373	51	19

FIM millions	Sampo Industrial	ST International	Patria	Lakewood	Sampo Life
Direct insurance premiums written	344	-	-	-	1,042
Reinsurance premiums written	-	2	11	-1	94
Claims incurred	-61	-2	-88	-3	-234
Net operating expenses	-34	-4	-5	-2	-98
Net investment income	17	71	112	5	323
Profit/loss for the financial year	15	7	-6	-	25
Technical provisions, net	182	514	742	35	4,055
Total on Balance Sheet	544	767	1,176	99	4,331
Combined ratio, %	93.2	-	-	-	-
Solvency capital	286	167	132	19	646
Average number of personnel	70	18	16	5	117

## SAMPO SHARES

Sampo shares were entered into the book-entry securities system during the period July 21st – September 12th, 1997. At the end of the registration period, 93.4 per cent of the shares had been entered. A fairly large number has also been entered after the registration period, and at the turn of the year only 4.5 per cent had not been entered. There were 29,242 registered shareholders at December 31st, 1997; 40.5 percent of the shares were registered as foreign holdings in the administrative register.

The Annual General Meeting decided on April 16th, 1997, that the nominal value of Sampo shares be reduced from FIM 20 to FIM 5 by forming four new shares from each old one. The split was entered in the trade register on October 24th, 1997, and trading in Sampo shares at the nominal value of FIM 5 started on the Helsinki Stock Exchange on October 27th. After the split, the Sampo share trading unit is 100 shares.

There are now 60,800,000 Sampo shares, of which 60,560,000 are A shares in the official list and 240,000 unlisted

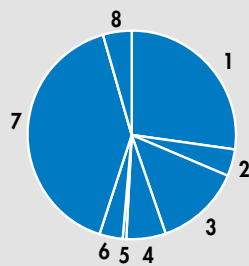
## Major shareholders as recorded in the shareholder register of the Finnish Central Securities Depository Ltd, December 31st, 1997

A and B Shares	No. of shares	% of share capital	% of votes
Merita Ltd	6,240,000	10.26	10.10
Unsa Ltd	5,442,492	8.95	8.81
Merita Bank Ltd	3,032,636	4.99	4.91
Kaleva Mutual Insurance Company *)	2,477,596	4.07	5.57
Insurance Company Sampo Pension Ltd	2,308,596	3.80	3.74
Pension-Varma Mutual Insurance Company	1,884,232	3.10	3.05
Enso Oyj	1,649,324	2.71	2.67
UPM-Kymmene Corporation	1,266,316	2.08	2.05
Local Government Pension Institution	715,272	1.18	1.16
Outokumpu Oyj	703,132	1.16	1.14
Metra Corporation	380,200	0.63	0.62
Neste Group	352,412	0.58	0.57
Nova Life Insurance Company Limited	295,628	0.49	0.48
Valmet Corporation	270,900	0.45	0.44
Imatran Voima Oy	255,792	0.42	0.41
Eläkesäätiö Neliapila s.r.	247,044	0.41	0.40
Steveco Oy	209,160	0.34	0.34
Oy Rettig Ab	156,188	0.26	0.25
Teollisuuden Voima Oy	132,052	0.22	0.21
The Finnish National Fund for Research and Development	128,000	0.21	0.21

\*) 2,237,596 registered A Shares and 240,000 registered B Shares.

According to the agreement concluded by Unsa Ltd and Kaleva Mutual Insurance Company in 1989, Kaleva or its nominee has a pre-emptive right to the Sampo shares owned by Unsa Ltd, should Unsa Ltd intend to surrender them.

## Shareholder groups December 31st, 1997

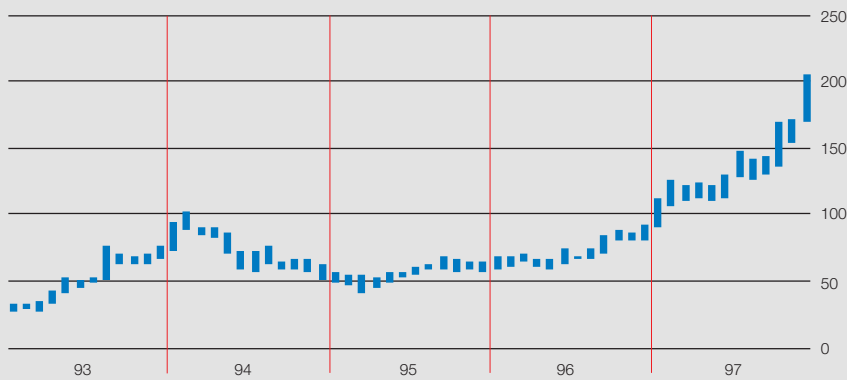


1	Private companies	27.3%
2	Public companies	4.0%
3	Financial institutions and insurance companies	13.3%
4	Public corporations	6.1%
5	Non-profit corporations	0.7%
6	Households	3.6%
7	Foreign ownership, incl. administrative register	40.5%
8	At joint account	4.5%

## Shareholders by number of shares owned, December 31st, 1997

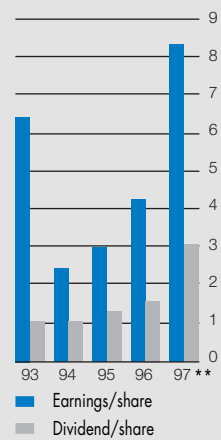
Shareholdings A and B shares	No. of shareholders	No. of shares	% of share capital
1 – 100	23,053	925,621	1.5
101 – 1 000	5,724	1,370,164	2.3
1 001 – 10 000	382	1,100,109	1.8
10 001 – 100 000	58	1,848,002	3.0
100 001 –	25	52,821,894	86.9
On waiting list		3,455	0.0
On joint account, not yet transferred to the book-entry securities system		2,730,755	4.5
<b>Total</b>	<b>29,242</b>	<b>60,800,000</b>	<b>100.0</b>

### Monthly share price development, FIM\*



\*) Share price, high and low. Quotations between 1/93 and 9/97 adjusted according to the split ratio.

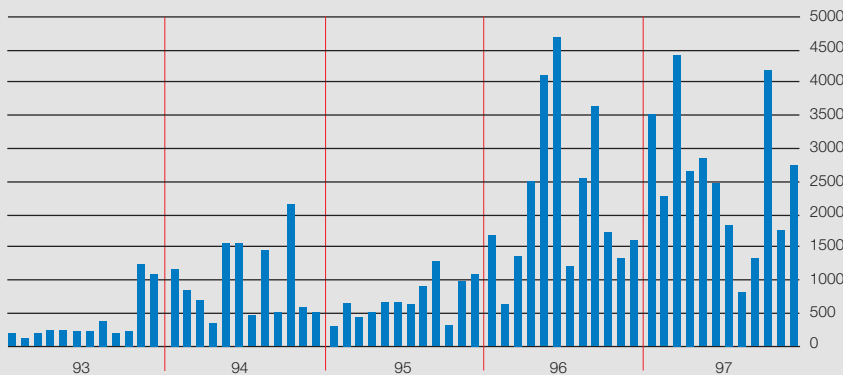
### Earnings and dividend per share, FIM\*)



\*) 1993-96 adjusted according to the split ratio

\*\*] Board's proposal

### Monthly trading volume, '000\*)



\*) Numbers between 1/93 and 9/97 adjusted according to the split ratio.

B shares. Neither the parent company Sampo nor its subsidiaries owns any Sampo shares. All the B shares are owned by Kaleva Mutual Insurance Company. The A shares entitle the holder to one vote and B shares to five votes at the Annual General Meeting. In other respects the shares entitle the holder to the same rights.

Lively trading in Sampo shares continued throughout the year, exchanged to a total value of FIM 3,931 million on

the Helsinki Stock Exchange and corresponding to 46 per cent of the turnover of the entire 10-year period that Sampo has been listed.

The price of Sampo shares increased by 95 per cent from the beginning of the year, to stand at FIM 177. The market value of the share portfolio was FIM 10,762 million at the year-end.

Shareholdings of the Members of the Supervisory Board, the Board of Directors, the Managing Director and

Deputy Managing Directors amounted to a total of 3,864 shares, representing 0.0062 per cent of the total number of votes. The Board of Directors does not have the authorisation to raise the share capital.

### Increases in share capital in 1988–1997 \*)

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

\*) Prices per share and numbers of shares before the change in nominal value.

### STRUCTURAL REORGANISATION OF LIFE AND EMPLOYMENT PENSION INSURANCE COMPANIES

Sampo, Sampo Life, Sampo Pension, Pension-Varma, Nova and Enterprise-Fennia will effect a structural reorganisation in 1998, to clarify the insurance groupings. The Boards of the companies involved decided in November 1997 on the reorganisation, which affects life and employment pension companies.

Sampo Life, a subsidiary of Sampo Insurance Company Limited, and Nova Life Insurance Company Ltd will merge in two stages. First, Sampo will buy its holding of one quarter of Nova's shares from Enterprise-Fennia at a purchase price of FIM 200 million. The merger of Nova and Sampo Life is intended to enter into force on December 31st, 1998. The name of the new company will be Sampo Life Insurance Company Ltd. The new Sampo Life will be a Sampo

subsidiary of which Sampo Insurance Group companies will own 60 per cent. The Group's new employment pension company, Varma-Sampo, will own 35.2 per cent and Kaleva Mutual Insurance Company 4.8 per cent. Enterprise-Fennia will establish a life insurance company, Fennia Life, to which Enterprise-Fennia's clients insured by Nova can transfer.

Sampo Group's clients' employment pension insurances will be concentrated in a new mutual insurance company, Varma-Sampo. The new company's guarantee capital will be owned by the companies of the Sampo Insurance Group. Varma-Sampo aims to commence operations on July 1st, 1998.

The realisation of the structural reorganisation is subject to the approval of the administrative organs concerned and to that of the appropriate authorities.

### SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

Sampo's Board of Directors will propose that the Annual General Meeting offers a bond loan with warrants to the personnel of the Sampo Insurance Group and Kaleva Mutual Insurance Company, as well as to a wholly-owned subsidiary decided on by the Board. This is a part of the personnel incentive scheme.

The share subscription price will be the trade volume weighted average price of Sampo's A share on the Helsinki Stock Exchange, during the period April 14th – April 20th, 1998, plus an additional FIM 20. The share subscription price shall be deducted on the matching day of each distribution of dividends, by the amount of dividends distributed after May 1st, 1998 and before the subscription of shares starts. The amount of the avoirt fiscal tax credit shall not be deducted from the share subscription price.

## SAMPO INSURANCE GROUP OUTLOOK

Direct non-life insurance premiums written are expected to grow due to the positive economic trend in Finland, and the Sampo Insurance Group is expected to maintain its 35 per cent share of the Finnish market. The Group is committed to a long-term improvement of non-life insurance profitability. Despite the fact that increased economic activity on the part of business organisations generally means more losses, premium level adjustments and efficient risk selection are expected to ensure that profitability will improve again in 1998.

Motor third party liability and statutory accident insurance technical provisions will be adjusted in 1998. Since the level of the market rate of interest has come down, the discount rates

applied in the insurance business are reduced to four per cent. The reduction is covered partly by an increased premium level and partly by decreasing the equalisation provision, so these adjustments of technical provisions will not affect the result.

Operating expenses are expected to grow moderately. The technical computer modifications required by the so-called millennium bug will be almost fully implemented in the Sampo Insurance Group by the end of 1998. The overall amount of work necessary to achieve this has been estimated at about 50 man-years.

Preparations for the third phase of European economic and monetary union and the common currency, the Euro, have already been initiated. Investment operations and Major Accounts Services are preparing for immediate introduc-

tion of the Euro at the beginning of 1999. According to current estimates, systems conversion for the Euro will take more than 100 man-years.

The Sampo Insurance Group continues its expansion to nearby countries; a Sampo insurance company is currently being established in Latvia and insurance markets in the other Baltic Rim countries are also under investigation.

This year has seen an auspicious start for investment operations. Despite unstable Asian markets, the development of the Helsinki Stock Exchange has been positive. Good company results and increased dividend proposals have a positive impact on the Sampo Insurance Group investment result.

The structural reorganisation of life insurance ensures the resources and solvency required by growing life insurance business.

## THE BOARD'S DIVIDEND PROPOSAL

Sampo's non-restricted capital and reserves are distributable in their full amount. Non-restricted capital stood at FIM 660,066,356.83, including a profit for the period of FIM 210,152,516.43. The Group's non-restricted capital and reserves were FIM 1,247,213,595.08 of which FIM 1,121,845,161.85 was distributable. The Board of Directors will propose that a dividend of 60 per cent of the share's nominal value, or FIM 3.0 per share, be paid on the 60,800,000 Sampo A and B shares out of profits for the financial year.

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

To be paid as dividend	FIM 182,400,000.00
To be transferred to the contingency fund	FIM 27,600,000.00
To be placed at the disposal of the Board for worthy public causes	FIM 150,000.00
<u>To be retained on the closing account</u>	<u>FIM 2,516.43</u>
Parent company's profit	FIM 210,152,516.43

The closing price of Sampo's A share for the financial year 1997 was FIM 177, providing an effective dividend yield of 1.7 per cent. The proposed dividend is 36.1 per cent of earnings per share. ☐

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

FIM '000	Notes	Jan. 1 to Dec. 31, 1997	Jan. 1 to Dec. 31, 1996
<b>Technical Account – Non-life Insurance</b>			
Premiums earned	2		
Premiums written	1	4,628,992	4,468,937
Reinsurers' share		-618,729	-470,762
		4,010,263	3,998,176
Change in the gross provision for unearned premiums			
Total change		218,516	-35,876
Portfolio transfer		-261,277	-
		-42,761	-35,876
Reinsurers' share			
Total change		26,994	-100,652
Portfolio transfer		22,114	-
		49,108	-100,652
		6,347	-136,528
		4,016,610	3,861,648
Claims incurred	2		
Claims paid		-3,654,258	-3,808,102
Reinsurers' share		369,304	447,920
		-3,284,954	-3,360,183
Change in the provision for outstanding claims	7		
Total change		-434,574	-148,577
Portfolio transfer		-36,857	-
		-471,431	-148,577
Reinsurers' share			
Total change		-28,881	-14,392
Portfolio transfer		9,198	-
		-19,683	-14,392
		-491,115	-162,968
		-3,776,069	-3,523,151
Net operating expenses	2, 4	-782,646	-843,923
<b>Balance on technical account before the change in equalisation provision</b>	2	-542,105	-505,427
Change in the equalisation provision		-144,745	-252,134
<b>Balance on technical account</b>		-686,849	-757,561

# CONSOLIDATED PROFIT AND LOSS ACCOUNT cont.

FIM '000	Notes	Jan. 1 to Dec. 31, 1997
<b>Technical Account – Life Insurance</b>		
Premiums written		
Premiums written	1, 3	1,136,388
Reinsurers' share		-9,781
		1,126,606
Share of net investment income	5	320,743
Claims incurred		
Claims paid	3	-177,350
Reinsurers' share		3,100
		-174,250
Change in the provision for outstanding claims		
Total change		-560,909
Portfolio transfer		501,505
		-59,404
Reinsurers' share		
Total change		8,868
Portfolio transfer		-9,198
		-330
		-59,734
		-233,983
Change in the provision for unpaid premiums		
Change in the provision for unpaid premiums		
Total change		-3,522,550
Portfolio transfer		2,445,244
		-1,077,306
Reinsurers' share		
Total change		20,009
Portfolio transfer		-22,114
		-2,105
		-1,079,412
Net operating expenses	4	-96,095
<b>Balance on technical account</b>		<b>37,859</b>



FIM '000	Notes	Jan. 1 to Dec. 31, 1997	Jan. 1 to Dec. 31, 1996
<b>Non-technical account</b>			
Balance on technical account, non-life insurance		-686,849	-757,561
Technical underwriting result, life insurance		37,859	-
Investment income	5	2,097,216	1,621,733
Unrealised gains on investments	5	2,948	-
Investment charges	5	-503,971	-462,681
Unrealised losses on investments	5	-1,050	-57
		1,595,142	1,158,996
Transfer of part of net investment income	5	-320,743	-
		1,274,399	1,158,996
Other income			
Decrease in negative consolidation difference		2,777	-
Other		6,672	9,180
		9,449	9,180
Other charges			
Depreciation on consolidation difference		-53,525	-53,455
Depreciation on goodwill		-7,610	-7,610
Other		-7,306	-8,957
		-68,441	-70,022
Tax on profit on ordinary activities	6		
Tax for the financial year		-181,595	-115,028
Tax from previous periods		-6,243	3,322
Change in deferred tax		11,396	2,039
		-176,442	-109,667
Share of associated undertakings' profit/loss after tax		121,277	26,091
<b>Profit on ordinary activities after tax</b>		511,252	257,018
Extraordinary income and charges			
Extraordinary income			
Premiums written		45,902	-
Claims paid		50,692	-
Change in equalisation provision		68,956	-
Other extraordinary income		-	3,023
		165,550	3,023
Extraordinary charges			
Change in collective guarantee item		-165,550	-
Other extraordinary charges		-25,801	-4,545
		-191,351	-4,545
Tax on extraordinary income and charges	6	7,224	-847
		-18,577	-2,368
<b>Profit after extraordinary items</b>		492,675	254,650
Minority interest in the profit for the financial year		-5,363	-16
<b>Profit for the financial year</b>		487,312	254,634

# CONSOLIDATED BALANCE SHEET

FIM '000	Notes	Dec. 31, 1997	Dec. 31, 1996
<b>ASSETS</b>	<b>16</b>		
<b>Intangible assets</b>	<b>8</b>		
Intangible rights		54,472	39,105
Goodwill		18,391	26,001
Consolidation difference		325,005	378,335
Other long-term expenses		252,366	222,666
		<u>650,234</u>	<u>666,107</u>
<b>Investments</b>	<b>9</b>		
Investments in land and buildings	<b>10</b>		
Land and buildings		4,118,431	3,469,288
Investments in associated undertakings	<b>13</b>		
Shares and participations	<b>11</b>	867,256	732,897
Debt securities issued by, and loans to, associated undertakings		50,000	80,015
		<u>917,256</u>	<u>812,912</u>
Other financial investments			
Shares	<b>11</b>	5,793,938	3,417,447
Debt securities		4,826,929	3,609,063
Loans guaranteed by mortgages		385,003	301,316
Other loans	<b>14</b>	302,149	358,916
Deposits with credit institutions		820,438	692,802
		<u>12,128,456</u>	<u>8,379,544</u>
Deposits with ceding undertakings		413,829	390,419
		<u>17,577,972</u>	<u>13,052,163</u>
<b>Investments covering unit-linked insurances</b>	<b>15</b>	48,053	–
<b>Debtors</b>			
Arising out of direct insurance operations			
Policyholders		650,488	662,745
Intermediaries		92,415	108,882
Arising out of reinsurance operations		389,633	473,337
Other debtors		243,230	289,972
		<u>1,375,766</u>	<u>1,534,936</u>
<b>Other assets</b>			
Tangible assets			
Equipment	<b>8</b>	204,871	211,457
Other tangible assets		20,120	19,986
		<u>224,991</u>	<u>231,443</u>
Cash at bank and in hand		549,170	209,843
Other assets		1,684	1,214
		<u>775,846</u>	<u>442,500</u>
<b>Prepayments and accrued income</b>			
Interest and rents		180,059	148,075
Other		353,246	284,410
		<u>533,305</u>	<u>432,486</u>
		<u>20,961,176</u>	<u>16,128,192</u>

FIM '000	Notes	Dec. 31, 1997	Dec. 31, 1996
<b>LIABILITIES</b>	<b>16</b>		
<b>Capital and reserves</b>	<b>17</b>		
Restricted			
Subscribed capital	18	310,000	310,000
Legal reserve		2,195,408	2,182,872
Revaluation reserve		189,515	203,487
Other restricted reserves		113	28
Currency conversion differences		60,948	19,671
		<u>2,755,983</u>	<u>2,716,059</u>
Non-restricted			
Non-restricted reserves		691,646	557,675
Profit/loss brought forward		68,256	42,351
Profit for the financial year		487,312	254,634
		<u>1,247,214</u>	<u>854,660</u>
		<u>4,003,197</u>	<u>3,570,719</u>
<b>Minority interest</b>		55,458	2,171
<b>Untaxed reserves</b>			
Negative consolidation difference		11,108	–
<b>Technical provisions</b>	<b>19</b>		
Non-life insurance			
Provision for unearned premiums		1,289,739	1,512,122
Reinsurers' share		–99,619	–76,714
		<u>1,190,120</u>	<u>1,435,408</u>
Life insurance			
Provision for unearned premiums		3,477,686	–
Reinsurers' share		–20,009	–
		<u>3,457,677</u>	<u>–</u>
Non-life insurance			
Claims outstanding		9,071,565	8,624,865
Reinsurers' share		–737,654	–760,512
		<u>8,333,911</u>	<u>7,864,353</u>
Life insurance			
Claims outstanding		560,909	–
Reinsurers' share		–8,868	–
		<u>552,041</u>	<u>–</u>
Equalisation provision, non-life insurance		1,438,155	1,362,366
Collective guarantee item, non-life insurance		165,550	–
		<u>15,137,453</u>	<u>10,662,127</u>
<b>Technical provisions of unit-linked insurances</b>		44,865	–
<b>Obligatory provisions</b>	<b>20</b>	10,750	10,276
<b>Deposits received from reinsurers</b>		69,452	66,281
<b>Creditors</b>	<b>21</b>		
Arising out or direct insurance operations		8	5,901
Arising out of reinsurance operations		666,666	678,984
Amounts owed to credit institutions		38,096	–
Pension loans		267,321	361,707
Deferred tax		47,848	58,081
Other creditors		92,919	122,433
		<u>1,112,858</u>	<u>1,227,106</u>
<b>Accruals and deferred income</b>		516,036	589,512
		<u>20,961,176</u>	<u>16,128,192</u>

# PARENT COMPANY PROFIT AND LOSS ACCOUNT

FIM '000	Notes	Jan. 1 to Dec. 31, 1997	Jan. 1 to Dec. 31, 1996
<b>Technical Account</b>			
Premiums earned	2		
Premiums written	1	1,630,545	1,522,362
Reinsurers' share		-7,930	-10,098
		1,622,615	1,512,264
Change in the gross provision for unearned premiums		-22,270	-13,300
Reinsurers' share		136	59
		-22,134	-13,241
		1,600,481	1,499,023
Claims incurred	2		
Claims paid		-1,541,211	-1,349,729
Reinsurers' share		-8,134	1,140
		-1,549,344	-1,348,589
Change in the provision for outstanding claims	7	109,697	100,846
Reinsurers' share		1,368	-843
		111,066	100,003
		-1,438,279	-1,248,586
Net operating expenses	2, 4	-422,726	-429,426
<b>Balance on technical account before the change in equalisation provision</b>	2	-260,524	-178,989
Change in the equalisation provision		33,360	-65,015
<b>Balance on technical account</b>		-227,164	-244,004

FIM '000	Notes	Jan. 1 to Dec. 31, 1997	Jan. 1 to Dec. 31, 1996
<b>Non-technical account</b>			
Investment income	5	795,538	780,524
Investment charges	5	-222,408	-278,024
		573,131	502,501
Other income		4,199	4,718
Other charges			
Depreciation on consolidation difference		-29,120	-29,120
Other		-162	-1,001
		-29,282	-30,121
Tax on profit from ordinary activities	6		
Tax for the financial year		-91,971	-65,562
Tax from previous periods		59	953
		-91,911	-64,609
<b>Profit on ordinary activities after tax</b>		<b>228,972</b>	<b>168,484</b>
Extraordinary income and charges			
Extraordinary income			
Premiums written		1,476	-
Claims paid		14,895	-
Change in equalisation provision		57,688	-
Other extraordinary income		-	3,023
		74,059	3,023
Extraordinary charges			
Change in collective guarantee item		-74,059	-
Other extraordinary charges		-25,801	-
		-99,861	-
Tax on extraordinary income and charges	6	7,224	-847
<b>Profit after extraordinary items</b>		<b>210,395</b>	<b>170,661</b>
Increase/decrease in depreciation difference		-1,543	8,080
Increase/decrease in optional reserves			
Decrease in credit loss reserve		1,300	500
<b>Profit for the financial year</b>		<b>210,153</b>	<b>179,241</b>

# PARENT COMPANY BALANCE SHEET

FIM '000	Notes	Dec. 31, 1997	Dec. 31, 1996
<b>ASSETS</b>	16		
<b>Intangible assets</b>	8		
Intangible rights		19,622	17,312
Goodwill		495,043	524,163
Other long-term expenses		181,882	158,761
		696,547	700,236
<b>Investments</b>	9		
Investments in land and buildings	10		
Land and buildings		1,884,565	1,893,160
Loans to affiliated undertakings		98,808	87,420
		1,983,373	1,980,581
Investments in affiliated and associated undertakings	13		
Affiliated undertakings			
Shares and participations	12	1,048,611	958,282
Associated undertakings			
Shares and participations	12	597,806	521,641
Debt securities issued by, and loans to, associated undertakings		–	30,015
		1,646,416	1,509,938
Other investments			
Shares	12	1,620,994	1,310,545
Debt securities		647,185	1,031,156
Loans guaranteed by mortgages		172,481	204,653
Other loans	14	118,042	148,901
Deposits with credit institutions		31,500	41,530
		2,590,203	2,736,786
Deposits with ceding undertakings		1,898	2,255
		6,221,889	6,229,560
<b>Debtors</b>			
Arising out of direct insurance operations			
Policyholders		413,594	388,640
Arising out of reinsurance operations		3,460	6,455
Other debtors		54,797	85,103
		471,852	480,198
<b>Other assets</b>			
Tangible assets			
Equipment	8	140,013	151,183
Other tangible assets		15,532	15,676
		155,546	166,859
Cash at bank and in hand		68,893	53,191
		224,439	220,050
<b>Prepayments and accrued income</b>			
Interest and rents		29,327	42,130
Other		50,894	106,412
		80,221	148,542
		7,694,949	7,778,586

FIM '000	Notes	Dec. 31, 1997	Dec. 31, 1996
<b>LIABILITIES</b>	16		
<b>Capital and reserves</b>	17		
Restricted			
Subscribed capital	18	310,000	310,000
Legal reserve		2,177,892	2,177,892
Revaluation reserve		172,633	172,633
		2,660,525	2,660,525
Non-restricted			
Security reserve		69,693	69,693
Contingency reserve		372,448	284,448
At the disposal of the Board		461	566
Profit/loss brought forward		7,312	7,271
Profit for the financial year		210,153	179,241
		660,066	541,219
		3,320,591	3,201,744
<b>Untaxed reserves</b>			
Accumulated depreciation difference		76,106	74,564
Optional reserves			
Credit loss reserve		5,200	6,500
		81,306	81,064
<b>Technical provisions</b>			
Provision for unearned premiums		739,379	717,110
Reinsurers' share		-203	-68
		739,176	717,042
Claims outstanding		2,840,930	2,950,627
Reinsurers' share		-39,444	-38,075
		2,801,486	2,912,552
Equalisation provision		129,141	220,189
Collective guarantee item		74,059	-
		3,743,863	3,849,783
<b>Creditors</b>	21		
Arising out of reinsurance operations		3,081	2,873
Pension loans		267,321	287,441
Other creditors		52,928	63,628
		323,330	353,942
<b>Accruals and deferred income</b>		225,859	292,054
		7,694,949	7,778,586

# WORKING CAPITAL FLOW STATEMENT

FIM '000	Group		Parent Company	
	Dec. 31, 1997	Dec. 31, 1996	Dec. 31, 1997	Dec. 31, 1996
Source of funds				
Cash-flow financing				
Profit before interest expenses, extraordinary items, untaxed reserves and tax	725,116	402,086	354,337	273,043
Decrease in investments	–	–	19,902	2,745
Extraordinary income and charges	–25,801	–1,522	–25,801	3,023
Adjustment items				
Changes in technical provisions	4,520,191	688,943	–105,920	–21,747
Unrealised losses and gains on investments	66,906	–124,534	–41,221	–72,821
Depreciation	289,224	251,576	154,016	144,588
	5,575,635	1,216,550	355,314	328,832
Capital financing				
Increase in long-term liabilities	24,098	–	–	–
Increase in minority interest	47,924	–	–	–
Increase in capital and reserves	46,282	22,164	–	–
	118,304	22,164	–	–
<b>Source of funds in total</b>	<b>5,693,939</b>	<b>1,238,714</b>	<b>355,314</b>	<b>328,832</b>
Application of funds				
Profit distribution				
Interest on liabilities	26,026	33,362	33,454	39,950
Tax	180,613	112,552	84,687	65,455
Dividends paid	91,200	75,830	91,200	76,000
Other profit distribution	129	343	105	242
	297,968	222,087	209,446	181,648
Investments				
Increase in investments	4,755,117	881,715	–	–
Increase in intangible and tangible assets	161,458	208,025	110,025	134,197
	4,916,575	1,089,740	110,025	134,197
Repayment of capital and loans				
Decrease in long-term loans	–	77,861	37,685	23,122
Decrease in minority interest	–	131	–	–
	–	77,993	37,685	23,122
<b>Application of funds in total</b>	<b>5,214,543</b>	<b>1,389,820</b>	<b>357,156</b>	<b>338,966</b>
<b>Increase/decrease in working capital</b>	<b>479,395</b>	<b>–151,106</b>	<b>–1,842</b>	<b>–10,134</b>
Change in working capital				
Debtors				
Cash at bank and in hand	–159,169	123,339	–8,346	18,155
Prepayments and accrued income	339,327	–224,087	15,702	–30,375
	100,819	65,799	–68,321	40,610
	280,977	–34,949	–60,964	28,391
Creditors				
Deposits received from reinsurers	–3,170	42,137	–	2
Accruals and deferred income	128,113	–114,948	–7,073	10,803
	73,476	–43,345	66,195	–49,330
	198,418	–116,157	59,122	–38,525
<b>Increase/decrease in working capital</b>	<b>479,395</b>	<b>–151,106</b>	<b>–1,842</b>	<b>–10,134</b>



# NOTES ON THE ACCOUNTS

## Accounting Principles in the Sampo Insurance Group

The final accounts have been compiled in accordance with the Accounting Act, Companies Act and Insurance Companies Act and the instructions and regulations issued by the Ministry of Social Affairs and Health, the authority supervising the insurance business. Furthermore, provisions and recommendations concerning listed companies have been taken into account. The Finnish Accounting Standards Board has granted insurance companies whose shares are publicly traded special permission (22.12.1997 No. 1509), for the years 1997–2000, to report key figures and other information referred to in the decision of the Ministry of Finance according to the instructions issued by the Ministry of Social Affairs and Health.

### Consolidated Final Accounts

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

A life insurance company has been consolidated into the consolidated final accounts as a subsidiary for the first time. The consolidated final accounts comprise non-life and life insurance technical accounts, and a non-technical account. All investment income and charges are shown in the non-technical account. That part relating to life insurance which includes intra-group eliminations has been transferred to the life insurance technical account. Life insurance provision for unearned premiums comprises a provision for bonuses and rebates which is reserved for additional benefits that will be granted in future years. Thus all items that belong to policyholders are presented in the technical account.

Subsidiaries' final accounts have been integrated in the consolidated final accounts according to the parent company's accounting principles. The final ac-

counts of overseas subsidiaries have been converted in essential areas to correspond to the accounting principles of the parent company.

Subsidiaries acquired during the financial year have been consolidated as from the day of acquisition, and the subsidiaries sold until the assignment day. Intra-group transactions, amounts due to or from group companies and profit shares have been eliminated. However, intra-group direct insurance is not eliminated.

A portfolio transfer of voluntary pension insurance from Kaleva Mutual Insurance Company and foreign life reinsurance from Industrial Insurance Company Ltd to Sampo Life Insurance Company Ltd was effected on January 1st, 1997. The transfer price of assets covering the technical provisions of ceded portfolios was their book value.

Intra-group cross-shareholdings have been eliminated by using the acquisition method. Part of the difference between the acquisition cost of shares in subsidiaries and their capital and reserves at the time of acquisition has been entered under subsidiaries' land and buildings, within the limits permitted by their current values. The unallocated part has been entered under consolidation difference.

The closing figures for subsidiaries have been converted into Finnish markka at the average rate quoted by the Bank of Finland on the date of closing the companies' accounts. Currency conversion differences resulting from changes in exchange rates, which have arisen from the elimination of cross-shareholdings, are shown under restricted capital and reserves due to their origin.

Minority interests in subsidiaries' result for the financial year and capital and reserves have been presented as separate items in the Profit and Loss Account and the Balance Sheet.

### Associated Undertakings

In the Consolidated Final Accounts, those companies in which the Group's holding and voting rights amount to 20–50% – with the exception of Insurance Company Sampo Pension Ltd and Kaleva Mutual Insurance Company – have been integrated as associated undertakings, using the past equity method.

Under the Insurance Companies Act, companies engaged in statutory pension insurance cannot be integrated as an associated undertaking into the consolidated accounts of another insurance company. Kaleva Mutual Insurance Company has not been consolidated since it is a mutual company. However, relevant information on both companies is presented in the Notes on the Accounts.

The shares in Sampo Insurance Company Limited owned by associated undertakings and related value re-adjustments and dividends have not been eliminated in the consolidated final accounts.

### Foreign Currency Items

Currency-denominated receivables, investments in the nature of receivables and liabilities have been converted into Finnish markka at the average rate quoted by the Bank of Finland on the date of closing the companies' accounts. Other investments have been valued at the lower of the rate valid on the date of acquisition or the average rate quoted by the Bank of Finland on the date of closing the accounts. Currency conversion differences relating to insurance business have been entered as adjustment items under income and expenditure. Currency conversion differences on receivables and investments and those that it has not been possible to allocate directly to an adjustment item under income and expenses, have been presented under investments, under the items Other income and Charges arising from other investments.

The impact of exchange rates is presented separately in the Board of Directors' report after the analysis of the non-

## Accounting Principles in the Sampo Insurance Group

life insurance result. Exchange rate gains and losses comprised in the balance on technical account have been calculated as a difference of fixed and variable rates.

### Valuation and Matching

Intangible assets have been entered in the Balance Sheet at acquisition cost less planned depreciation. Items capitalised under other long-term liabilities include computer systems developed by the insurance company itself and refurbishing of rented apartments.

Real estate shares have been entered in the Balance Sheet at the lower of acquisition cost or current value. Buildings and structures are presented at the lower of acquisition cost less planned depreciation or current value. Certain book values of real estate and real estate shares include revaluations.

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

Debt securities are considered to include bonds and money-market instruments. They have generally been entered in the Balance Sheet at acquisition cost. The difference between par value and acquisition cost of debt securities is accrued under interest income. The counter-item is the acquisition cost.

Receivables and investments in the nature of receivables are presented at the lower of par value or current value.

Derivative contracts are valued at their current value on the date of closing the accounts. The difference between the current value of a hedging derivative contract and a lower book value/contract rate is entered as income. However, the maximum amount entered is that which corresponds to the amount of the hedged balance sheet item entered as an expense. If the book value/contract rate exceeds the current value, the loss is entered at its

full amount. The difference between the current value of derivative contracts not concluded for hedging purposes and a higher book value/contract rate is entered as an expense, and the possible valuation gain is not entered.

Revaluations and revaluation adjustments on investments in the nature of investment assets are entered with impact on the result. Revaluations on investments in the nature of fixed assets and their reversals are entered in the revaluation reserve under restricted capital and reserves. If a fixed assets investment later becomes an investment asset, the funded revaluation is reversed.

Value adjustments which have been made earlier are re-adjusted up to the original acquisition cost if the current value increases.

The difference between the book value and the remaining acquisition cost of investments consists of revaluations and associated undertakings' adjustments made by using the past equity method.

### Depreciation

A depreciation plan has been used to determine the depreciations of intangible assets, buildings, structures and their components, and equipment. Planned depreciations have been calculated as straight-line depreciations on the original acquisition cost using the following estimated useful lives:

Intangible rights	5 years
Goodwill	5–20 years
Consolidation difference and negative consolidation difference	3–10 years
Other long-term liabilities	10 years
Residential and business premises and offices	40–50 years
Industrial premises and warehouses	30–40 years
Building components	10–15 years
Computer hardware, cars	3–5 years
Other equipment	10 years

The depreciation period of the goodwill created in the parent company through the Vahinkovakuutusosakeyhtiö Kansa merger is 20 years, and the depreciation

period of the consolidation difference 10 years.

Planned depreciation corresponding to the average useful life of buildings is made annually on the revaluations entered as income, and on the allocated consolidation difference arising from buildings in the nature of investments. No depreciations are made on the revaluations of property in the nature of fixed assets.

In the Profit and Loss Account, planned depreciation on equipment and capitalised ADP systems has been divided between activities. Planned depreciation on buildings is presented under investment charges, the decrease in negative consolidation difference under other income, and planned depreciation on consolidation difference and goodwill under other charges.

Accrued acquisition costs and depreciations according to plan relating to tangible and intangible assets which have been disposed of were depreciated during the financial year from fixed assets accounting as disposals. This had no impact on the result or Balance Sheet.

### Current Values

The current values of investments in land and buildings have been fixed annually, as required by the Ministry of Social Affairs and Health. Each site is assessed separately, allowing for the net income earned, location and market situation. Both in-house and outside experts have assisted in the assessment.

No valuation differences on investments have been taken into account in the current values of shares in life insurance companies which are subsidiaries or associated undertakings.

Shares in other group companies have been valued at net asset value. With respect to shares in associated undertakings, net asset value, a value based on the equity method, or acquisition price has been used as their current value.

Shares and debt securities which are quoted on official stock exchanges or which are otherwise publicly traded, are valued at the latest available closing price based on continuous trading or, if this is

not available, at buying rate. The probable sales price of other shares and debt securities, e.g. based on net asset value or the undepreciated portion of acquisition cost, has been taken as their current value.

Loans, deposits with credit institutions, and deposits with ceding undertakings have been valued at the lower of par value or probable value.

### **Expenses by Activity**

Accrued operating expenses, such as the wages and salaries for Group staff and depreciation on equipment and capitalised ADP systems, have been divided between activities. Part of them are allocated directly to activities, part on the basis of a study on working hours which is carried out annually. Thus the percentage share of activities varies from year to year. Expenses by activity are presented under operating expenses (policy acquisition costs, policy management expenses, and administrative expenses), under claims paid (claims settlement expenses), and investment charges (management expenses arising from real estate investments and other investments) and under other charges (expenses arising from the sale of services).

Claims settlement expenses directly allocated to claims paid are also presented under expenses by activity. These expenses include external loss adjustment expenses, such as legal expenses and external loss assessors' remunerations, and internal loss adjustment expenses which are allocated directly to losses.

Directly allocated investment management expenses which are shown under investment charges mainly comprise management expenses and maintenance charges for land and buildings, and real estate shares.

### **Other Income and Charges**

In addition to depreciation on goodwill and consolidation difference and decrease in negative consolidation difference, those items have been handled as Other Income and Charges which have a direct connection with the Group's ordinary activities, including the sale of

services relating to captive operations and expenses arising from them.

### **Extraordinary Income and Charges**

Exceptional, nonrecurring and significant transactions, unrelated to the ordinary business activities of Group companies, are shown under Extraordinary Income and Charges. The impact of changes in accounting principles and other changes affecting the whole industry are also presented under Extraordinary Income and Charges. In the final accounts for 1997, e.g. items relating to the formation of the collective guarantee item for non-life insurance are shown under extraordinary items.

### **Taxes**

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

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

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

### **Untaxed Reserves and Treatment of Deferred Tax**

The regulations concerning Finnish accounting and taxation practice allow certain voluntary untaxed reserves, and depreciation above plan having an impact on the result and taxation, to be made in the final accounts.

In the final accounts of the Group companies, the difference between planned depreciation and the total depreciation made in accordance with the Business Tax Act has been presented as a separate item in the Profit and Loss Account, and the accumulated depreciation difference presented under untaxed reserves in the Balance Sheet.

In the final accounts and key figures of the Group companies, deferred tax has not been deducted from the optional reserves and accumulated depreciation difference, nor from revaluations transferred to reserves and valuation differences on investments. When the reserves are entered as income, or revaluations transferred to reserves and valuation differences are realised only to cover expenses, the deferred tax debt is not realised. Revaluations entered as income are taxable income. The tax rate is 28 per cent.

In the Consolidated Final Accounts and key figures, excluding the solvency margin, optional reserves and the accumulated depreciation difference have been divided into the change in deferred tax and share of profit, and deferred tax and share of capital and reserves. The minority interest has been deducted from these. According to the Insurance Companies' Act, the share entered under capital and reserves is not distributable non-restricted capital and reserves. Deferred tax has not been deducted from the valuation differences of investments, because realised gains are made chiefly to cover expenses.

### **Technical Provisions**

In calculating technical provisions, various methods are applied which involve assumptions on such matters as the settlement of claims, mortality, and yield on investments. Technical provisions are

## Accounting Principles in the Sampo Insurance Group

annually revised on the basis of assumptions and new data received.

A change in the basis of non-life insurance provision for outstanding claims is reflected in the balance on technical account by a change in the equalisation provision which is usually of the opposite sign. The bases of calculation for the equalisation provision have to remain unchanged for at least three years. A change in the bases of calculation has an effect on the result.

If such changes have been made in the calculation principles for technical provisions which have an essential impact on the comparability of result or key figures with respect to the previous year, this has been stated in the Board of Directors' Report and in the analyses under notes on the accounts.

### Non-life insurance

The provision for unearned premiums has been calculated using the pro rata rule or by insurance contract.

In calculating the provision for outstanding claims of other than pension claims, discounting has been applied to a part of Patria Reinsurance Company Ltd's provision for outstanding claims in foreign reinsurance. The discounted technical provisions are mainly in USD and are covered by assets in the same currency. The assets have been estimated as sufficient to secure a profit exceeding the interest rate applied. The claims settlement period used in discounting is based on Group company statistics.

The surplus or deficit of the Group's provision for outstanding claims based on adequacy calculations does not exceed five per cent of the amount of the said provision at the beginning of the year, although this is the case in some subsidiaries.

### Life Insurance

In calculating the technical provisions, calculated interests confirmed by the Ministry of Social Affairs and Health as well as calculated interests complying with the law and the instructions of the Ministry of Social Affairs and Health have been applied.

The provision for unearned premiums has been calculated by policy in direct insurance, and according to the disclosure of the ceding company or the company's own calculation basis in reinsurance.

The deferred acquisition costs of capital redemption policies and foreign life reinsurance have been deducted from the provision for unearned premiums so that in each contract the future net income exceeds the amount of deferred acquisition costs.

In calculating the technical provisions of direct insurance, discounting has been applied only in connection with the technical provisions of pensions the payment of which has commenced. The technical provisions of assumed reinsurance are based on the disclosure of the ceding company and on an estimate of claims which have not yet been settled.

### Principle of Fairness in Life Insurance

According to the Insurance Companies' Act, Chapter 13, Section 3, a so-called Principle of Fairness must be observed in life insurance with respect to such policies which, according to the insurance contract, entitle to bonuses and rebates granted on the basis of any surplus yielded by the policies.

This principle stipulates that a reasonable part of the surplus yielded by these policies is returned to those policies as bonuses and rebates, providing that the solvency requirements do not prevent granting of such benefits. As for the level of bonuses and rebates, continuity should be aimed at.

The principle of fairness has an impact on how the valuation differences presented in the notes on the accounts are divided in the long run between the owners and policyholders, without creating a right to claim for the said assets for individuals belonging to either of these groups.

Since no final decision on the application of the principle of fairness to valuation differences has been made in the Group due to the merger of Sampo Life Insurance Company Ltd and Nova Life Insurance Company Ltd and the sol-

veny requirements that will be further specified, valuation differences on life insurance have not been taken into account in the Group's net asset value and return on equity. Life insurance groups' capital and reserves, which include the share of optional reserves and accumulated depreciation difference in capital and reserves, are included in the Group's net asset value and return on equity.

### Pension Schemes

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

Additional pension cover for those who have joined Sampo before 1982, those who have joined Kaleva before 1982 and transferred to Sampo Life, and the personnel of the Finnish subsidiaries of the Major Accounts Services, has been arranged in the insurance companies. In foreign subsidiaries, pension schemes have been arranged in accordance with local practice.

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

### Changes in the Accounting Principles

Exchange rate gains and losses on cash at bank, deposits, and money-market instruments denominated in foreign currencies have been added up and entered under other income or charges arising from investments, depending on which of these items was larger. The figures for the year of comparison have been adjusted to correspond to the new practice. With respect to key figures, the calculation method for return on equity has changed so that the calculated interest of technical provisions is added to the result. Deferred tax is included in the solvency margin. The key figures of the years of comparison have been adjusted correspondingly.

The current value of shares of the life insurance companies which are subsidiaries or associated undertakings has been changed in the comparison data so as to comply with the new practice. ☒

# CALCULATION METHODS FOR THE KEY FIGURES

Key figures have been calculated in accordance with the guidelines issued by the Ministry of Social Affairs and Health, which comply with the exceptional permission (December 22, 1997, No. 1509) granted to insurance companies by the Finnish Accounting Standards Board.

## GENERAL KEY FIGURES:

### TURNOVER

#### Non-life insurance:

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

#### Life insurance:

+ premiums written before credit losses and reinsurers' share  
+ investment income and revaluations  
+ other income

#### Group's turnover:

+ non-life insurance turnover  
+ life insurance turnover

### OPERATING PROFIT

#### Non-life insurance:

+ premiums earned  
– claims incurred  
– operating expenses  
+ investment income  
– investment charges  
+ other income  
– other charges  
± share of associated undertakings' profit and loss

#### Life insurance:

+ technical result before bonuses and rebates and change in the equalisation provision  
+ other income  
– other charges  
± share of associated undertakings' profit and loss

#### Group's operating profit:

+ non-life insurance operating profit  
+ life insurance operating profit

#### Profit before extraordinary items, untaxed reserves and tax

+ group's operating profit  
± change in the equalisation provision  
+ revaluations on investments, non-life insurance  
– revaluation adjustments on investments, non-life insurance  
+ bonuses and rebates, life insurance

#### Profit before untaxed reserves and tax

+ profit before extraordinary items, untaxed reserves and tax  
+ extraordinary income  
– extraordinary charges

#### Return on equity (at current values)

+ profit before extraordinary items, untaxed reserves and tax  
+ revaluation entered into revaluation reserve  
– revaluation withdrawn from revaluation reserve  
± change in valuation differences on investments  
– tax  
+ capital and reserves  
+ minority interest  
± valuation differences on investments (average at Jan. 1 and Dec. 31)

#### Return on assets

##### (at current values)

+ operating profit  
+ interest and expenses on liabilities  
+ calculated interest on technical provisions  
+ revaluations on investments (non-life insurance)  
+ revaluation adjustments on investments (non-life insurance)  
+ revaluation entered into revaluation reserve  
– revaluation withdrawn from revaluation reserve  
± change in valuation differences on investments  
+ balance sheet total  
± valuation differences on investments (average on Jan. 1 and Dec. 31)

#### Equity/assets ratio (at current values)

+ capital and reserves  
+ minority interest  
± valuation differences on investments  
+ balance sheet total  
± valuation differences on investments

#### Average number of personnel

average of the number of personnel at the end of each month, adjusted for part-timers

## INSURANCE BUSINESS KEY FIGURES:

#### Gross premiums written

premiums written before reinsurers' share and credit losses

#### Loss ratio (non-life insurance)

claims incurred  
premiums earned

## CALCULATION METHODS FOR THE KEY FIGURES

**Expense ratio (non-life insurance)**  

$$\frac{\text{operating expenses}}{\text{premiums earned}} \times 100 \%$$

**Combined ratio (non-life insurance)**  
 loss ratio + expense ratio

**Expense ratio (life insurance)**  
 + operating expenses  

$$\frac{+ \text{claims settlement expenses}}{\text{load income}} \times 100 \%$$

**Solvency margin**  
 + capital and reserves after proposed  
 profit distribution  
 ± valuation differences on investments  
 – intangible assets  
 + deferred tax  
 ± other items prescribed in the decree

**Solvency capital**  
 + solvency margin  
 + equalisation provision  
 + minority interest

**Solvency capital,  
 % of technical provisions  
 (non-life insurance)**  

$$\frac{\text{solvency capital}}{+ \text{technical provisions} - \text{equalisation provision}} \times 100 \%$$

**Solvency capital,  
 % of technical provisions  
 (life insurance)**  

$$\frac{\text{solvency capital}}{+ \text{technical provisions} - \text{equalisation provision} - 75\% \times \text{technical provisions of united-linked insurances}} \times 100 \%$$

**Solvency ratio, % (non-life insurance)**  

$$\frac{\text{solvency capital}}{\text{premiums earned}} \times 100 \%$$

### PER-SHARE KEY FIGURES:

**Earnings per share**  
 + profit before extraordinary items,  
 untaxed reserves and tax  
 – tax  
 – minority interest  

$$\frac{}{\text{adjusted average number of shares}}$$

**Capital and reserves per share**  

$$\frac{\text{capital and reserves}}{\text{adjusted number of shares at Dec. 31}}$$

**Net asset value per share**  
 + capital and reserves  
 ± valuation differences on investments  

$$\frac{}{\text{adjusted number of shares at Dec. 31}}$$

**Dividend per share**  

$$\frac{\text{dividend for the accounting period}}{\text{adjusted number of shares at Dec. 31}}$$

**Dividend per earnings, %**  

$$\frac{\text{dividend per share}}{\text{earnings per share}} \times 100 \%$$

**Effective dividend yield**  

$$\frac{\text{dividend per share}}{\text{adjusted closing share price at Dec. 31}} \times 100 \%$$

**Price/earnings ratio**  

$$\frac{\text{adjusted closing share price at Dec. 31}}{\text{earnings per share}}$$

**Market capitalisation**  
 number of shares at Dec. 31 x closing  
 share price at Dec. 31

**Relative share trading volume**  

$$\frac{\text{number of shares traded through the Helsinki Stock Exchange}}{\text{adjusted average number of shares}} \times 100 \%$$

# SAMPO INSURANCE GROUP KEY FIGURES

		1993	1994	1995	1996	1997
<b>General Key Figures</b>						
Turnover	FIM m	5,507.9	5,881.5	5,896.3	6,104.9	7,848.2
Gross premiums written	FIM m	3,695.0	4,149.6	4,219.1	4,495.0	5,784.1
Operating profit	FIM m	320.7	175.7	318.8	618.9	921.2
% of turnover		5.8	3.0	5.4	10.1	11.7
Profit before extraordinary items, untaxed reserves and tax	FIM m	370.2	182.7	270.7	366.7	687.7
% of turnover		6.7	3.1	4.6	6.0	8.8
Profit before untaxed reserves and tax	FIM m	369.1	182.7	233.7	365.2	661.9
% of turnover		6.7	3.1	4.0	6.0	8.4
Return on equity at current values	%	34.8	6.8	-3.2	17.3	23.5
Return on assets at current values*	%	-	3.8	1.1	9.6	11.6
Equity/assets ratio	%	30.8	34.0	33.5	35.9	35.6
Average number of personnel		2,642	2,966	3,023	3,113	3,176
<b>Insurance Business Key Figures</b>						
Turnover	FIM m	5,507.9	5,881.5	5,896.3	6,104.9	6,273.0
Gross premiums written	FIM m	3,695.0	4,149.6	4,219.1	4,495.0	4,647.7
Loss ratio	%	103.1	91.4	89.1	91.2	94.0
excluding the effect of exchange rates	%			91.7	88.4	88.3
Expense ratio	%	21.4	20.7	20.0	21.9	19.5
Combined ratio	%	124.6	112.2	109.1	113.1	113.5
excluding the effect of exchange rates	%			111.7	110.3	107.8
Solvency margin*	FIM m	-	5,565.3	5,266.2	6,331.5	7,926.3
Equalisation provision	FIM m	1,355.7	1,492.9	1,110.2	1,362.4	1,438.2
Solvency capital*	FIM m	-	7,083.4	6,378.7	7,696.1	9,367.9
% of technical provisions*		-	84.2	72.0	82.8	96.7
Solvency ratio	%	205.5	199.7	171.8	199.3	233.2
Average number of personnel		2,642	2,966	3,023	3,113	3,059
<b>Life Insurance Key Figures</b>						
Turnover	FIM m					1,575.3
Gross premiums written	FIM m					1,136.4
Expense ratio	%					195.1
Solvency margin	FIM m					580.8
Equalisation provision	FIM m					2.8
Solvency capital	FIM m					635.6
% of technical provisions						15.8
Average number of personnel						117

\* Figures not calculated under the former accounting practice

## SAMPO INSURANCE GROUP KEY FIGURES PER SHARE

		1993	1994	1995	1996	1997
Earnings per share	FIM	6.38	2.37	2.96	4.23	8.32
Capital and reserves per share	FIM	49.25	54.14	55.51	58.73	65.84
Net asset value per share	FIM	98.33	102.91	98.01	115.64	145.54
Dividend per share	FIM	1.00	1.00	1.25	1.50	3.00*
Dividend per earnings	%	10.3	43.8	42.2	35.5	36.1*
Effective dividend yield	%	1.4	1.9	2.1	1.7	1.7*
Price/earnings ratio		11.5	22.7	19.7	21.5	21.3
Adjusted average number of shares	'000	54,800	58,548	60,800	60,800	60,800
Number of shares at Dec. 31	'000	13,700	15,200	15,200	15,200	60,800
Adjusted number of shares at Dec. 31	'000	54,800	60,800	60,800	60,800	60,800
Par value at Dec. 31	FIM	20	20	20	20	5
Market capitalisation	FIM m	4,027.8	3,268.0	3,541.6	5,517.6	10,761.6
<b>A Shares</b>						
Adjusted average number of shares	'000	54,560	58,308	60,560	60,560	60,560
Number of shares at Dec. 31	'000	13,640	15,140	15,140	15,140	60,560
Adjusted number of shares at Dec. 31	'000	54,560	60,560	60,560	60,560	60,560
Weighted average share price	FIM	59.52	70.76	56.84	70.11	130.19
Adjusted share price, high	FIM	76.25	100.00	68.50	91.25	203.00
Adjusted share price, low	FIM	26.25	50.75	41.25	57.50	88.75
Adjusted closing price	FIM	73.50	53.75	58.25	90.75	177.00
Share trading volume during the accounting period	'000	3,980	11,267	7,792	26,330	30,191
Relative share trading volume	%	7.3	19.3	12.9	43.5	49.9
<b>B Shares</b>						
Adjusted average number of shares	'000	240	240	240	240	240
Number of shares at Dec. 31	'000	60	60	60	60	240
Adjusted number of shares at Dec. 31	'000	240	240	240	240	240

\* Board's proposal to the Annual General Meeting.

Valuation differences on life insurance have not been taken into account in return on equity and net asset value per share.

Capital and reserves, which includes a proportion of optional reserves and accumulated depreciation difference, is considered to belong entirely to the owners.

Per-share key figures have been adjusted in accordance with the split ratio.



# ANALYSES

## 1 GROSS PREMIUMS WRITTEN

FIM '000	Group		Parent Company	
	1997	1996	1997	1996
<b>Non-life insurance</b>				
Direct insurance				
Finland	4,004,076	3,841,887	1,640,747	1,544,035
EEA countries	355,472	200,497	–	–
Other countries	13,910	6,585	–	–
	4,373,458	4,048,969	1,640,747	1,544,035
Reinsurance				
Non-life reinsurance	246,604	345,940	13,364	9,423
Life reinsurance	27,682	100,068	–9,875	–14,567
	274,286	446,008	3,489	–5,144
	4,647,744	4,494,977	1,644,236	1,538,891
<b>Life insurance</b>				
Direct insurance				
Finland	1,042,500			
Life reinsurance	93,888			
	1,136,388			
<b>Gross premiums written</b>	5,784,132	4,494,977	1,644,236	1,538,891
Credit loss on premiums	–18,753	–26,040	–13,691	–16,529
<b>Premiums written before outward reinsurance premiums</b>	5,765,379	4,468,937	1,630,545	1,522,362

## PREMIUM TAX AND OTHER TRANSFERRED CHARGES INCLUDED IN PREMIUMS

Premium tax	545,661	537,014	308,182	292,222
Fire brigade charge	15,818	11,179	4,258	4,239
Traffic safety charge	9,060	9,055	6,796	6,912
Industrial safety charge	17,030	17,671	282	499
Payments under Sec. 58 of the Employment Accidents Insurance Act	–	4,525	–	125
Government medical treatment fees	97,162	108,764	35,981	33,568
<b>Total</b>	684,731	688,209	355,499	337,565

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

Unemployment Insurance	4,481,195	4,639,441	45,580	49,098
Employees' Group Life Assurance	67,712	76,488	1,583	1,670

## 2 NON-LIFE INSURANCE BALANCE ON TECHNICAL ACCOUNT BY GROUP OF INSURANCE CLASS

Columns:

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

FIM '000	1	2	3	4	5	6	7
<b>GROUP</b>							
<b>Direct insurance</b>							
Statutory workers' compensation							
1997	948,110	942,920	-932,861	-66,711	-412	-57,064	106.1
1996	911,622	904,541	-837,280	-66,018	-387	856	99.9
1995	837,976	828,443	-883,420	-68,187	-350	-123,514	114.9
Non-statutory accident and health							
1997	235,134	234,174	-173,785	-64,895	-1,266	-5,773	102.5
1996	222,867	219,477	-162,428	-67,521	-2,473	-12,945	106.0
1995	228,515	228,332	-167,567	-67,823	-2,563	-9,621	104.3
Motor third party liability							
1997	617,738	578,078	-696,877	-119,054	-625	-238,477	141.3
1996	546,227	525,455	-572,212	-121,249	-397	-168,403	132.1
1995	520,231	495,840	-575,533	-116,810	-458	-196,961	139.8
Motor, other classes							
1997	560,734	544,777	-416,756	-124,027	-627	3,368	99.4
1996	528,442	512,063	-388,467	-122,668	-1,078	-150	100.0
1995	496,904	493,441	-379,010	-109,628	-1,145	3,657	98.9
Marine, aviation and transport							
1997	262,701	250,936	-114,381	-33,446	-38,255	64,853	69.0
1996	242,902	245,799	-158,390	-38,196	-30,070	19,143	89.7
1995	263,705	265,749	-162,574	-33,073	-20,401	49,700	74.5
Fire and other damage to property							
1997	1,247,524	1,265,937	-939,297	-319,195	-10,002	-2,557	100.3
1996	1,120,038	1,152,663	-855,953	-272,537	-87,215	-63,042	106.9
1995	938,180	941,994	-759,804	-221,065	-2,835	-41,709	105.1
Third party liability							
1997	258,261	256,140	-187,024	-42,338	-42,916	-16,138	107.9
1996	215,615	228,000	-179,692	-32,186	-16,501	-380	100.2
1995	184,115	181,027	-174,248	-25,938	-27,573	-46,732	131.0
Credit and suretyship							
1997	33,502	33,139	8,360	-7,746	-13,401	20,352	*
1996	35,410	38,005	-19,544	-9,585	-7,210	1,666	91.4
1995	39,653	42,136	-10,714	-7,486	-11,462	12,474	43.4
Legal expenses							
1997	65,026	63,675	-74,947	-6,090	-	-17,362	127.3
1996	62,295	60,956	-49,323	-8,271	-	3,362	94.5
1995	58,185	51,535	-40,872	-10,341	-	322	99.4
Miscellaneous							
1997	144,728	143,594	-144,920	-31,539	18,897	-13,968	129.4
1996	163,551	165,630	-151,559	-32,108	14,016	-4,022	108.6
1995	172,073	169,989	-83,902	-30,991	-43,201	11,894	74.5
<b>Direct insurance in total</b>							
1997	4,373,458	4,313,369	-3,672,488	-815,041	-88,607	-262,767	106.9
1996	4,048,969	4,052,588	-3,374,849	-770,340	-131,315	-223,916	106.3
1995	3,739,537	3,698,485	-3,237,644	-691,343	-109,989	-340,491	110.2
<b>Reinsurance</b>							
1997	274,286	272,861	-453,201	-93,723	-5,274	-279,337	254.1
1996	446,008	380,473	-581,830	-167,963	87,809	-281,511	196.9
1995	479,536	519,414	-305,732	-137,016	-73,731	2,936	99.8
<b>Total</b>							
1997	4,647,744	4,586,231	-4,125,690	-908,764	-93,882	-542,105	113.5
1996	4,494,977	4,433,062	-3,956,679	-938,303	-43,507	-505,427	113.1
1995	4,219,073	4,217,898	-3,543,376	-828,359	-183,720	-337,555	109.1
<b>Change in the equalisation provision</b>							
1997						-144,745	
1996						-252,134	
1995						-44,916	
<b>Balance on technical account</b>							
1997						-686,849	
1996						-757,561	
1995						-382,471	

## NON-LIFE INSURANCE BALANCE ON TECHNICAL ACCOUNT BY GROUP OF INSURANCE CLASS

Columns:

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

FIM '000	1	2	3	4	5	6	7
<b>PARENT COMPANY</b>							
<b>Direct insurance</b>							
Statutory workers' compensation							
1997	44,142	43,156	-69,875	-6,662	-9	-33,391	177.4
1996	34,832	33,715	-44,511	-6,632	-5	-17,433	151.7
1995	24,914	23,909	-38,190	-6,000	-28	-20,309	185.0
Non-statutory accident and health							
1997	166,242	165,719	-124,726	-56,153	-1,073	-16,233	109.9
1996	166,905	162,729	-125,089	-57,682	-1,949	-21,991	113.7
1995	89,818	88,202	-63,961	-38,381	-976	-15,115	117.3
Motor third party liability							
1997	469,552	432,346	-534,227	-96,482	-460	-198,823	146.0
1996	408,918	389,504	-431,046	-96,347	-348	-138,236	135.5
1995	304,677	280,034	-309,993	-71,964	-244	-102,166	136.5
Motor, other classes							
1997	395,907	383,358	-277,678	-99,243	-384	6,053	98.4
1996	372,147	361,961	-255,608	-99,383	-733	6,237	98.3
1995	283,966	272,173	-203,481	-75,182	-609	-7,099	102.6
Marine, aviation and transport							
1997	25,847	25,777	-999	-4,320	-15,412	5,046	79.8
1996	28,064	27,177	-20,337	-6,723	-312	-195	100.8
1995	23,670	23,262	-16,839	-4,946	-583	894	96.0
Fire and other damage to property							
1997	475,850	481,264	-319,974	-149,430	-3,248	8,612	98.2
1996	470,185	457,865	-277,276	-152,052	-4,274	24,264	94.7
1995	316,954	311,931	-200,713	-97,406	2,862	16,674	94.6
Third party liability							
1997	8,971	8,450	-15,492	-2,634	-	-9,676	214.5
1996	7,712	7,036	-2,422	-1,835	-	2,779	60.5
1995	4,518	4,262	-11,418	-1,203	-	-8,359	296.1
Credit and suretyship							
1997	3,001	4,325	19,444	-569	-2,405	20,795	*
1996	5,563	7,404	-10,566	-847	-448	-4,458	178.9
1995	6,108	7,775	-8,457	-647	842	-487	108.7
Legal expenses							
1997	50,513	49,639	-52,047	-4,063	-	-6,471	113.0
1996	49,055	48,186	-35,451	-6,207	-	6,528	86.5
1995	30,245	25,807	-20,718	-5,635	-	-546	102.1
Miscellaneous							
1997	721	686	-849	-689	-	-852	224.1
1996	653	622	-200	-801	-	-379	161.0
1995	465	476	261	-88	-	649	-36.5
<b>Direct insurance in total</b>							
1997	1,640,747	1,594,719	-1,376,423	-420,245	-22,990	-224,939	114.2
1996	1,544,035	1,496,199	-1,202,507	-428,508	-8,069	-142,885	109.6
1995	1,085,335	1,037,830	-873,509	-301,452	1,265	-135,866	113.2
<b>Reinsurance</b>							
1997	3,489	13,556	-55,090	-3,138	9,088	-35,585	363.1
1996	-5,144	12,863	-46,376	-1,788	-804	-36,104	385.0
1995	12,935	17,201	-27,574	-858	-3,526	-14,757	191.2
<b>Total</b>							
1997	1,644,236	1,608,275	-1,431,514	-423,383	-13,902	-260,524	116.3
1996	1,538,891	1,509,062	-1,248,883	-430,296	-8,873	-178,989	111.9
1995	1,098,270	1,055,031	-901,083	-302,310	-2,261	-150,622	114.4
<b>Change in the equalisation provision</b>							
1997						33,360	
1996						-65,015	
1995						5,309	
<b>Balance on technical account</b>							
1997						-227,164	
1996						-244,004	
1995						-145,313	

### 3 LIFE INSURANCE PREMIUMS WRITTEN AND CLAIMS PAID

FIM '000	Group 1997
<b>Direct insurance gross premiums written</b>	
Life insurance	
Individual life insurance	547,091
Group life insurance	3,279
	550,370
Pension insurance	
Individual pension insurance	464,624
Group pension insurance	27,505
	492,129
<b>Direct insurance premiums written in total</b>	<b>1,042,500</b>
Continuous premiums	491,190
Single premiums	551,309
	1,042,500
Premiums from policies entitling a bonus	1,006,240
Premiums from unit-linked insurance	36,259
	1,042,500
<b>Claims paid</b>	
Direct insurance	
Life insurance	2,233
Pension insurance	91,296
	93,529
Surrenders	33,969
Reinsurance	49,852
Claims paid in total	177,350
Impact of bonuses and rebates attached to life and pension insurance policies terminated during the year, on the technical result	84,993

#### 4 EXPENSES BY ACTIVITY

FIM '000	Group		Parent Company	
	1997	1996	1997	1996
<b>Non-life insurance</b>				
Claims settlement expenses (claims paid)				
Directly allocated	66,792	59,816	24,492	23,327
Share of fixed costs	283,402	255,575	154,215	142,174
	<u>350,193</u>	<u>315,390</u>	<u>178,707</u>	<u>165,501</u>
Operating expenses				
Policy acquisition costs				
Direct insurance commissions	75,037	65,197	22,491	24,221
Commissions on reinsurance assumed	58,388	111,216	2,501	1,758
Other policy acquisition costs	236,318	245,817	148,271	156,712
	<u>369,743</u>	<u>422,230</u>	<u>173,263</u>	<u>182,691</u>
Policy management expenses	345,111	307,434	171,288	151,655
Administrative expenses	193,909	208,639	78,831	95,950
Commissions on reinsurance ceded	-126,118	-94,379	-657	-870
	<u>782,646</u>	<u>843,923</u>	<u>422,726</u>	<u>429,426</u>
Investment management expenses (investment charges)				
Directly allocated *)	97,969	102,618	50,624	50,566
Share of fixed costs	28,107	26,199	15,389	11,858
	<u>126,077</u>	<u>128,817</u>	<u>66,013</u>	<u>62,424</u>
Other charges	3,245	7,949	-	-
	<u>1,262,161</u>	<u>1,296,080</u>	<u>667,446</u>	<u>657,351</u>
<b>Life insurance</b>				
Claims settlement expenses (claims paid)				
Directly allocated	2			
Share of fixed costs	2,999			
	<u>3,000</u>			
Operating expenses				
Policy acquisition costs				
Direct insurance commissions	11,309			
Commissions on reinsurance assumed	19,572			
Other policy acquisition costs	42,964			
	<u>73,845</u>			
Policy management expenses	11,988			
Administrative expenses	12,305			
Commissions on reinsurance ceded	-2,042			
	<u>96,095</u>			
Investment management expenses (investment charges)				
Directly allocated *)	12,511			
Share of fixed costs	4,117			
	<u>16,628</u>			
	<u>115,723</u>			
*) Comprises management expenses for land and buildings and maintenance charges.				
Change in deferred policy acquisition costs included in the change in the provision for unearned premiums.				
Non-life insurance	-	1,938	-	-
Life insurance	-3,890	-	-	-

FIM '000	Group		Parent Company	
	1997	1996	1997	1996
STAFF EXPENSES AND PERSONNEL				
Executives' salaries and commissions	11,338	9,777	2,757	2,763
Other salaries and commissions	573,346	531,850	320,126	316,238
Monetary value of fringe benefits	27,929	19,554	11,963	11,608
Pension expenses	103,840	106,590	55,176	59,300
Other social expenses	80,947	81,653	47,858	46,141
	<b>797,399</b>	<b>749,424</b>	<b>437,881</b>	<b>436,049</b>
Shares of profit paid to executives	822	273	192	156
It has been agreed that the parent company's Managing Director's retirement age is 60 and that of other managers 60–65.				
Average number of personnel	3,176	3,113	1,925	1,963

#### DEPRECIATION ACCORDING TO PLAN

Depreciation according to plan by activity				
Claims paid	31,285	27,623	23,152	18,761
Operating expenses	99,479	83,220	69,082	61,843
Investment charges	3,902	2,983	3,673	2,519
Other charges	2,075	1,000	–	–
	<b>136,741</b>	<b>114,826</b>	<b>95,907</b>	<b>83,122</b>
Buildings	94,125	75,686	28,989	32,346
Goodwill	7,610	7,610	29,120	29,120
Consolidation difference	53,525	53,455	–	–
Negative consolidation difference	–2,777	–	–	–
	<b>289,224</b>	<b>251,576</b>	<b>154,016</b>	<b>144,588</b>

#### 5 NET INVESTMENT INCOME

##### INVESTMENT INCOME

Income from investments in affiliated undertakings				
Dividend income	–	–	225,694	159,450
Income from investments in associated undertakings				
Dividend income	3,472	3,833	13,776	9,361
Interest income	5,916	6,883	2,091	1,922
Other income	30,219	30,569	30,219	30,569
	<b>39,607</b>	<b>41,286</b>	<b>46,086</b>	<b>41,853</b>
Income from investments in land and buildings				
Dividend income	–	1	–	–
Interest income from affiliated undertakings	–	–	8,673	9,413
Other income from affiliated undertakings	–	–	10,637	7,554
Other income from other than affiliated undertakings	262,317	230,760	93,949	95,450
	<b>262,317</b>	<b>230,761</b>	<b>113,259</b>	<b>112,417</b>

FIM '000	Group		Parent Company	
	1997	1996	1997	1996
Income from other investments				
Dividend income	312,232	207,344	69,616	53,059
Interest income from affiliated undertakings	–	–	1,380	992
Interest income from other than affiliated undertakings	482,969	395,881	83,840	111,673
Other income from other than affiliated undertakings	234,495	139,807	32,740	16,171
	1,029,696	743,032	187,577	181,896
<b>Total</b>	<b>1,331,620</b>	<b>1,015,079</b>	<b>572,616</b>	<b>495,616</b>
Value readjustments	84,194	225,684	71,286	139,798
Gains on realisation of investments	681,402	380,970	151,637	135,322
<b>Investment income in total</b>	<b>2,097,216</b>	<b>1,621,733</b>	<b>795,538</b>	<b>770,735</b>
<b>INVESTMENT CHARGES</b>				
Charges arising from investments in land and buildings	–110,885	–121,197	–67,497	–68,413
Charges arising from other investments	–116,114	–126,617	–60,099	–54,328
Interest and other expenses on liabilities to affiliated undertakings	–	–	–14,715	–16,821
Interest and other expenses on liabilities to other than affiliated undertakings	–26,026	–33,362	–18,739	–23,129
<b>Total</b>	<b>–253,024</b>	<b>–281,176</b>	<b>–161,050</b>	<b>–162,692</b>
Value adjustments and depreciations				
Value adjustments on investments	–152,998	–101,094	–30,065	–66,978
Planned depreciation on buildings	–94,125	–75,686	–28,989	–32,346
	–247,123	–176,780	–59,054	–99,323
Losses on realisation of investments	–3,824	–4,725	–2,305	–6,220
<b>Investment charges in total</b>	<b>–503,971</b>	<b>–462,681</b>	<b>–222,408</b>	<b>–268,235</b>
Net investment income before unrealised gains and losses on investments	1,593,245	1,159,052	573,131	502,501
Unrealised gains on investments	2,948	–	–	–
Unrealised losses on investments	–1,050	–57	–	–
<b>NET INVESTMENT INCOME</b>	<b>1,595,142</b>	<b>1,158,996</b>	<b>573,131</b>	<b>502,501</b>
Share of unit-linked insurance of net investment income	1,696	–	–	–
Avoir fiscal tax credit included in income from dividends	80,704	54,458	84,366	64,747
Items included in other income and charges from other investments				
Exchange rate gains	230,328	132,377	30,944	12,256
Exchange rate losses	54,518	38,434	1,480	5,116

GROUP NET INVESTMENT INCOME, JANUARY 1 – DECEMBER 31, 1997

FIM '000	Non-Life Insurance	Life Insurance
<b>INVESTMENT INCOME</b>		
Income from investments in associated undertakings		
Dividend income	3,472	–
Interest income	5,916	–
Other income	30,219	–
	39,607	–
Income from investments in land and buildings		
Other income	209,968	52,349
Income from other investments		
Dividend income	270,672	41,561
Interest income	363,580	119,389
Other income	205,073	29,423
	839,324	190,372
<b>Total</b>	<b>1,088,898</b>	<b>242,721</b>
Value readjustments	79,705	4,490
Gains on realisation of investments	489,728	191,674
<b>Investment income in total</b>	<b>1,658,331</b>	<b>438,885</b>
<b>INVESTMENT CHARGES</b>		
Charges arising from investments in land and buildings	–98,033	–12,852
Charges arising from other investments	–58,605	–57,509
Interest and other expenses on liabilities	–23,722	–2,304
<b>Total</b>	<b>–180,361</b>	<b>–72,664</b>
Value adjustments and depreciations		
Value adjustments on investments	–114,867	–38,131
Planned depreciation on buildings	–84,188	–9,937
	–199,055	–48,068
Losses on realisation of investments	–3,467	–357
<b>Investment charges in total</b>	<b>–382,882</b>	<b>–121,089</b>
Net investment income before unrealised gains and losses on investments	1,275,449	317,795
Unrealised gains on investments	–	2,948
Unrealised losses on investments	–1,050	–
<b>NET INVESTMENT INCOME</b>	<b>1,274,399</b>	<b>320,743</b>
Share of unit-linked insurance of net investment income	–	1,696
Avoir fiscal tax credit included in income from dividends	72,012	8,692
Items included in other income and charges from other investments		
Exchange rate gains	201,188	29,140
Exchange rate losses	3,497	51,020



## 6 GROUP TAX, ACCRUED TAX SURPLUS AND UNUSED CREDIT

FIM '000	Tax		Accrued tax surplus		Unused credit	
	1997	1996	1997	1996	1997	1996
Sampo Insurance Company Limited	84,687	65,455	48,639	35,878	36,550	35,963
Industrial Insurance Company Ltd	97,345	48,623	159,159	84,955	–	–
Sampo Enterprise Insurance Company Limited	17,618	19,170	32,606	26,632	–	–
Otso Loss of Profits Insurance Company Ltd	24,583	31,250	28,424	17,413	–	–
Insurance Company of Finland Limited	4,248	4,212	2,633	2,633	–	–
Sampo Life Insurance Company Limited	9,691	–	–	–	1,639	–
Other	13,140	–990	686	160	2,964	2,964
Group companies in total	251,312	167,719	272,146	167,615	41,153	38,926
Avoir fiscal tax credit on subsidiaries' and associated undertakings' dividends	–70,698	–55,167				
Change in deferred tax	–11,396	–2,039				
Tax in the Profit and Loss Account	169,217	110,513				

## 7 INCOME AND CHARGE ITEMS IMPACTING THE COMPARABILITY OF THE RESULT

FIM '000	Group		Parent Company	
	1997	1996	1997	1996
Changes in the calculation bases of technical provisions				
Increased life expectancy	–105,244	–	–46,521	–
Other	–32,952	–21,759	–	–
	–138,196	–21,759	–46,521	–
Reinsurers' share	3,298	3,237	–	–
Change in equalisation provision	134,898	–	46,521	–
Calculation bases of equalisation provision	17,032	–	–	–
Impact on result	17,032	–18,522	–	–

## 8 CHANGES IN INTANGIBLE AND TANGIBLE ASSETS 1997

FIM '000	Intangible rights and long-term expenses	Goodwill Consolidation difference Negative consol. difference	Equipment	Total
<b>GROUP</b>				
Acquisition cost, Jan. 1	667,768	582,176	678,365	1,928,310
Portfolio transfer	16,582	–	9,031	25,613
Increase	103,553	–13,881	62,505	152,176
Decrease	–177,626	–	–221,026	–398,652
Acquisition cost, Dec. 31	610,278	568,295	528,875	1,707,447
Accumulated depreciation according to plan, Jan. 1	405,997	177,650	466,751	1,050,398
Portfolio transfer	5,155	–	6,204	11,359
Depreciation according to plan	68,053	58,358	69,067	195,477
Decrease	–175,765	–	–218,018	–393,784
Accumulated depreciation according to plan, Dec. 31	303,439	236,008	324,004	863,451
Acquisition cost after depreciation according to plan, Dec. 31	306,838	332,288	204,871	843,997
Accumulated depreciation in excess of the plan, Jan. 1	28,941	3,171	–6,029	26,083
Portfolio transfer	520	–	387	907
Depreciation above/below plan	–5,675	–	11,399	5,724
Decrease	–73	–	–878	–951
Accumulated depreciation in excess of the plan, Dec. 31	23,714	3,171	4,879	31,764
Net expenditures after total depreciation, Dec. 31	283,124	329,117	199,993	812,233
<b>PARENT COMPANY</b>				
Acquisition cost, Jan. 1	494,363	614,759	554,678	1,663,800
Acquisitions	74,154	–	36,769	110,922
Decrease	–129,986	–	–200,382	–330,368
Acquisition cost, Dec. 31	438,531	614,759	391,065	1,444,355
Accumulated depreciation according to plan, Jan. 1	318,290	90,596	403,495	812,381
Depreciation according to plan	48,723	29,120	47,563	125,405
Decrease	–129,986	–	–200,005	–329,991
Accumulated depreciation according to plan, Dec. 31	237,027	119,716	251,052	607,795
Acquisition cost after depreciation according to plan, Dec. 31	201,504	495,043	140,013	836,560
Accumulated depreciation in excess of the plan, Jan. 1	27,263	–	–13,122	14,140
Depreciation above/below plan	–6,132	–	8,556	2,424
Decrease	–	–	378	378
Accumulated depreciation in excess of the plan, Dec. 31	21,130	–	–4,188	16,942
Net expenditures after total depreciation, Dec. 31	180,373	495,043	144,202	819,618



GROUP: CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS

FIM '000	Remaining acquisition cost	Non-life insurance Book value	Current value	Remaining acquisition cost	Life insurance Book value	Current value
Investments in land and buildings						
Land and buildings	2,197,500	2,754,560	3,277,049	451,121	501,931	546,270
Real estate shares	711,140	711,140	761,791	150,800	150,800	150,800
	2,908,640	3,465,700	4,038,839	601,921	652,731	697,070
Associated undertakings						
Shares and participations	745,948	867,256	886,004	–	–	–
Debt securities	50,000	50,000	52,155	–	–	–
	795,948	917,256	938,159	–	–	–
Other investments						
Shares and participations	4,414,664	4,414,664	8,486,896	1,379,273	1,379,273	1,668,826
Debt securities	3,373,166	3,373,945	3,553,208	1,452,984	1,452,984	1,562,284
Loans guaranteed by mortgages	378,872	378,872	378,872	6,131	6,131	6,131
Other loans	289,461	289,461	289,461	12,688	12,688	12,688
Deposits with credit institutions	631,476	631,476	631,476	188,962	188,962	188,962
	9,087,638	9,088,417	13,339,912	3,040,039	3,040,039	3,438,892
Deposits with ceding undertakings	158,532	158,532	158,532	255,297	255,297	255,297
	12,950,757	13,629,904	18,475,442	3,897,257	3,948,068	4,391,259
The remaining acquisition cost of debt securities comprises that difference between the amount repayable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (–).	–6,168			–6,242		
Book value comprises						
Revaluations entered as income		323,452			47,370	
Revaluations entered in revaluation reserve		234,387			3,440	
		557,839			50,810	
Valuation difference (difference between current value and book value)			4,845,537			443,192

CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS

FIM '000	Remaining acquisition cost	1997 Book value	Current value	Remaining acquisition cost	1996 Book value	Current value
<b>PARENT COMPANY</b>						
Investments in land and buildings						
Land and buildings	537,127	1,036,616	1,169,020	549,186	1,053,776	1,166,890
Shares in affiliated undertakings	200,729	200,729	236,608	200,729	200,729	236,608
Other real estate shares	647,220	647,220	684,550	638,655	638,655	672,749
Loans to affiliated undertakings	98,808	98,808	98,808	87,420	87,420	87,420
	1,483,884	1,983,373	2,188,986	1,475,990	1,980,581	2,163,668
Affiliated undertakings						
Shares and participations	1,048,611	1,048,611	5,736,501	958,282	958,282	4,706,905
Associated undertakings						
Shares and participations	597,806	597,806	658,749	521,641	521,641	524,350
Debt securities	–	–	–	30,000	30,000	31,584
Loans to associated undertakings	–	–	–	15	15	15
	597,806	597,806	658,749	551,655	551,655	555,948
Other investments						
Shares and participations	1,620,994	1,620,994	2,229,227	1,310,545	1,310,545	1,584,108
Debt securities	647,185	647,185	684,409	1,031,156	1,031,156	1,072,671
Loans guaranteed by mortgages	172,481	172,481	172,481	204,653	204,653	204,653
Other loans	118,042	118,042	118,042	148,901	148,901	148,901
Deposits with credit institutions	31,500	31,500	31,500	41,530	41,530	41,530
	2,590,203	2,590,203	3,235,660	2,736,786	2,736,786	3,051,864
Deposits with ceding undertakings	1,898	1,898	1,898	2,255	2,255	2,255
	5,722,401	6,221,889	11,821,793	5,724,969	6,229,560	10,480,640
The remaining acquisition cost of debt securities comprises that difference between the amount repayable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (–)	–5,289			–9,764		
Book value comprises						
Revaluations entered as income		326,856			331,958	
Revaluations entered in revaluation reserve		172,633			172,633	
		499,488			504,590	
Valuation difference (difference between current value and book value)			5,599,904			4,251,080

## 10 CHANGES IN INVESTMENTS IN LAND AND BUILDINGS

FIM '000	1997		1996	
	Buildings	Land and waters and real estate shares	Buildings	Land and waters and real estate shares
<b>GROUP</b>				
Acquisition cost, Jan. 1	2,709,249	1,331,500	2,680,988	1,382,281
Portfolio transfer	411,583	114,848	–	–
Increase	61,837	212,438	93,630	26,702
Decrease	–3,624	–11,754	–91,739	–77,483
Acquisition cost, Dec. 31	3,179,045	1,647,032	2,682,879	1,331,500
Unrealised gains on investments, Jan. 1	405,603	218,377	421,653	223,744
Portfolio transfer	40,440	15,000	–	–
Increase	–	–	–	633
Decrease	–	–11,050	–16,050	–6,000
Unrealised gains on investments, Dec. 31	446,043	222,327	405,603	218,377
Accumulated depreciation according to plan/value adjustments, Jan. 1	920,279	255,636	828,800	260,336
Portfolio transfer	96,909	–	–	–
Change in group structure	–1,054	5,000	9,710	–
Depreciation according to plan/value adjustments and value readjustments	100,818	–	105,586	13,800
Decrease	–1,573	–	–30,661	–18,500
Accumulated depreciation according to plan/value adjustments, Dec. 31	1,115,380	260,636	913,435	255,636
Book value after depreciation according to plan/value adjustments, Dec. 31	2,509,709	1,608,723	2,175,048	1,294,241
Accumulated depreciation in excess of the plan, Jan. 1	119,793		135,176	
Portfolio transfer	–212		–	
Change in group structure	16		838	
Depreciation above/below plan	–13,383		–12,676	
Decrease	116		–3,545	
Accumulated depreciation in excess of the plan, Dec. 31	106,329		119,793	
Value of buildings after total depreciation, Dec. 31	2,403,379		2,055,255	

## LAND AND BUILDINGS OCCUPIED FOR OWN ACTIVITIES

FIM '000	Group	
	1997	1996
Remaining acquisition cost	580,893	567,168
Book value	804,596	769,512
Current value	964,210	910,766
Management expenses (directly allocated)	23,411	23,246

## REAL ESTATE COMPANIES OF THE GROUP

Number of companies	59	45
Profit/loss for the financial year in total	4,601	9,718
Capital and reserves in total	844,495	644,499

## CHANGES IN INVESTMENTS IN LAND AND BUILDINGS

FIM '000	Buildings	1997 Land and waters and real estate shares	Loans to affiliated undertakings	Buildings	1996 Land and waters and real estate shares	Loans to affiliated undertakings
<b>PARENT COMPANY</b>						
Acquisition cost, Jan. 1	829,059	1,154,310	87,420	832,346	1,191,666	73,710
Increase	8,136	20,046	22,000	11,856	14,917	30,757
Decrease	-1,914	-7,294	-10,613	-15,144	-52,273	-17,047
Acquisition cost, Dec. 31	835,281	1,167,062	98,808	829,059	1,154,310	87,420
Unrealised gains on investments, Jan. 1	336,300	192,733	-	344,500	192,900	-
Increase	-	-	-	-	633	-
Decrease	-	-	-	-8,200	-800	-
Unrealised gains on investments, Dec. 31	336,300	192,733	-	336,300	192,733	-
Accumulated depreciation according to plan/value adjustments, Jan. 1	331,841	287,400	-	297,278	277,500	-
Depreciation according to plan/value adjustments and value readjustments	28,989	-	-	42,346	23,400	-
Decrease	-1,418	-	-	-7,782	-13,500	-
Accumulated depreciation according to plan/value adjustments, Dec. 31	359,411	287,400	-	331,841	287,400	-
Book value after depreciation according to plan/value adjustments, Dec. 31	812,170	1,072,395	98,808	833,518	1,059,642	87,420
Accumulated depreciation in excess of the plan, Jan. 1	60,423	-	-	65,037	-	-
Depreciation above/below plan	-1,375	-	-	-3,737	-	-
Decrease	116	-	-	-877	-	-
Accumulated depreciation in excess of the plan, Dec. 31	59,164	-	-	60,423	-	-
Value of buildings after total depreciation, Dec. 31	753,006	-	-	773,095	-	-

## LAND AND BUILDINGS OCCUPIED FOR OWN ACTIVITIES

FIM '000	Parent Company	
	1997	1996
Remaining acquisition cost	215,057	205,034
Book value	371,752	374,162
Current value	441,166	436,837

## 11 GROUP'S SHARES AND PARTICIPATIONS

Name of company	No. of shares	Holding %	Votes %	Currency	Par value FIM '000	Book value FIM '000	Profit/loss for the financial year FIM '000	Capital and reserves FIM '000
<b>Affiliated undertakings</b>								
Capsam Consulting Ltd	1,600	40.00	60.00		160	800	213	2,213
Patria Reinsurance Company Limited	50,000	100.00	100.00		50,000	83,760	-5,871	66,904
Otso Loss of Profits Insurance Company Ltd <sup>1)</sup>	900,000	100.00	100.00		90,000	120,503	46,772	219,461
Lakewood Insurance Company Ltd	11,250,000	100.00	100.00	GBP	11,250	17,282	-465	19,284
Oy Finnish Captive and Risk Services Ltd	800	80.00	80.00		80	80	21	392
Oy Haveri Ab	20	100.00	100.00		2	9	-	2
Oy Imico Insurance Systems Ab	200	100.00	100.00		200	1,002	1,131	2,289
Risk Management Ltd	400	100.00	100.00		4,000	4,000	-1,317	2,892
Sampo Holdings (UK) Ltd	10,000	100.00	100.00	GBP	100	163,278	8,600	228,878
Sampo Industrial Holding B.V.	45,000	100.00	100.00	NLG	45,000	116,886	6,498	116,886
Sampo Industrial Insurance N.V.	1,050,000	100.00	100.00	NLG	105,000	434,154	15,160	272,964
Sampo Industriförsäkring AB	30,000	100.00	100.00	SEK	3,000	7,608	148	4,820
Sampo Kindlustuse AS	1,800	100.00	100.00	EEK	18,000	6,840	112	5,201
Insurance Company of Finland Ltd <sup>1)</sup>	150,000	100.00	100.00		15,000	69,240	11,359	90,986
Industrial Insurance Company Ltd <sup>1)</sup>	500,000	100.00	100.00		50,000	249,850	259,437	784,042
Teva Holding B.V.	45,000	100.00	100.00	NLG	45,000	154,412	4,094	135,917
Sampo Life Insurance Company Limited <sup>1)</sup>	603,100	80.50	66.66		60,310	142,703	26,974	182,254
ST International Insurance Company Limited	9,000,000	100.00	100.00		45,000	101,438	7,248	70,964
Sampo Enterprise Insurance Company Limited <sup>1)</sup>	500,000	100.00	100.00		50,000	299,900	43,270	419,468
<b>TOTAL</b>						1,973,745		
<b>Associated undertakings</b>								
Autovahinkokeskus Oy	2,559	35.54	35.54		6,398	5,869	16	16,546
Sampo Finance Ltd	800,000	50.00	50.00		40,000	79,278	6,284	160,940
Nova Life Insurance Company Ltd <sup>1)</sup>	15,625	25.00	25.00		15,625	125,718	124,874	502,874
Kaleva Mutual Insurance Company <sup>1) 2)</sup>	25,000	50.00	25.00		25,000	25,639	22,199	149,565
Kansalliset Liikekiinteistöt Oy <sup>1)</sup>	291	34.73	34.73		291,000	285,568	11,000	849,560
PCA Corporate Finance Ltd	372	27.11	27.11		372	545	7	2,009
Rakennus Oy Leo Heinänen	384	20.00	20.00		384	1,168	-1,669	5,837
Suomen Oikeuspalvelu Oy <sup>1) 3)</sup>	3,400	20.00	20.00		340	270	-37	2,348
Finnish Loss Survey Ltd	3,334	33.34	33.34		3,334	3,011	2,956	9,032
Unsa Oy	2,267,831	39.90	39.90		226,783	325,239	268,600	807,393
Vahinkopalvelu Oy	360	20.00	20.00		144	861	1,433	4,307
Insurance Company Sampo Pension Ltd <sup>1)</sup>	1,409	46.97	33.56		14,090	14,090	-11,741	16,021
<b>TOTAL</b>						867,256		

Group share of the 5.4 million shares of Sampo Insurance Company Limited owned by Unsa has not been eliminated in the accounting pertaining to associated undertakings. The profit of FIM 268.6 million of Unsa comprises FIM 200.3 million of value readjustments on Sampo shares. The share of the Sampo Insurance Group on the company's result is FIM 82.1 million.

<sup>1)</sup> Figures at group level <sup>2)</sup> Share of guarantee capital <sup>3)</sup> Financial year June 1, 1996–May 31, 1997

### Other shares and participations

#### Public companies

Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
<b>Banking and finance</b>						
Interbank Ltd	1,068,600	9.68	7.70	10,686	10,915	14,915
Merita Oyj	15,253,766	1.84	1.96	152,538	289,193	454,388
<b>Transport and traffic</b>						
Finnair Oyj	2,751,697	3.32	3.32	13,758	63,031	121,075
Finnlines Oy	1,660,000	8.51	8.51	16,600	94,157	360,220
Silja Oy Ab	1,260,391	5.78	6.33	25,208	31,732	31,732



Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
Trade						
Kesko Oy	1,776,000	1.97	–	17,760	94,823	153,091
Oy Stockmann Ab	454,500	3.15	3.39	9,090	47,731	158,805
Tamro Corporation	5,620,700	6.38	6.38	56,207	144,164	168,059
Other services						
Novo Group Plc	96,800	1.53	1.53	484	12,220	12,390
Metal industry						
Fiskars Oy Abp	253,275	3.45	4.85	7,598	31,789	150,791
KCI Konecranes International Plc	179,000	1.19	1.19	1,432	12,172	32,220
Kone Corporation	73,500	1.09	0.43	3,675	36,185	48,510
Metra Corporation	2,428,250	4.50	6.70	48,565	127,925	311,881
Outokumpu Oyj	1,490,200	1.20	1.20	14,902	98,935	99,098
Partek Corporation	3,055,103	6.30	6.30	30,551	148,079	259,684
Rauma Oy	1,153,559	2.18	2.18	11,536	98,053	98,053
Rautaruukki Oy	4,028,564	3.02	3.02	40,286	160,303	177,257
Santasalo-Jot Oy	477,000	4.63	4.63	4,770	16,771	39,305
Valmet Corporation	2,361,600	3.02	3.02	23,616	166,743	177,592
Forestry						
Enso Oyj	8,965,966	2.88	5.65	89,660	309,833	380,628
Metsä-Serla Corporation	2,336,930	1.68	4.86	23,369	59,227	96,319
UPM-Kymmene Corporation	10,042,087	3.71	3.71	100,421	423,450	1,094,587
Conglomerates						
Aspoyhtymä Oy	452,000	9.85	9.85	4,520	70,728	103,960
Instrumentarium Corporation	390,000	1.93	2.47	3,900	59,475	74,100
Kyro Corporation	329,600	0.83	0.83	330	9,799	10,382
Suunto Oyj	523,000	9.69	9.69	2,615	24,080	28,504
Energy						
Espoon Sähkö Oyj	865,000	5.50	5.50	1,730	63,659	103,800
Food industry						
Cultor Corporation	1,219,200	5.24	5.99	14,630	198,159	360,592
Oy Hartwall Ab	58,800	0.49	0.15	294	5,442	26,460
Huhtamäki Oy	859,650	2.89	3.71	17,193	144,152	190,565
Construction industry						
YIT Corporation	550,000	1.88	1.88	5,500	33,338	33,825
Datacommunications and electronics						
Elcoteq Network Corporation	181,200	0.78	0.15	3,624	12,412	12,412
Helsinki Telephone Corporation	204,250	0.43	0.12	1,021	17,236	25,123
Nokia Corporation	4,733,476	1.58	4.62	23,667	424,796	1,845,790
Vaisala Oy	95,000	2.22	0.46	950	30,041	43,700
Chemical industry						
Asko Oyj	1,787,000	5.06	5.06	17,870	88,224	173,339
Kemira Oyj	4,487,000	3.48	3.48	44,870	213,233	231,081
Neste Group	1,206,000	1.22	1.22	12,060	108,162	159,192
Orion Corporation	1,120,000	1.60	2.86	11,200	153,173	161,280
Communications and publishing						
Aamulehti Group	236,465	2.46	3.43	2,365	41,477	44,260
Other industries						
Nokian Tyres Limited	235,000	2.29	2.29	2,350	17,166	40,655
Tamfelt Corp.	558,718	8.41	7.51	5,587	22,576	108,967
<b>Total</b>					4,214,759	8,218,587
Other public companies					27,811	32,215
<b>Public companies in total</b>					4,242,570	8,250,802

Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
<b>Other companies</b>						
Ab Chips Oy Ltd	80,000	2.39	0.21	800	23,283	32,800
Sato-Yhtymä Oy	227,419	10.35	10.35	2,274	52,632	99,182
Kustannusosakeyhtiö Otava	36,300	3.46	3.46	726	10,507	12,701
Oy Realinvest Ab	800,000	2.33	2.33	20,000	20,160	20,696
Oy G.W. Sohlberg Ab	240,000	8.89	4.22	9,600	25,400	25,400
Vasa-Sijoituskiinteistöt Oy	100,000	10.00	10.00	10,000	10,000	10,000
<b>Warrants</b>						
Stockmann Oy warrant 94/A-C	225,000	–	–		14,309	14,309
<b>Unit trusts</b>						
Alfred Berg Mark Unit Trust	390,245	–	–	–	40,000	41,421
Erikoissijoitusrahasto Phalanx	995,025	–	–	–	10,000	10,189
Mutual Fund Evli Interest	92,473	–	–	–	10,000	10,680
Evli Nordic Smaller Companies	245,485	–	–	–	24,649	24,863
Evli Select	443,390	–	–	–	15,747	18,693
Gyllenberg European	40,000	–	–	–	20,000	21,830
Gyllenberg International	16,545	–	–	–	9,181	12,415
Gyllenberg Money Manager	39,824	–	–	–	19,999	21,153
Sijoitusrahasto Arctos Julkisyhteisö	245,483	–	–	–	25,000	28,265
Sponsor Fund I Ky	233	6.67	–	11,650	11,691	11,691
<b>Total</b>					342,557	416,288
Other shares and participations					112,664	131,733
<b>Domestic shares and participations in total</b>					4,697,791	8,798,822

Holdings exceeding FIM 10 million specified.

#### Foreign shares and participations

##### Public companies

Name of company	Country	No. of shares	Holding %	Par value Currency	Book value FIM '000	Current value FIM '000
<b>Financial services</b>						
<b>Banking</b>						
ABN-AMRO Holdings NV	Holland	34,500	–	156,250	12,406	13,263
Commerzbank AG	Germany	245,800	0.05	1,229,000	37,762	52,091
Federal National Mortgage Association	USA	105,300	0.01	–	16,914	32,571
Hansapank	Estonia	10,800	0.03	108,000	572	572
Internationale Nederlande Bank	Holland	28,000	–	28,000	5,662	6,423
Nordbanken Holding Ab	Sweden	749,000	0.41	5,243,000	18,404	23,080
Societe Generale	France	60,900	0.06	1,827,000	34,820	45,174
SBG (Schweizerische Bankgesellschaft)	Switzerland	480	–	48,000	2,973	3,777
<b>Insurance</b>						
AXA UAP	France	95,308	0.03	5,718,480	30,171	40,151
Zuerich Insurance	Switzerland	1,080	–	10,800	2,364	2,801
<b>Energy</b>						
<b>Oil</b>						
British Petroleum Co.	UK	350,000	0.01	87,500	17,112	25,209
Elf Aquitaine	France	66,100	0.02	3,305,000	28,442	41,856
Mobil Corp.	USA	57,400	0.01	57,400	15,009	22,461
Royal Dutch Petroleum Co. NV	Holland	17,200	–	41,875	8,924	10,015

Name of company	Country	No. of shares	Holding %	Par value Currency	Book value FIM '000	Current value FIM '000
<b>Electricity</b>						
Veba AG	Germany	136,450	0.03	682,250	31,980	50,605
<b>Data communications services</b>						
British Telecommunications Plc	UK	650,000	0.01	162,500	19,193	27,982
Royal PTT Nederland NV	Holland	29,600	0.01	296,000	5,806	6,726
Tele Danmark A/S	Denmark	66,200	0.11	662,000	19,206	22,362
<b>Transport</b>						
British Airport Authorities Plc	UK	430,000	0.04	430,000	18,084	19,391
Bergesen D-Y Asa	Norway	135,500	0.26	338,750	17,022	17,433
<b>Consumables</b>						
<b>Motor industry</b>						
Volkswagen AG	Germany	6,800	0.03	340,000	15,681	15,873
Volvo AB	Sweden	105,650	0.04	633,900	14,918	15,444
<b>Food industry</b>						
Carlsberg	Denmark	31,000	0.11	620,000	8,593	9,067
Diageo Plc	UK	587,500	0.01	146,875	22,307	29,584
Heineken NV	Holland	4,000	0.02	220,000	7,862	8,344
LVMH Moet-Hennessy Louis Vuitton	France	15,340	0.02	153,400	13,650	13,863
Nestle SA	Switzerland	2,125	0.01	21,250	13,216	17,331
Orkla Asa	Norway	19,000	0.05	475,000	7,988	8,921
Unilever NV	Holland	27,200	–	27,200	6,456	9,133
<b>Medical industry</b>						
Astra Ab	Sweden	244,666	0.08	305,833	21,470	22,417
Bayer AG	Germany	176,600	0.03	883,000	26,863	35,688
Bristol-Myers Squibb Co.	USA	72,500	0.01	7,250	30,552	37,188
Glaxo Wellcome Plc	UK	216,000	0.01	54,000	17,588	27,930
Roche Holding AG	Switzerland	376	0.01	–	12,598	20,320
Yamanouchi Pharmaceutical Co.	Japan	202,000	0.06	10,100,000	20,047	23,597
<b>Publishing and communications</b>						
Elsevier NV	Holland	156,600	0.03	23,260	18,659	20,493
Polygram NV	Holland	16,500	0.01	8,250	4,134	4,299
<b>Retailing</b>						
Hennes & Mauritz Ab	Sweden	86,500	0.05	86,500	17,486	20,778
Ito-Yokado Co.	Japan	88,000	0.02	4,400,000	23,582	24,415
Koninklijke Ahold NV	Holland	99,200	0.03	81,650	20,052	23,204
Marks & Spencer Plc	UK	727,000	0.03	181,750	28,951	39,223
<b>Wholesaling</b>						
Hagemeyer NV	Holland	35,700	0.03	89,250	8,577	8,122
<b>Leisure industry</b>						
Walt Disney Co.	USA	35,000	0.01	875	13,913	18,783
<b>Other consumables</b>						
BIC	France	51,880	0.09	1,297,000	18,032	20,617
Gillette Co.	USA	66,700	0.01	66,700	31,244	36,314
L'Oreal	France	10,000	0.02	100,000	17,639	21,303
Sony Corp.	Japan	64,000	0.02	3,200,000	24,803	30,973
<b>Other services</b>						
Sophus Berendsen A/S	Denmark	22,233	0.11	444,660	17,261	19,968
<b>Capital goods</b>						
<b>Electric industry</b>						
ABB Ab	Sweden	277,300	0.04	1,386,500	17,753	17,889
Philips Electronics	Holland	15,500	–	155,000	5,304	5,063
<b>Electronics industry</b>						
General Electric Co.	UK	767,150	0.02	38,358	21,489	27,317
General Electric Co. (U.S.)	USA	75,100	–	12,016	17,298	29,871
Hitachi Cable	Japan	870,000	0.23	43,500,000	30,416	30,416
Intel Corp.	USA	47,500	–	48	17,699	18,088
Kyocera Corp.	Japan	59,000	0.03	2,950,000	14,572	14,572

Name of company	Country	No. of shares	Holding %	Par value Currency	Book value FIM '000	Current value FIM '000
<b>Mechanical engineering industry</b>						
Kvaerner As	Norway	63,300	0.66	791,250	15,699	16,054
Mannesmann AG	Germany	16,100	0.04	805,000	27,201	44,015
Mitsubishi Heavy Industry Ltd	Japan	1,457,000	0.04	72,850,000	33,068	33,068
<b>Basic industry</b>						
<b>Construction industry</b>						
Bilfinger & Berger Bau AG	Germany	45,000	0.12	255,000	7,738	7,738
EMV Aktsia	Estonia	16,467	0.35	164,670	238	238
Hochtief AG	Germany	27,500	0.04	137,500	5,436	6,161
Skanska Ab	Sweden	76,000	0.07	912,000	16,819	16,978
<b>Chemical industry</b>						
Air Liquide	France	5,800	0.01	406,000	4,852	4,942
Akzo Nobel	Holland	11,200	0.02	224,000	8,454	10,517
<b>Public companies in total</b>					1,070,984	1,330,059
<b>Unit trusts</b>						
Citimarkets Global Emerging Markets	USA	13,289	–	–	10,312	11,109
Placement Obligation	France	50	–	–	517	707
Portugal Property Fund	Portugal	40,000	–	–	1,518	1,518
Primerus France Etat Long Term	France	1,320	–	–	1,180	1,691
WD Power Investment Ky	Finland	1	21.74	–	5,620	5,801
<b>Unit trusts in total</b>					19,147	20,826
Other shares and participations					6,015	6,015
<b>Foreign shares and participations in total</b>					1,096,146	1,356,900

Distribution complying with the FT/S&P world index

## 12 PARENT COMPANY'S SHARES AND PARTICIPATIONS

Name of company	No. of shares	Holding %	Votes %	Currency	Par value FIM '000	Book value FIM '000	Profit/loss for the financial year FIM '000	Capital and reserves FIM '000
<b>Subsidiaries</b>								
Capsam Consulting Ltd	1,600	40.00	60.00		160	800	213	2,213
Otso Loss of Profits Insurance Company Ltd <sup>1)</sup>	810,000	90.00	90.00		81,000	70,577	46,772	219,461
Risk Management Ltd	400	100.00	100.00		4,000	4,000	-1,317	2,892
Sampo Holdings (UK) Ltd	10,000	100.00	100.00	GBP	100	163,278	8,600	228,878
Insurance Company of Finland Ltd <sup>1)</sup>	150,000	100.00	100.00		15,000	69,240	11,359	90,986
Industrial Insurance Company Ltd <sup>1)</sup>	500,000	100.00	100.00		50,000	249,850	259,437	784,042
Sampo Life Insurance Company Limited <sup>1)</sup>	378,370	50.50	33.33		37,837	89,528	26,974	182,254
ST International Insurance Company Limited	9,000,000	100.00	100.00		45,000	101,438	7,248	70,964
Sampo Enterprise Insurance Company Limited <sup>1)</sup>	500,000	100.00	100.00		50,000	299,900	43,270	419,468
<b>TOTAL</b>						1,048,611		
<b>Associated undertakings</b>								
Autovahinkokeskus Oy	2,538	35.25	35.25		6,345	6,332	16	16,546
Sampo Finance Ltd <sup>1)</sup>	800,000	50.00	50.00		40,000	75,000	6,284	160,940
Kansalliset Liikekiinteistöt Oy <sup>1)</sup>	291	34.73	34.73		291,000	285,568	11,000	849,600
Kaleva Mutual Insurance Company <sup>1) 2)</sup>	15,000	30.00	15.00		15,000	15,479	22,199	149,565
Suomen Oikeuspalvelu Oy <sup>1) 3)</sup>	3,400	20.00	20.00		340	140	-37	2,348
Finnish Loss Survey Ltd	3,314	33.14	33.14		3,314	3,314	2,956	9,032
Unsa Oy	1,714,103	30.16	30.16		171,410	197,343	268,600	807,393
Vahinkopalvelu Oy	360	20.00	20.00		144	540	1,433	4,307
Insurance Company Sampo Pension Ltd <sup>1)</sup>	1,409	46.97	33.56		14,090	14,090	-11,741	16,021
<b>TOTAL</b>						597,806		

<sup>1)</sup> Figures at group level    <sup>2)</sup> Share of guarantee capital    <sup>3)</sup> Accounting period June 1, 1996–May 31, 1997

Other shares and participations

Public companies						
Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
<b>Banking and finance</b>						
Merita Oyj	9,969,000	1.20	1.29	99,690	210,286	297,076
<b>Transport and traffic</b>						
Finnair Oyj	500,000	0.60	0.60	2,500	13,279	22,000
Finnlines Oy	200,000	1.03	1.03	2,000	22,891	43,400
<b>Trade</b>						
Kesko Oy	450,000	0.50	–	4,500	20,173	38,790
Oy Stockmann Ab	100,000	0.69	1.12	2,000	9,726	35,500
Tamro Corporation	3,500,000	3.97	3.97	35,000	104,650	104,650
<b>Metal industry</b>						
Fiskars Oyj Abp	60,443	0.82	2.07	1,813	5,811	36,266
Metra Corporation	280,000	0.52	1.41	5,600	16,066	36,090
Outokumpu Oyj	192,000	0.15	0.15	1,920	12,768	12,768
Partek Corporation	270,100	0.56	0.56	2,701	17,355	22,959
Rauma Oy	159,237	0.30	0.30	1,592	13,535	13,535
Rautaruukki Oy	721,000	0.54	0.54	7,210	28,452	31,724
Valmet Corporation	500,000	0.64	0.64	5,000	36,121	37,600
<b>Forestry</b>						
Enso Oyj	1,835,000	0.59	1.07	18,350	76,560	77,862
UPM-Kymmene Corporation	1,050,000	0.39	0.39	10,500	73,090	114,450
<b>Conglomerates</b>						
Aspoymä Oy	100,000	2.18	2.18	1,000	15,341	23,000
Instrumentarium Corporation	100,000	0.50	0.63	1,000	13,474	19,000
Suunto Oy	280,000	5.19	5.19	1,400	10,837	15,260
<b>Energy</b>						
Espoon Sähkö Oyj	100,000	0.64	0.64	200	8,321	12,000
<b>Food industry</b>						
Cultor Corporation	299,200	1.29	1.07	3,590	67,617	88,422
Huhtamäki Oy	14,100	0.47	0.84	2,820	29,529	31,059
<b>Data communications and electronics</b>						
Nokia Corporation	430,000	0.14	0.40	2,150	115,074	167,595
<b>Chemical industry</b>						
Asko Oyj	1,300,000	3.68	3.68	13,000	58,364	126,100
Kemira Oyj	850,000	0.66	0.66	8,500	40,926	43,775
Neste Group	250,000	0.25	0.25	2,500	21,035	33,000
Orion Corporation	462,000	0.66	1.16	4,620	64,080	66,528
<b>Total</b>					1,105,361	1,550,409
Other public companies					20,292	35,088
<b>Public companies in total</b>					1,125,653	1,585,497
<b>Other companies</b>						
Sato-Yhtymä Oy	131,152	5.97	5.97	1,312	35,562	57,198
Oy G.W. Sohlberg Ab	240,000	8.89	4.22	9,600	25,400	25,400
<b>Unit trusts</b>						
Evli Nordic Smaller Companies	100,000	–	–	–	10,000	10,087
Sponsor Fund I KY	233	6.67	–	11,650	11,691	11,691
<b>Total</b>					82,653	104,376
Other shares and participations		29,629	29,808			
<b>Domestic shares and participations in total</b>					1,237,935	1,719,681

## Foreign shares and participations

### Public companies

Name of company	Country	No. of shares	Holding %	Par value Currency	Book value FIM '000	Current value FIM '000
<b>Financial services</b>						
<b>Banking</b>						
Commerzbank AG	Germany	111,500	0.02	557,500	12,976	23,630
Federal National Mortgage Association	USA	50,000	0.01	–	6,415	15,466
Nordbanken Holding Ab	Sweden	245,000	0.13	1,715,000	5,610	7,550
Societe Generale	France	29,300	0.03	879,000	16,255	21,734
<b>Insurance</b>						
AXA UAP	France	45,608	0.01	2,736,480	13,456	19,213
<b>Energy</b>						
<b>Oil</b>						
British Petroleum Co.	UK	140,000	–	35,000	5,028	10,084
Elf Aquitaine	France	33,100	0.01	1 655,000	14,635	20,960
Mobil Corp.	USA	30,600	–	30,600	7,560	11,974
<b>Electricity</b>						
Veba AG	Germany	57,250	0,01	286,250	12,219	21,232
<b>Data communications services</b>						
British Telecommunications Plc	UK	240,000	–	60,000	6,706	10,332
Tele Danmark A/S	Denmark	17,800	0.03	178,000	4,867	6,013
<b>Transport</b>						
British Airport Authorities Plc	UK	180,000	0.02	180,000	7,800	8,117
Bergesen D-Y Asa	Norway	41,000	0.08	102,500	5,053	5,275
<b>Consumables</b>						
<b>Motor industry</b>						
Volvo AB	Sweden	30,900	0.01	185,400	4,351	4,517
<b>Food industry</b>						
Diageo Plc	UK	287,500	0.01	71,875	10,439	14,477
Heineken NV	Holland	4,000	0.01	100,000	3,793	3,793
LVMH Moet-Hennessy Louis Vuitton	France	8,500	0.01	85,000	7,546	7,681
Nestle SA	Switzerland	725	–	7,250	4,950	5,913
<b>Medical industry</b>						
Astra Ab	Sweden	68,666	0.02	85,833	5,577	6,291
Bayer AG	Germany	81,500	0.01	407,500	10,741	16,470
Bristol-Myers Squibb Co.	USA	49,900	0.01	4,990	24,337	25,595
Glaxo Wellcome Plc	UK	92,000	–	23,000	5,890	11,896
Roche Holding AG	Switzerland	208	–	–	6,677	11,241
Yamanouchi Pharmaceutical Co.	Japan	82,000	0.02	4,100,000	8,033	9,579
<b>Publishing and communications</b>						
Elsevier NV	Holland	45,000	0.01	4,500	3,674	3,965
<b>Retailing</b>						
Koninklijke Ahold NV	Holland	50,000	0.01	25,000	6,797	7,105
Hennes & Mauritz Ab	Sweden	28,300	0.02	28,300	4,533	6,798
Ito-Yokado Co.	Japan	40,000	0.01	2,000,000	10,512	11,098
Marks & Spencer Plc	UK	330,000	0.01	82,500	11,844	17,804
<b>Other consumables</b>						
BIC	France	19,000	0.03	475,000	6,462	7,550
Gillette Co.	USA	26,200	0.01	26,200	11,994	14,264
Sony Corp.	Japan	30,000	0.01	1,500,000	11,680	14,519
<b>Other services</b>						
Sophus Berendsen A/S	Denmark	5,200	0.03	104,000	3,997	4,670

<b>Name of company</b>	<b>Country</b>	<b>No. of shares</b>	<b>Holding %</b>	<b>Par value Currency</b>	<b>Book value FIM '000</b>	<b>Current value FIM '000</b>
<b>Capital goods</b>						
<b>Electric industry</b>						
ABB Ab	Sweden	80,000	0.01	400,000	5,025	5,161
<b>Electronics industry</b>						
General Electric Co.	UK	323,150	0.01	16,158	8,722	11,507
General Electric Co. (U.S.)	USA	41,800	–	6,688	7,158	16,626
Hitachi Cable	Japan	380,000	0.10	19,000,000	13,285	13,285
Intel Corp.	USA	15,100	–	15	5,562	5,750
Kyocera Corp.	Japan	29,000	0.02	1,450,000	7,162	7,162
<b>Mechanical engineering industry</b>						
Kvaerner As	Norway	17,500	0.18	218,750	4,277	4,438
Mannesmann AG	Germany	7,300	0.02	365,000	11,538	19,957
Mitsubishi Heavy Industry Ltd	Japan	657,000	0.02	32,850,000	14,911	14,911
<b>Basic industry</b>						
<b>Construction industry</b>						
Bilfinger & Berger Bau AG	Germany	45,000	0.12	225,000	7,738	7,738
Skanska Ab	Sweden	22,500	0.02	270,000	4,892	5,026
<b>Public companies in total</b>					<b>372,677</b>	<b>498,367</b>
<b>Unit trusts</b>						
Citimarkets Global Emerging Markets	USA	13,289	–	–	10,312	11,109
<b>Other shares and participations</b>					<b>70</b>	<b>70</b>
<b>Foreign shares and participations in total</b>					<b>383,059</b>	<b>509,546</b>

Distribution complying with the FT/S&P world index.

### 13 INVESTMENTS IN AFFILIATED AND ASSOCIATED UNDERTAKINGS

FIM '000	Group		Parent Company	
	1997	1996	1997	1996
Shares in affiliated undertakings				
Original acquisition cost, Jan. 1	–	–	1,322,710	1,261,527
Increase	–	–	90,328	63,500
Decrease	–	–	–	–2,317
Accumulated value adjustments, Dec. 31	–	–	–364,427	–364,427
Remaining acquisition cost, Dec. 31	–	–	1,048,611	958,282
Shares in associated undertakings				
Original acquisition cost, Jan. 1	694,605	750,219	521,641	528,661
Increase	84,165	75,250	84,165	–
Decrease	–420	–65,620	–	–7,020
Transfers	–44,000	–65,244	–	–
Accumulated value adjustments/depreciation on consolidation difference/decrease in negative consolidation difference, Dec. 31	11,598	35,212	–8,000	–
Remaining acquisition cost, Dec. 31	745,948	729,817	597,806	521,641
Debt securities issued by, and loans to, associated undertakings				
Original acquisition cost, Jan. 1	80,015	100,006	30,015	20,006
Increase	–	80,018	–	30,018
Decrease	–30,000	–100,009	–30,000	–20,009
Transfers	–15	–	–15	–
Remaining acquisition cost, Dec. 31	50,000	80,015	–	30,015

### 14 OTHER LOANS BY SECURITY

Insurance policy	5,368	–	–	–
Federation of municipalities, municipality and parish securities and loans thereto, and State securities	116,066	164,879	24,371	34,681
Bank guarantee	19,872	53,896	11,494	21,408
Shares in housing and real estate companies	72,491	71,799	38,509	48,479
Other security	88,352	68,343	43,669	44,332
	302,149	358,916	118,042	148,901

### LOANS TO EXECUTIVES (Insurance Companies' Act, Chapter 12, Section 5)

Loans to executives	3,401	4,043	1,403	2,357
Interest (%)	5.00	5.00–6.50	5.00	5.00–6.50
Average loan period (years)	10	10	11	10



## 15 INVESTMENTS COVERING UNIT-LINKED INSURANCES

FIM '000	Group 1997	
	Original acquisition cost	Current value
Shares in investment funds	20,023	20,423
Debt securities	26,727	27,630
	46,750	48,053
Investments acquired in advance	-4,858	-5,035
<b>Investments pertaining to unit-linked insurances, corresponding to technical provisions</b>	<b>41,892</b>	<b>43,019</b>

## 16 DEBTORS AND CREDITORS, AFFILIATED AND ASSOCIATED UNDERTAKINGS

FIM '000	Group		Parent Company	
	1997	1996	1997	1996
<b>DEBTORS AND CREDITORS, AFFILIATED UNDERTAKINGS</b>				
<b>Debtors</b>				
Investments				
Investments in land and buildings/Loans to affiliated undertakings	-	-	98,808	87,420
Debtors				
Arising out of reinsurance operations	-	-	42	974
Other debtors	-	-	18,926	30,954
			117,776	119,348
<b>Creditors</b>				
Technical provisions				
Provision for unearned premiums	-	-	642	394
Provision for outstanding claims	-	-	26,635	306,355
Reinsurers' share	-	-	-5,000	-5,000
Creditors				
Arising out of reinsurance operations	-	-	-	457
Other creditors	-	-	5,842	1,884
Accruals and deferred income	-	-	1,392	626
			29,511	304,716

## DEBTORS AND CREDITORS, ASSOCIATED UNDERTAKINGS

<b>Debtors</b>				
Arising out of reinsurance operations	49	-	49	-
Other debtors	2,845	2,326	2,844	-
	2,895	2,326	2,894	-
<b>Creditors</b>				
Pension loans	267,321	287,441	267,321	287,441
Other creditors	8,825	10,807	4,838	5,423
	276,146	298,249	272,159	292,864

## 17 CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES

FIM '000	Jan. 1, 1997	Increase	Decrease	Dec. 31, 1997
Restricted				
Subscribed capital	310,000	–	–	310,000
Legal reserve	2,182,872	12,620	–85	2,195,408
Revaluation reserve	203,487	–	–13,973	189,515
Other restricted reserves	28	85	–	113
Currency conversion differences	19,671	41,277	–	60,948
	2,716,059	53,982	–14,058	2,755,983
Non-restricted				
Non-restricted reserves	557,675	134,100	–129	691,646
Profit/loss brought forward	296,985	187,443	–416,172	68,256
Profit for the financial year	–	487,312	–	487,312
	854,660	808,855	–416,301	1,247,214
	3,570,719	862,837	–430,359	4,003,197
		<b>1997</b>	<b>1996</b>	
Distributable profit				
Non-restricted capital and reserves		1,247,214	854,660	
Optional reserves and depreciation difference in non-restricted capital and reserves		–125,368	–149,577	
Distributable profit, Dec. 31		1,121,845	705,083	
Optional reserves and depreciation difference, Dec. 31				
Accumulated depreciation difference		138,093	145,876	
Credit loss reserve		22,089	20,763	
Transition reserve		–	31,962	
Housing reserve		10,454	8,832	
		170,635	207,434	
Deferred tax on optional reserves and depreciation difference		–47,848	–58,081	
Minority interest in optional reserves and depreciation difference		2,581	225	
Optional reserves and depreciation difference in non-restricted capital and reserves, Dec. 31.		125,368	149,577	

## PARENT COMPANY STATEMENT OF CHANGES IN CAPITAL AND RESERVES

FIM '000	Jan. 1, 1997	Increase	Decrease	Dec. 31, 1997
Restricted				
Subscribed capital	310,000	–	–	310,000
Legal reserve	2,177,892	–	–	2,177,892
Revaluation reserve	172,633	–	–	172,633
	2,660,525	–	–	2,660,525
Non-restricted				
Security reserve	69,693	–	–	69,693
Contingency reserve	284,448	88,000	–	372,448
At the disposal of the Board	566	–	–105	461
Profit/loss brought forward	186,512	–	–179,200	7,312
Profit for the financial year	–	210,153	–	210,153
	541,219	298,153	–179,305	660,066
	3,201,744	298,153	–179,305	3,320,591

## 18 DISTRIBUTION OF SHARES

Number of shares	1997	1996
A shares, 1 vote/share	60,560,000	60,560,000
B shares, 5 votes/share	240,000	240,000
<b>Total</b>	<b>60,800,000</b>	<b>60,800,000</b>

Par value/share (FIM)	5	5
Parent company A shares held by the Group companies	–	135,936

The Board has no authorisation for a rights issue, to give rights of option, or to subscribe a convertible bond.

The figures for 1996 have been adjusted according to the split ratio.

## 19 TECHNICAL PROVISIONS

FIM '000	1997	Group 1996
<b>PROVISION FOR UNEARNED PREMIUMS</b>		
Deferred life reinsurance policy acquisition costs deducted from the non-life insurance provision for unearned premiums	–	23,247
Deferred capital redemption policy and life reinsurance policy acquisition costs deducted from the life insurance provision for unearned premiums	19,269	–
Reinsurers' share	–22	–110
	<b>19,247</b>	<b>23,137</b>

### PROVISION FOR OUTSTANDING CLAIMS

#### Discounting of the provision for outstanding claims

Discounting has been effected in calculating the provision for outstanding claims on other than annuity-form compensations, in connection with Patria Reinsurance Company Ltd's foreign reinsurance provision for outstanding claims. In 1997 a part of this provision was discounted at four per cent interest rate, and in the year of comparison a part at two per cent interest rate. The estimated average maturity of the discounted provision for outstanding claims is six years.

Provision for outstanding claims (discounted part)		
Before discounting	279,163	858,729
After discounting	–208,739	–736,517
Amount of discount	70,424	122,212
Reinsurers' share		
Before discounting	57,756	147,617
After discounting	–48,748	–133,896
Amount of discount	9,007	13,721

## 20 OBLIGATORY PROVISIONS

FIM '000	Group		Parent Company	
	1997	1996	1997	1996
Provision for rents	10,750	10,276	–	–

## 21 LONG-TERM LIABILITIES (5 years or longer)

Amounts owed to credit institutions	38,096	–	–	–
Pension loans	185,972	199,970	185,972	199,970
	<b>224,068</b>	<b>199,970</b>	<b>185,972</b>	<b>199,970</b>

## 22 CONTINGENT LIABILITIES, PLEDGED ASSETS AND DERIVATIVES

Mortgages for own loans	67	66	–	–
Amount of the above loans	86	85	–	–
Pledges against own liabilities	422,952	547,939	422,952	547,939
Amount of the above liabilities	274,618	296,001	274,618	296,001
Collateral against own foreign reinsurance liabilities	322,396	294,087	–	–
Countersecurities	65,029	94,424	–	–
Surrender liability	–	58,000	–	–
Investment liabilities	167,476	87,085	33,486	7,760
Derivative contracts				
Interest rate-linked derivatives				
Options purchased, underlying instrument	–	13,932	–	4,644
current value <sup>1)</sup>	–	–33	–	–11
Currency-linked derivatives				
Futures and forwards, underlying instrument	1,031,064	195,150	104,845	97,575
current value	–2,176	–2,240	917	–1,120

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

<sup>1)</sup> The premiums paid have been taken into account in the current value of options.

## 23 PARENT COMPANY KEY FIGURES

FIM '000	1997	1996
<b>KEY FIGURES PERTAINING TO SOLVENCY</b>		
Solvency margin		
Capital and reserves after proposed profit distribution	3,138,191	3,110,544
Optional provisions and accumulated depreciation difference	81,306	81,064
Valuation difference between current value and Balance Sheet book value of assets	5,599,904	4,251,080
Intangible assets	-696,547	-700,236
Other items	-	-28
	8,122,855	6,742,424
Solvency margin required under the Finnish Insurance Companies Act, Chapter 11, Section 2	292,147	253,093
Equalisation provision for the years with large numbers of losses included in technical provisions	129,141	220,189
Equalisation provision to its full value (%)	7.7	14.0
Solvency capital		
Solvency margin and equalisation provision	8,251,996	6,962,613
Solvency ratio		
Solvency capital to premiums earned (%)	515.6	464.5
Solvency capital, per cent of technical provisions	233.1	191.8

## OTHER KEY FIGURES

Loss ratio	89.9	83.3
Claims incurred to premiums earned (%)		
Expense ratio	26.4	28.6
Operating expenses to premiums earned (%)		
Combined ratio	116.3	111.9
Loss ratio and expense ratio (%)		

Helsinki, March 11, 1998

SAMPO INSURANCE COMPANY LIMITED

Board of Directors

**Jukka Härmälä**  
Chairman

**Kari O. Sohlberg**

**Georg Ehrnrooth**

**Ari Heiniö**

**Thor Björn Lundqvist**

**Christoffer Taxell**

**Jouko K. Leskinen**  
Managing Director

# AUDITORS' REPORT

## To the Shareholders of Sampo Insurance Company Limited

We have audited the accounting records and the financial statements, as well as the administration by the Supervisory Board, the Board of Directors and the Managing Director of Sampo Insurance Company Limited for the financial year 1997. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on the company's administration.

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

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

In our opinion, the final accounts have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Supervisory Board, the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

We have reviewed the interim report made public by the company during the year. It is our understanding that the interim report statements have been prepared in accordance with the rules and regulations governing the preparation of such reports in Finland.

Turku, March 26th, 1998

**Thor Nyroos**  
Authorised Public Accountant

**Jaakko Nyman**  
Authorised Public Accountant

(KPMG)

(Translation of a Finnish Original)

# STATEMENT BY THE SUPERVISORY BOARD

The Supervisory Board has received the Accounts for Sampo Insurance Company Limited for the financial year 1997 together with the consolidated accounts of the Sampo Insurance Group and the Auditors' Report concerning these. The Supervisory Board has found no cause for criticism on account of the above, and therefore submits the Accounts and the Auditors' Report to the Annual General Meeting and recommends that the Profit and Loss Account and Balance Sheet for Sampo Insurance Company Limited together with the Consolidated Profit and Loss Account and Balance Sheet for the Sampo Insurance Group be approved and that the proposals for the disposal of the profit for the financial year moved by the Board of Directors be accepted.

Helsinki, April 2nd, 1998

For the Supervisory Board

**Kalevi Numminen**

# SUPERVISORY BOARD

The Supervisory Board

- supervises the administration of the Company by the Board of Directors and Managing Director;
- submits to the Annual General Meeting a statement concerning the Company's Accounts for the Year, the Consolidated Accounts for the Year, The Auditors' Report for the Company and the Consolidated Auditors' Report;
- determines the commissions and the basis upon which travelling expenses will be calculated for the Chairman, the Vice Chairman and the other members of the Board of Directors;
- determines the number of, and elects, the members the Board of Directors;
- elects the Chairman and Vice Chairman of the Board of Directors;
- resolves on matters concerning the significant contraction or expansion of the operations of the Company or substantive changes in the organisation of the Company.

**Kalevi Numminen**, born 1932 (1998)  
*Chairman*

**Krister Ahlström**, born 1940 (2000)  
*Vice Chairman*  
Vice Chairman, Ahlström Group

**Pekka Luhtanen**, born 1937 (1998)  
*Vice Chairman*  
Managing Director, L Fashion Group

**Esa Swanljung**, born 1949 (2000)  
*Vice Chairman*  
President, Finnish Confederation of Salaried Employees (STTK)

**Antti Aarnio-Wihuri**, born 1940 (2000)  
Chairman of the Board, Wihuri Ltd

**Kalevi Aro**, born 1947 (1998)  
President, Aro-Yhtymä Oy

**Fredrik Björnberg**, born 1938 (1999)  
Chairman of the Board, Myllykoski Oy

**Matti Elovaara**, born 1939 (1999)  
CEO, Tamro Corporation

**Martin Granholm**, born 1946 (1999)  
Executive Vice President,  
UPM-Kymmene Corporation

**Ahti Hirvonen**, born 1931 (1998)  
Doctor of Science (Economics) h.c.

**Henrik Höglund**, born 1949 (2000)  
Chairman of the Board  
KWH Group Ltd

**Matti Ilmari**, born 1942 (1999)  
President, ABB Oy Group

**Jyrki Juusela**, born 1943 (2000)  
CEO, Outokumpu Oy

**Heimo Karinen**, born 1939 (2000)  
CEO, Kemira Oy

**Eino Keinänen**, born 1939 (2000)  
Chairman of the Board, PV Group Oy

**Keijo Ketonen**, born 1942 (2000)  
Managing Director, TS Group

**Antti Lagerroos**, born 1945 (1999)  
President, CEO, Finnlines Ltd

**Yrjö M. Lehtonen**, born 1930 (1998)  
Chairman of the Board  
Santasalo-JOT Ltd

**Curt Lindbom**, born 1942 (1999)  
Member of the Board  
CapMan Capital Management

**Esko Muhonen**, born 1941 (1998)  
Managing Director, Vapo Group

**Carl G. Nordman**, born 1939 (2000)  
Managing Director, Oy AGA Ab

**Jorma Ollila**, born 1950 (2000)  
President and CEO, Nokia Corporation

**Niilo Pellonmaa**, born 1941 (1999)  
President and CEO  
Jaakko Pöyry Group Oy

**Heikki J. Perälä**, born 1958 (1999)  
Managing Director  
Helsinki Chamber of Commerce

**Jarmo Ryttilähti**, born 1944 (1998)  
CEO, Asko Oy

**Martin Saarikangas**, born 1937 (1999)  
Chairman, CEO  
Kvaerner Masa-Yards Inc.

**Seppo Sipola**, born 1943 (2000)  
President, CEO, Asset Management  
Company Arsenal Ltd

**Stig Stendahl**, born 1939 (1999)  
President and CEO  
Fiskars Corporation

**Matti Sundberg**, born 1942 (1998)  
President and CEO  
Valmet Corporation

**Jukka Suominen**, born 1947 (1998)  
CEO, Silja Oy Ab

**Seppo Säynäjäkangas**, born 1942 (1999)  
Chairman of the Board, Polar Electro Oy

**Pekka Vennamo**, born 1944 (2000)  
President, CEO, PT Finland Ltd

**Jukka Viinanen**, born 1948 (1998)  
President, Neste Oy

**Markku Äärimaa**, born 1942 (1998)  
Secretary General  
Finnish Medical Association

Year of expiry of office given in brackets.

For additional information on the Members of the Supervisory Board, please contact Sampo Insurance Company Limited Legal Affairs Aleksanterinkatu 11, Helsinki, Finland Postal address: FIN-00025 SAMPO, Finland Telephone +358 10 515 311



# BOARD OF DIRECTORS

The Board of Directors is responsible for the administration of the Company and the proper management of its operations. The Board of Directors is responsible for the proper arrangement of accounting and financial administration.

Moreover the Board of Directors:

- confirms the maximum sums insured, which the Company may without recourse to reinsurance retain on its own account;
- resolves on the raising of loans for the Company and on the surety obligations entered into by the Company;
- resolves on the surrender of real property belonging to

the Company and grants permission for the mortgaging of such property;

- appoints the Managing Director, Deputy Managing Directors, Managers and Assistant Managers, accepts their resignations and determines their emoluments;
- determines the general principles governing the emoluments and other benefits of the other employees of the Company;
- confirms the general regulations concerning the retiring age of and pensions due to employees of the Company;
- determines the principles and order in accordance with which the Deputy Managing Directors may exercise the authority and powers of the managing Director.

**Chairman** **Jukka Härmälä**, born 1946 (2000), Managing Director, Enso Oyj. Chairman of the Board, Confederation of Finnish Industry and Employers. Vice Chairman of the Board, Finnlines Ltd and PVO Group. Member of the Board, Silja Oy Ab. Vice Chairman of the Supervisory Board, Pension-Varma Mutual Insurance Company. Member of the Supervisory Board, Merita Bank Ltd. He was appointed Member of the Board of Sampo Insurance Company Limited on June 26th, 1992. Period of office started on August 1st, 1992. He was appointed Chairman of the Board on October 20th, 1993.

**Vice Chairman** **Kari O. Sohlberg**, born 1940 (2000), Managing Director, Oy G.W. Sohlberg Ab. He was appointed Member of the Board of Sampo Insurance Company Limited on October 20th, 1993.

**Georg Ehrnrooth**, born 1940 (2000), President, Metra Corporation. Member of the Board, Karl Fazer Oy Ab, ABB Oy, and Sandvik AB. Chairman of the Board, Pension-Varma Mutual Insurance Company. He was appointed Member of the Board of Sampo Insurance Company Limited on June 26th, 1992. Period of office started on August 1st, 1992.

**Ari Heiniö**, born 1945 (1998), Managing Director, Oy Stockmann Ab. Member of the Board, Finnair Oy and Employers' Confederation of Service Industries. He transferred to the Board of Sampo Insurance Company from the Supervisory Board on October 20th, 1993.

**Jouko K. Leskinen**, born 1943 (1998), President and CEO, Sampo Insurance Company Limited. Member of the Board, UPM-Kymmene Corporation, Finnlines Ltd, Nokia Corporation. Chairman of the Board, Cultor Corporation. Vice Chairman of the Board, Nova Life Insurance Company Limited. Member of the Board of Sampo Insurance Company Limited since January 1st, 1993 (appointed on October 20th, 1992).

**Thor Björn Lundqvist**, born 1941 (1998), Member of the Board, Oy Rettig Ab, Finnlines Ltd. He transferred to the Board of Sampo Insurance Company Limited from the Supervisory Board on October 20th, 1993.

**Christoffer Taxell**, born 1948 (1999), President, CEO, Partek Corporation. Member of the Board, KCI Konecranes International Oy, Metra Corporation, Oy Stockmann Ab, ABB Oy. He transferred to the Board of Sampo Insurance Company from the Supervisory Board on January 1st, 1998.

Year of expiry of office given in brackets.

# AUDITORS

Auditors	<b>Jaakko Nyman</b> Authorised Public Accountant, M.Sc. (Econ) <b>Thor Nyroos</b> Authorised Public Accountant, B.Sc. (Econ)
Deputy Auditors	<b>Pertti Keskinen</b> Authorised Public Accountant, M.Sc. (Econ) Authorised Public Accountants <b>KPMG Wideri Oy Ab</b>



# THE SAMPO GROUP

74	Sampo Group Key Information
75	The Sampo Group's Principal Shareholdings
76–77	Personnel
78–79	Private Client Services
80–81	Corporate Client Services
82–85	Major Accounts Services
86–87	Sampo Life Insurance
88–89	Foreign Reinsurance Run-Off
90–91	Investments
92–93	Statutory Employment Pension Insurance
94	Management of the Sampo Group
95	Shareholder Information
95	Investment Analyses
96	Sampo Group Offices

# SAMPO GROUP KEY INFORMATION

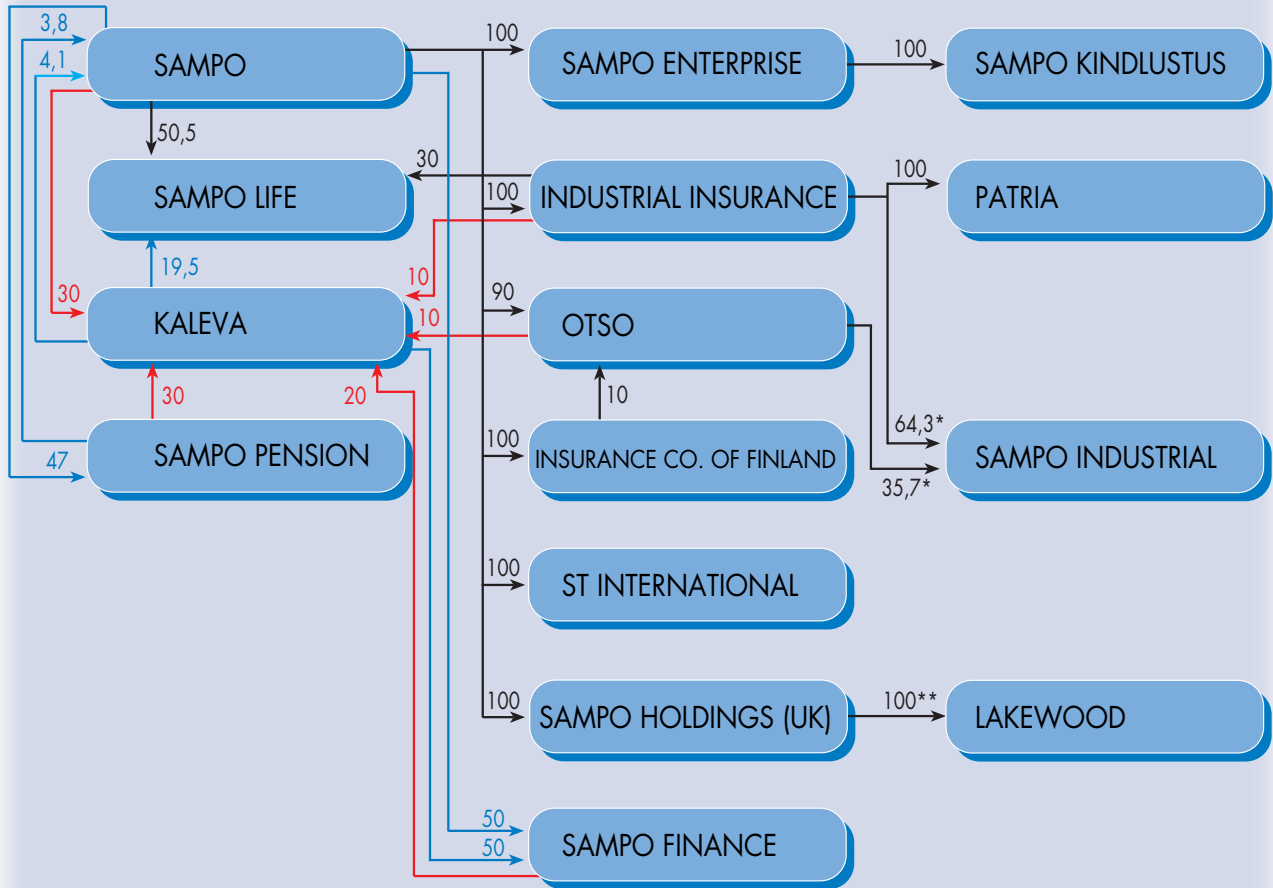
<b>FIM millions</b>	<b>1997</b>	<b>1996</b>	<b>Change %</b>
Turnover			
Non-Life Insurance	6,273	6,105	2.8
Life Insurance	2,783	2,280	22.1
Employment Pension Insurance	7,273	7,105	2.4
Gross premiums written			
Non-Life Insurance	4,648	4,495	3.4
Life Insurance	1,951	1,709	14.1
Employment Pension Insurance	5,150	5,158	-0.2
Claims incurred			
Non-Life Insurance	-3,776	-3,523	7.2
Life Insurance	-670	-555	20.9
Employment Pension Insurance	-4,536	-4,065	11.6
Operating expenses			
Non-Life Insurance	-783	-844	-7.3
Life Insurance	-184	-152	21.2
Employment Pension Insurance	-125	-112	11.6
Net investment income			
Non-Life Insurance	1,274	1,159	10.0
Life Insurance	587	371	58.1
Employment Pension Insurance	1,788	1,631	9.6
Profit for the accounting period			
Non-Life Insurance	459	255	80.4
Life Insurance	49	-2	-
Employment Pension Insurance	-12	-2	-
Solvency margin			
Non-Life Insurance	7,926	6,332	25.2
Life Insurance	1,522	818	86.0
Employment Pension Insurance	3,714	2,463	50.8
Average Number of Personnel			
Non-Life Insurance	3,059	3,113	-1.7
Life Insurance	150	141	6.4
Employment Pension Insurance	279	269	3.7

Non-Life Insurance = Sampo Non-Life Group

Life Insurance = Sampo Life Group and Kaleva Group

Employment Pension Insurance = Sampo Pension Group

# The Sampo Group: Principal Shareholdings 31.12.1997



— Interest in share capital, Sampo Insurance Group companies (%)

— Interest in share capital (%)

— Interest in guarantee capital (%)

\* Part of the ownership is channelled through the holding companies situated in the Netherlands

\*\* Shareholdings of the sub-group Sampo Holdings (UK)

# PERSONNEL

Caring for our human resources is a cornerstone of Sampo Group development. Staff know-how and well-being is particularly important. Long-term work continued in this area in 1997 and personnel planning has become an important means of producing results.

Systematic and research-based work (in co-operation with centres of higher education) to develop methods for payment by results also continued throughout the year. The majority of our personnel now comes under the Sampo Payment by Results system.

## Personnel Structure

The Sampo Group employed 3,466 people on a permanent basis at December 31st, 1997. The total number of staff increased by 32 over the year and 163 people, or 4.7 per cent of total personnel, were employed on a part-time basis. The number of part-timers rose by 22.6 per cent.

Part-time staff comprise mainly those on a partial pension and people working in our call centres. The increase in the number of part-timers reflects the general labour market trend to transfer to new and flexible working hours.

Almost one third of our personnel is male (33.2 per cent), a figure that has fallen slightly over the past few years.

The number of waged and salaried staff has decreased slightly and the share of those on a contractual salary has grown correspondingly. This change reflects a proportional increase in the number of professionals employed, with the emphasis on know-how and expertise.

The average age of Sampo personnel continues to rise by just over five months each year. The relative share of those within the 50–55 age bracket is growing strongly, reflecting a national trend due to the baby-boomer generation.

Sampo is preparing for this through personnel planning, by paying special attention to staff well-being and to the development of flexible ways of working and task content. The Group still has about ten years to prepare for the challenge presented by an ageing personnel, but measures must clearly be taken well before then.

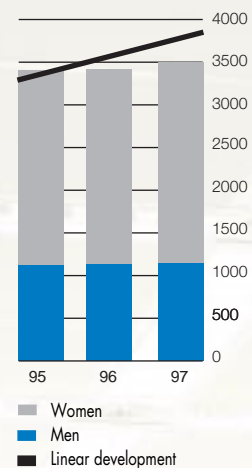
Personnel turnover means an improving standard of general education. The older generations have a lower basic level of education than the younger: more than half of our younger staff has at least a college degree.

Personnel turnover is on the increase again after the quiet years at the beginning of the 1990s. The total number of persons leaving Sampo in 1997 stood at 145, a percentage turnover of around 4.2. This increase is due in part to a more active labour market, but also because personnel in the new service areas (e.g. call centres) show a higher turnover than more traditional personnel groupings.

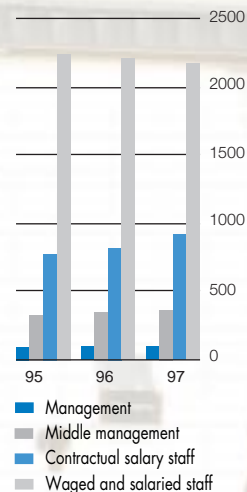
## Well-being and Satisfaction

The number of sick-leave days rose from 27,355 to 31,976, up 16.9 per cent on the year. The relative share of locomotor diseases fell by around four percentage points, that of respiratory diseases remained unchanged, and the proportion

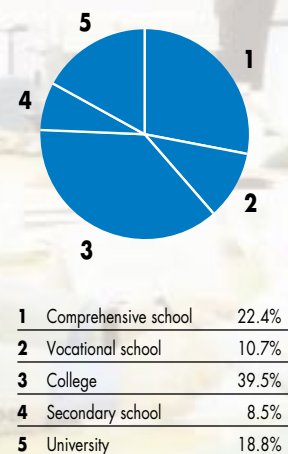
Sampo Group personnel



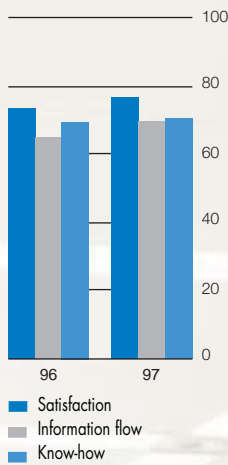
Personnel by employment type



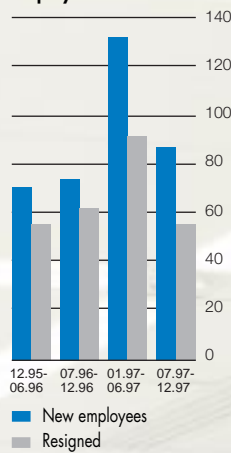
Personnel by education



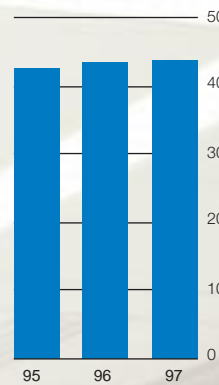
Satisfaction, average, %



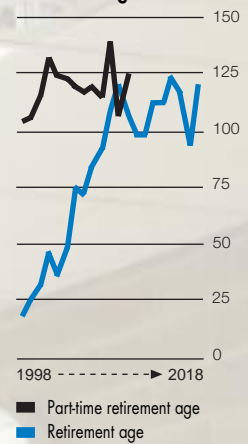
External turnover, number of employees



Personnel by average age



Number of employees reaching retirement age



of mental health problems increased by about three percentage points.

Well-being support groups were established in almost all units last year, and increasing emphasis was placed on preventive actions in the working environment. Age-group health examinations are gradually being replaced by work-related examinations, observing e.g. the working capacity index developed by the Institute of Occupational Health.

Personnel satisfaction and the state of Sampo's working climate were systematically assessed for the first time at the end of 1996 and again in December, 1997. Results indicate that personnel satisfaction has increased in almost all fields. A positive development can also be seen in several variables measuring information flow and know-how.

### Development of Know-how and Professional Skills

According to the working climate survey, Sampo's personnel really believes in its know-how and professional skills, and in its ability to learn new things. This comes at a time when staff in all kinds of task areas face a great deal of new information to absorb.

Continuous learning is facilitated by standardising the use of know-how profiles in e.g. supervisor-subordinate performance reviews, by providing change- and project-training and by establishing systematic development planning.

The implementation of internal development programmes for key persons continued and a new initiative now makes it possible for personnel to

take a college business degree in and around their work. The project is part of a comprehensive apprenticeship training programme that offers Sampo personnel an opportunity to raise its level of education.

All in all, investments in personnel have been maintained at a good and growing level during recent years. ☒

# PRIVATE CLIENT SERVICES

*Private households, farms and the self-employed are all served by Private Sampo, a unit that is part of Sampo Ltd.*

Private Sampo's core objectives are to raise customer satisfaction, increase operational cost-effectiveness and profitability, and ensure the know-how and well-being of its personnel.

Private Sampo has approximately 1,060,000 clients, comprising 985,000 private households, 36,000 self-employed people and 28,000 farms. The unit also supplies motor vehicle insurances via car dealers as an external service channel, and maintains organisational client relationships. Sampo's market position remains strong with almost a third of the Finnish private household market.

## Sampo Insurance Company Limited

FIM millions	1997	1996
Turnover	2,426.8	2,312.9
Premiums earned	1,600.5	1,499.0
Claims incurred	-1,438.3	-1,248.6
Net operating expenses	-422.7	-429.4
Change in the equalisation provision	33.4	-65.0
Balance on technical account	-227.2	-244.0
Net investment income	573.1	502.5
Other income and charges	-25.1	-25.4
Tax	-91.9	-64.6
Profit on ordinary activities	228.0	168.5
Technical provisions, net	3,743.9	3,849.8
Balance Sheet total	7,694.9	7,778.6
Balance Sheet total at current values	13,294.8	12,029.7
Loss ratio, %	89.9	83.3
Expense ratio, %	26.4	28.6
Combined ratio, %	116.3	111.9
Solvency margin	8,122.9	6,742.4
Equalisation provision	129.1	220.2
Solvency capital	8,252.0	6,962.6
Solvency ratio, %	515.6	464.5
Average no. of personnel	1,925	1,963

Private Sampo's service concept is based on a multi-channel approach that guarantees readily available access and makes it easy for clients to choose the service channel that best suits their specific needs.

### Target Margin Achieved

Private Sampo's operating margin improved by more than 9 per cent over 1996 to meet the budgeted target. The total of premiums received rose by 5.6 per cent, and claims paid by 6.8 per cent. The unit's operating expenses developed favourably and came in clearly under the budgeted figures. Voluntary motor vehicle and motor third party liability insurances (EU insurance class group classification: land vehicles, and motor third party liability) constituted 53 per cent of premiums written, and fire and other property insurances another 32 per cent, together making up 85 per cent of Private Sampo's premiums written.

Premiums received from both motor third party liability (TPL) and voluntary motor vehicle insurances increased. The past years' growth in motor TPL claims paid has come to an end and while profitability has improved, it is still not satisfactory. Motor vehicle insurance profitability, on the other hand, fell but remains good. Motor vehicle claims increased by about 10 per cent over 1996, due in part to increasingly valuable vehicles being subject to unauthorised use, an indication that professional crime is on the increase in motor vehicle thefts.

Property insurance profitability fell but also remains good. The decrease is due to the growth in the number of damages caused by leakage and fire. Claims paid due to fire damage increased by 40 per cent in home insurance classes, and those due to water damage by 13 per cent. The number of major fires was higher than usual, and four losses were

compensated each over a million Finnish marks. One further exceptionally large fire loss of almost FIM 13 million was awarded during the year under review.

On the technology front, Private Sampo began to use electronic photograph transmission in its inspections of motor vehicle collision damage and water damage in buildings. This will be further expanded and developed on the basis of experience obtained to date.

Safety work is promoted by e.g. the annual Sampo Safety Award of FIM 100,000. The key theme for 1998 is to reduce of the use of intoxicants among young people. The steep rise in the use of alcohol and drugs in the past few years is reflected in figures on violent crimes, property offences and traffic accidents.

The upgrading of Private Sampo's operations and information systems has been concentrated in the Sampo 2000 programme launched in 1995. The first of this extensive development programme's core goals, to establish a new client service operating model and its supporting systems, was realised throughout Private Sampo's whole service network during 1997.

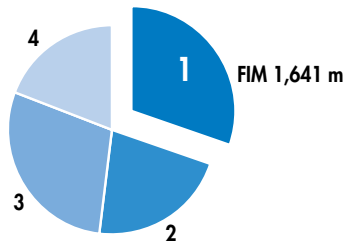
### Emphasis on Service Channels

The Sampo service network comprises four geographical regions in which clients are served through 88 offices and the Sampo Call Centre telephone service. The four regions are responsible for client relationships and their development while the Call Centre assists in maintaining those relationships through efficient telephone service.

The number of clients who choose to handle their insurance matters by telephone rises steadily. The volume of incoming telephone calls handled by the Call Centre grew by 21 per cent over the previous year. Sampo Call Centre's organisation, working methods and supporting technology were upgraded to meet the increased volume even more effectively.



**Direct insurance premiums written  
Sampo Insurance Group**  
(Total FIM 5,416 m)



1	Private Client Services	30%
2	Corporate Client Services	22%
3	Major Accounts Services	29%
4	Life Insurance Services	19%

The demand for self-service access is also growing. Private Sampo's website was launched in December 1996 and visits to the site have increased steadily. The experience thus gained has been used to help develop Sampo service.

The focus of attention will most certainly fall on telephone and internet services over the next few years. The need for personal service in Sampo offices will nevertheless continue to be met in full.

Private Sampo's comprehensive service concept is further supplemented by two service agreements, the Sampo Agreement and Flexi. These help clients concentrate nearly all their insurance needs under a carefully designed service umbrella. There are over 660,000 Sampo Agreements and Flexis currently in operation. In 1997, the number of clients using such agreements increased by over 13,000.

#### Tariff Revisions

Motor vehicle insurance tariffs were revised in 1997 and the new tariffs have proved a trend-setter throughout the whole Finnish insurance business. The most significant change was the introduction of the vehicle owner's age as a tariffing factor, while the effect of regional risk was further defined. Tariff revision has met with a favourable reception and the tariffing model is being further developed on the basis of the experiences gained.

Regional risks were also taken into account in property insurance by targeting tariff increases to areas where the increase of water damage losses is of concern.

#### Upgrading Operating Policy

The foundation was created during 1997 for the reform of the claims service to be introduced this Spring. The new operating policy clarifies and raises the efficiency of claims settlement from both the clients' and Private Sampo's perspective.

In clear-cut cases, the client receives a decision immediately on visiting a Sampo office. With the assistance of co-operation partners specialising in repair services and the acquisition of machines and household appliances, we are now able to offer faster and more flexible claims services. The client is always informed in writing of any further actions to be taken in their case.

Operations aimed at a total upgrading of insurance services and products were also initiated in 1997. The first results of this work are expected to be seen in Private Sampo service in the year 2000.

#### Economic Growth Increases Client Potential

The outlook for the private household sector is highly favourable. Consumers have positive expectations about the future economic situation, and as economic growth continues to pick up in Finland, unemployment will fall and households' buying power increase. Motor vehicle sales have been on the increase for several years in succession and housing sales have also improved. The growth in the number of self-employed also expands client potential.

Increased interest from households in voluntarily supplementing statutory social security through pension insurance and other personal insurances, offers significant growth potential for Private Sampo in the years to come. ☒

#### Private Sampo Board of Directors

Jouko K. Leskinen

*Chairman of the Board*

CEO, Sampo Group

Hannu Kokkonen

*Vice Chairman*

Managing Director, Private Sampo

Martti Jalonen, Auto-Jalonen Oy

Mikko Mäenpää, STTK-J ry

Guy Wires, Federation of Finnish

Commerce and Trade

# CORPORATE CLIENT SERVICES

*Small and medium-sized enterprises, their key personnel, the public sector and housing and real estate companies are served within the Sampo Insurance Group by Sampo Enterprise Insurance Company Limited. In Estonia and other Baltic countries, the wholly-owned subsidiary of Sampo Enterprise, Sampo Kindlustus, and in Latvia the subsidiary to be established during 1998, are responsible for providing and developing insurance services.*

Sampo Enterprise has over 90,000 clients and maintained its domestic market share of 10.1 per cent in 1997. Sampo Kindlustus has approximately 1,000 clients and its market share increased from 2.4 to 4.0 per cent. Kindlustus has 6.7 per cent of the corporate property insurance market.

The Sampo Enterprise Service Network is responsible for client relationship management and the Non-Life Insurance Unit allows for a sharper focus on non-life business. The other profit centres are Sampo Kindlustus, the Investment Unit and Corporate Development and Administration supporting the operations of the whole company.

The Service Network is responsible for comprehensive client service, offering in addition to non-life insurance services, life insurance, employment pension insurance and financial services. The Non-Life Insurance Unit handles non-life insurance and claims settlement, risk management, and related specialist services. Other services are purchased from Group Companies.

The Service Network comprises Regional Channels, Centralised Channels and the Broker Relations Channel. In addition to its regional organisation, Regional Channels has a network of insurance agents. Regional Channels is supported by Centralised Channels, responsible for telephone services and new technology interaction between the client and Sampo Enterprise. The client can now reach Sampo Enterprise 24 hours a day throughout the year. As a part of the Service Network, the Broker Relations Unit is in charge of co-operation with brokers and the further development of these relationships.

## Premiums Written Met Expectations

Sampo Enterprise recorded a profit for the financial year of FIM 43 million. The non-life insurance balance on technical account before the change in equalisation provision was FIM -85 million, and net investment income stood at FIM 199 million.

Direct non-life insurance premiums written totalled FIM 1,165 million and

gross premiums written FIM 1,193 million. Direct insurance premiums written increased as expected, improving by 6.8 per cent. Credit losses on unpaid premiums totalled FIM 5 million, an almost 50 per cent gain on the previous year.

Claims incurred stood at FIM 1,037 million. Single losses of over FIM 0.5 million decreased from last year, both with respect to number and value. The largest individual loss was about FIM 7 million. The number of occupational accidents reported saw an upward trend compared with 1996.

New investments were mainly in shares, and the spreading of equity investments to markets outside Finland was initiated. The utilisation of equity instruments in financing strengthened during the year.

Net operating expenses stood at FIM 163 million, a decrease of 1.6 per cent over 1996.

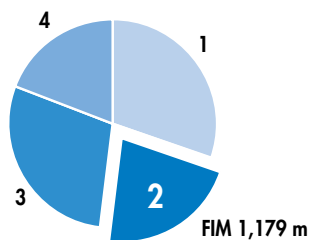
## Sampo Enterprise Insurance Company Limited

FIM millions	1997	1996
Turnover	1,435.3	1,373.2
Premiums earned	1,115.8	1,059.1
Claims incurred	-1,037.3	-1,006.1
Net operating expenses	-163.2	-165.6
Change in the equalisation provision	-53.5	-23.0
Balance on technical account	-138.2	-135.6
Net investment income	199.3	198.0
Other income and charges	0.2	0.3
Tax	-17.6	-19.2
Profit on ordinary activities	43.8	43.5
Technical provisions, net	2,232.5	1,946.6
Balance Sheet total	2,778.1	2,509.7
Balance Sheet total at current values	3,380.9	2,927.8
Loss ratio, %	93.0	95.0
Expense ratio, %	14.6	15.6
Combined ratio, %	107.6	110.6
Solvency margin	951.1	750.0
Equalisation provision	166.4	119.4
Solvency capital	1,117.4	869.5
Solvency ratio, %	100.1	82.1
Average no. of personnel	560	561

## Sampo Kindlustuse AS

FIM millions	1997	1996
Turnover	13.0	5.2
Premiums earned	3.2	2.5
Claims incurred	-2.5	-2.4
Net operating expenses	-0.6	-1.9
Change in the equalisation provision	-	-
Balance on technical account	0.2	-1.8
Net investment income	-	0.3
Other income and charges	0.1	-
Tax	-0.1	-0.1
Profit on ordinary activities	0.1	-1.6
Technical provisions, net	4.6	2.6
Balance Sheet total	11.1	8.5
Balance Sheet total at current values	11.1	8.5
Loss ratio, %	77.1	98.7
Expense ratio, %	17.3	75.8
Combined ratio, %	94.4	174.5
Solvency margin	5.2	5.0
Equalisation provision	-	-
Solvency capital	5.2	5.0
Solvency ratio, %	162.4	204.6
Average no. of personnel	11	10

**Direct insurance premiums written  
Sampo Insurance Group**  
(Total FIM 5,416 m)



1	Private Client Services	30%
2	Corporate Client Services	22%
3	Major Accounts Services	29%
4	Life Insurance Services	19%

Premiums written by Sampo Kindlustus increased by over 110 per cent and the company showed a profit.

### Specification of Client Segmentation

The segmentation of clients was specified to better meet with future requirements. A basic service model was defined for each client segment, so that each client can be offered a service package that best meets the individual client's needs. The role of telephone services is emphasised in the maintenance of service for smaller companies. Larger clients are served by tailor-made contact groups comprising specialists in the relevant field. The most significant change took place in the public sector segment, which was separated from corporate clients into its own entity.

Elements linked to new service models were tested in Sampo Enterprise's South-East Finland region, e.g. in the extensive use of telephone services in the annual updating of policies, in the centralisation of insurance management processes and in the development of agent operations. The Inner Finland region was split into two new regions, Pirkanmaa and Central Finland.

During the review year, we focused on further improving profitability. We also initiated development work on new insurance products against construction errors and environmental liabilities.

Changes in the Finnish legislation on accident insurance enacted as early as

the outset of 1997 mean that the free supply of insurance will now be possible within the whole EU area from the beginning of 1999. The legal protection of a party suffering loss or damage was further enhanced by statutory amendments, and a statutory collective guarantee system was created to deal with the possible instance of an insurance company becoming insolvent. The collective guarantee system is also applied to statutory motor third party liability insurance (TPL) and patient insurance. The Employment Accidents Insurance Act will be amended to partially free up the tariffing of employment accident insurances from the beginning of 1999.

Our Business Sampo product was supplemented with a transport liability insurance and group motor TPL insurance in 1997. Group motor TPL makes it possible for a corporate client to concentrate its statutory motor TPL and voluntary motor vehicle insurances under the same Motor Vehicle Sampo agreement. A loss statistics system is applied to the agreement, which means that premiums are determined in a fairer way, providing discounts to those clients who have contributed to a decrease in the amount of claims paid to them.

Sampo's Datalink system has now been running for 10 years, serves over 100 corporate and organisation clients and makes it possible to e.g. send a statutory accident insurance loss report to Sampo Enterprise through the internet.

Support provision for Sampo Kindlustus was emphasised in the development of new business sectors and procedures for the establishment of a Sampo insurance company in Latvia were initiated in the Autumn.

Sampo's overseas co-operation network was completed for the time being during the year under review. The network covers 65 countries in all and is also at the disposal of Sampo Enterprise and its clients.

The computer workstations of almost all Sampo Enterprise personnel were renewed, and in order to be able to take maximum advantage of the new technology, most users took a "PC driving licence" exam.

### Profitability Remains a Key Issue

The main goal for the future is to significantly improve the profitability of voluntary non-life insurance and strengthen Sampo Enterprise's position as a corporate and organisational insurer. The continuing internationalisation of Sampo Enterprise, particularly in markets in the Baltic and in Sweden, will create a special know-how challenge in the years to come.

The focus this year will lie on challenges presented by the deregulation of statutory accident insurance on January 1st, 1999. Management processes for underwriting and claims settlement will be developed further, and quality and efficiency will be improved. Preparations for the advent of the Euro have been initiated and products will be adapted to other changes due at the turn of the millennium.

The use of equity instruments in financing is likely to increase. Companies experiencing strong growth include such an item in their investment financing arrangements, without exception. Sampo Enterprise is involved in all significant Finnish venture capital funds and has also made direct equity investments in client corporations. Demand for these investment instruments will continue to present Sampo Enterprise with a special challenge into the future.

Sampo Kindlustus will place increased emphasis on private and life insurance, both of which are fast growing client segments in the Estonian market. A comprehensive service package is being created for corporate clients and a non-life insurance company will be established in Latvia in 1998. ☒

### Sampo Enterprise Board of Directors

Jouko K. Leskinen

*Chairman of the Board*

CEO, Sampo Group

Hannu Kokkonen

*Vice Chairman*

Managing Director, Private Sampo

Seppo Hauta-Aho, Steel-Invest Oy

Heikki Kyöstiä, Planmeca Oy

Vesa Lammela, Lammela Oy

Matti Ruohonen,

ST International & Patria Re

## MAJOR ACCOUNTS SERVICES

*Within the Sampo Insurance Group, major clients are served by Industrial Insurance, Otso and the Insurance Company of Finland, by our overseas subsidiaries Sampo Industrial Insurance and Sampo Industrieförsäkring, and our representative office in St. Petersburg.*

These companies commenced functional co-operation at the beginning of the review year under the name Sampo Group Major Accounts Services (MAS). All MAS domestic units are now operating in one location at Lauttasaari in Helsinki, Otso's home since last summer.

By establishing a mutual operating model and business organisation, we have created a unit that can cater for all the insurance and loss prevention needs of large companies and those with inter-

national and global operations, both in Finland and abroad. Moreover, all Sampo Group life and pension insurance services are also at the disposal of our clients. Pension-Varma and Nova entering the grouping will simplify the surrounding structures and enable us to work in closer co-operation with our clients to provide a comprehensive range of services.

MAS strategy works so that the companies and offices under its umbrella

structure serve their clients on the extended home market comprising Finland, Sweden, the Baltic Rim and Western and Central Europe. Elsewhere in the world, services are provided through our international co-operation network.

Brokers play an important role in MAS operations. The tendency to handle an increasing number of risk management solutions in co-operation with a competent broker has now become more common in the Finnish market, too.

Major Accounts Services is a market leader in its segment in Finland. MAS clientele comprises approximately 500 groups representing large-scale Finnish industry and major service companies. In addition to traditional insurances, loss prevention and financial services, MAS

### Industrial Insurance Company Ltd

FIM millions	1997	1996
Turnover	1,890.5	1,896.8
Premiums earned	1,045.5	1,138.4
Claims incurred	-1,026.7	-982.4
Net operating expenses	-122.5	-200.7
Change in the equalisation provision	-15.1	-157.9
Balance on technical account	-118.8	-202.7
Net investment income	469.7	392.9
Other income and charges	-8.9	-8.7
Tax	-97.3	-48.6
Profit on ordinary activities	244.7	132.9
Technical provisions, net	2,969.6	3,277.7
Balance Sheet total	3,991.5	4,224.0
Balance Sheet total at current values	6,723.4	6,425.9
Loss ratio, %	98.2	86.3
Expense ratio, %	11.7	17.6
Combined ratio, %	109.9	103.9
Solvency margin	3,339.5	2,662.4
Equalisation provision	531.2	520.9
Solvency capital	3,870.7	3,183.3
Solvency ratio, %	370.2	279.6
Average no. of personnel	373	380

### Otso Loss of Profits Insurance Co. Ltd

FIM millions	1997	1996
Turnover	258.6	258.4
Premiums earned	141.5	103.3
Claims incurred	-117.9	-86.0
Net operating expenses	-51.9	-35.4
Change in the equalisation provision	-16.7	-10.1
Balance on technical account	-45.0	-28.3
Net investment income	105.6	139.7
Other income and charges	-	0.2
Tax	-24.6	-31.2
Profit on ordinary activities	36.0	80.5
Technical provisions, net	646.2	611.1
Balance Sheet total	933.4	942.6
Balance Sheet total at current values	1,479.7	1,414.6
Loss ratio, %	83.3	83.2
Expense ratio, %	36.7	34.3
Combined ratio, %	120.0	117.5
Solvency margin	724.2	666.1
Equalisation provision	462.9	446.2
Solvency capital	1,187.0	1,112.2
Solvency ratio, %	839.0	1,076.4
Average no. of personnel	51	53

### Insurance Company of Finland Ltd

FIM millions	1997	1996
Turnover	54.5	59.3
Premiums earned	4.3	2.4
Claims incurred	-7.9	1.1
Net operating expenses	1.4	-1.0
Change in the equalisation provision	-0.5	-9.3
Balance on technical account	-2.8	-6.8
Net investment income	18.5	21.6
Other income and charges	0.1	0.1
Tax	-4.2	-4.2
Profit on ordinary activities	11.6	10.7
Technical provisions, net	59.4	59.7
Balance Sheet total	236.4	226.4
Balance Sheet total at current values	356.2	320.8
Loss ratio, %	185.5	-46.6
Expense ratio, %	-32.7	40.2
Combined ratio, %	152.8	-6.4
Solvency margin	201.7	174.0
Equalisation provision	56.2	55.7
Solvency capital	257.9	229.7
Solvency ratio, %	6,032.5	9,682.6
Average no. of personnel	19	19

also offers a range of alternative risk financing solutions and Industrial Insurance provides private insurance for corporate clients' key personnel.

Outside Finland, MAS specialises in property, loss of profits, liability and cargo insurances in those sectors where its risk management skills have traditionally been high. In the Nordic Countries, risk management services are offered by Sampo Industriförsäkring AB operating out of Stockholm.

Sampo's representative office in St. Petersburg provides professional assistance to clients operating in parts of Russia nearby Finland, and accomplishes risk management solutions together with local co-operation partners, since Russian legislation still places restrictions on foreign insurance business.

### Sampo Industrial Insurance N.V.

FIM millions	1997	1996*
Turnover	376.4	270.1
Premiums earned	101.6	52.9
Claims incurred	-61.1	-57.7
Net operating expenses	-33.6	-18.0
Change in the equalisation provision	-	-
Balance on technical account	6.9	-22.7
Net investment income	16.9	5.6
Other income and charges	-	-
Tax	-8.8	-
Profit on ordinary activities	15.0	-17.1
Technical provisions, net	181.7	148.1
Balance Sheet total	544.4	470.8
Balance Sheet total at current values	557.0	471.1
Loss ratio, %	60.1	109.0
Expense ratio, %	33.1	34.0
Combined ratio, %	93.2	143.0
Solvency margin	285.6	253.2
Equalisation provision	-	-
Solvency capital	285.6	253.2
Solvency ratio, %	281.2	360.7
Average no. of personnel	70	61

\* as from April 1st

Major clients in the Baltic Countries are served by Sampo Kindlustus operating out of Tallinn.

Sampo Industrial Insurance is responsible for operations in Central Europe. The company has offices in the Netherlands, Germany and the UK and its services are extended to Hungary, Poland, the Czech Republic and Slovakia through co-operation agreements.

Outside the aforementioned areas, MAS serves its clients through an international co-operation network which today covers 65 countries. Co-operation partners are selected on the basis of having the best resources to manage industrial risks in their own geographical area.

MAS operating policy is based on an in-depth knowledge of the clients' business. We build extensive multi-year risk management solutions carefully tailored to client needs. The best-known products are the Stop Loss System and our Global Programme for worldwide property, business interruption, cargo and liability insurance needs.

### Product Development Focus on Risks in Financing Activities

Special attention has been paid to the development of products and services related to financing activities. We continued to develop fresh financing models to safeguard companies' profits and balance sheet, and diversify our supply to cover new financing instruments. In workers' compensation insurance, we focused on solutions to meet the special needs of

major clients. Sampo Industrial Insurance launched the Industry Focus project in the review year together with Industrial Insurance and Otso, aimed at producing new industry-specific risk management solutions for the European market.

In loss prevention we further developed our services for analysing special risks, such as in business liability and information technology. In occupational safety, EU requirements concerning occupational risk evaluation considerably increased the demand for risk analyses. A new version of the Askelma® method, developed by Industrial Insurance for analysing such risks, was introduced for the management of property and business interruption risks both on the domestic and international fronts. The Tytar programme was designed as a tool for site inspection and supervision.

We continued intensive loss prevention training and publishing activities targeted at our clients. Forty-two seminars, theme days and co-operation exercises covering various sectors of loss prevention were organised during the year under review. More than 3,500 representatives of our client companies participated in these events. Feedback on a satisfaction assessment of our training services has rated them excellent.

We issued new publications dealing with e.g. safety in investment projects, data risk management and environmental risk management.

## MAJOR ACCOUNTS SERVICES

The MAS goal is to support our client companies' risk management as comprehensively as possible. As a testament to service quality, Industrial Insurance was the first insurance company in Finland to be granted an ISO 9002 certificate, in this case for its sprinkler technology inspection and consultation services.

We continued the intensive development of the quality of our operations, in part driven and encouraged by in-depth client satisfaction surveys and feedback, which are then utilised in service plans drawn up for major clients every year.

### **Industrial Insurance's Solvency Further Strengthened**

Direct insurance premiums written by Industrial Insurance increased slightly, despite hard price competition. Gross premiums written in assumed reinsurance halved as business from Industrial Insurance's subsidiary, Sampo Industrial Insurance, was restructured. Furthermore, the life reinsurance portfolio was transferred at the beginning of 1997 to Sampo Life, in which Industrial Insurance has a holding.

There were four large losses of over FIM 10 million each and the profitability of MAS underwriting business was significantly affected by major non-recurring factors.

Claims incurred rose as additional provisions totalling FIM 34 million were made in workers' compensation insurance and motor third party liability insurance due to increased life expectancy. A national agreement has been made in Finland on adding these items to technical provisions.

Furthermore, Industrial Insurance paid the stop-loss cover it had granted to its subsidiary, Patria Reinsurance Company Ltd, in full, which put claims incurred up by FIM 68 million. Patria now has no further reinsurance cover provided by Industrial Insurance.

The aforementioned changes in technical provisions have themselves been covered by a change in the equalisation provision and so have no effect on company results. However, as they add to claims incurred, they weaken the loss ratio and the balance on technical account before the equalisation provision.

Operating expenses fell considerably due to commissions payable on assumed reinsurance dropping as volume decreased.

Industrial Insurance's equalisation provision has reached the target level, due to which the related accrual parameter values were reduced from the previous year. These changes in turn decreased the item transferred to equalisation provision, and improved the balance on technical account accordingly.

Realised gains on investments grew by almost FIM 110 million over 1996. However, value adjustments made primarily on listed shares decreased net investment income by FIM 51 million. In 1996, value readjustments improved the result by FIM 61 million.

Thanks to the increase in profit for the accounting period and to valuation differences, solvency capital and the solvency ratio further strengthened during the year under review.

### **Premiums Written by Otso Decreased**

Direct insurance premiums written by Otso fell, mainly due to the drop in the sums insured by the forest industry, and premium refunds paid for the previous year. A technical redistribution of policies within the Sampo Insurance Group also contributed to the decrease in direct insurance premiums written by Otso. On the other hand, assumed reinsurance experienced significant growth, thanks to incoming business from Sampo Industrial Insurance.

The profitability of underwriting business was strained by an exceptional number of large claims, including two large losses of over FIM 10 million each.

Operating expenses incurred by Otso rose, attributable to the growth in the value of commissions paid as reinsurance volume increased. On the other hand, the large value of losses reduced commissions from ceded reinsurance.

Net investment income fell by FIM 34 million on 1996, when income was increased by an exceptional sales profit item booked due to the sale of the company's own business premises.

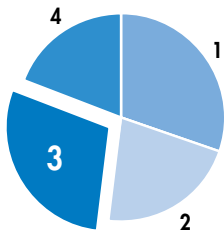
Solvency capital was consolidated to the value FIM 75 million, mainly due to an increase in valuation differences.

### **Sampo Industrial Insurance Result Moved into Profit**

Premiums written by Sampo Industrial Insurance, which underwrites direct insurance business in Central Europe, experienced a slight fall due to the general decline in premium level. Thanks to its strengthened capital base, the company retained more business on its own account, reflected in over 40 per cent growth in net premiums written.

Loss experience was good with the loss ratio down to 60 per cent and the combined ratio to 93 per cent.

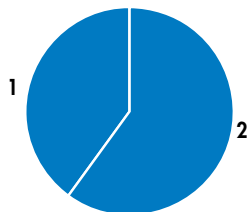
**Direct insurance premiums written  
Sampo Insurance Group**  
(Total FIM 5,416 m)



FIM 1,554 m

1	Private Client Services	30%
2	Corporate Client Services	22%
3	Major Accounts Services	29%
4	Life Insurance Services	19%

**Major Accounts Services turnover  
in Sampo Non-Life Group**  
(Total FIM 6,273 m)



1	Major Accounts Services	40%
2	Other Non-Life Group	60%

\* Turnover of Industrial Insurance, the Insurance Company of Finland and Sampo Industrial Insurance from which intra-group business has been eliminated.

Net investment income more than doubled, owing among other things to the consolidation of capital and reserves.

During its first full year of operations as a member of the Sampo Insurance Group, Sampo Industrial Insurance's result moved into profit.

**Premiums Written by the Insurance Company of Finland Unchanged**

The Insurance Company of Finland's direct insurance and reinsurance premium volumes remained virtually unchanged. Underwriting profitability was weaker than in the previous year, primarily since losses that occurred during the accounting year remained mainly on the company's own books.

Thanks to the positive trend in reinsurers' earnings, reinsurance commissions received were larger than the company's own operating expenses, which thus had a positive effect on the result.

In investments, gains were not realised as in the previous year, due to which net income went down, whereas other investment income took an upward turn.

In the year under review, the Insurance Company of Finland, Hermes Kreditversicherungs AG of Germany and the Finnish State Guarantee Board signed an agreement on establishing a common credit insurance company, the Credit Insurance Company of Finland Ltd. The initiation of operations is subject to the approval of the relevant authorities.

**Intensified Competition**

Competition on the corporate insurance market is constantly intensifying. In addition to prices, the content and scope of insurance and financing solutions are a competitive factor, too. Claims settlement, loss prevention and loss adjustment services as well as international

service capacity also become increasingly important.

From the client perspective, safeguarding company profits and the balance sheet alongside good management of total risk costs is vital. MAS has the same goal as it upgrades its know-how and service profile.

MAS will further strengthen its position around the Baltic Rim and in parts of Russia nearby Finland. Since no significant growth is anticipated in the Finnish market, growth expectations are directed at the extended home market i.e. Finland, Sweden, the Baltic Rim and Central Europe. By focusing on sectors and risk types in which we have gained outstanding expertise, MAS safeguards profitable growth into the future. ☒

**Industrial Insurance  
Board of Directors**

Jouko K. Leskinen  
*Chairman of the Board*  
CEO, Sampo Group

Mikko Kivimäki  
*Deputy Chairman*  
President, CEO  
Rautaruukki Oy

Heimo Karinen, Kemira Corporation  
Björn Mattsson, Cultor Corporation  
Kurt Nordman, Helsinki Telephone Corporation

Timo Poranen, Metsäteollisuus ry

# SAMPO LIFE INSURANCE

*Life insurance business in Finland developed in two different ways during the year under review. Voluntary pension insurance premiums written increased by over 25 per cent to FIM 3.5 billion, whereas life insurance premiums written dropped by 15 per cent to FIM 7.7 billion. Gross premiums written thus totalled FIM 11.2 billion, which is 5 per cent down on the previous year.*

Interest in unit-linked insurances increased significantly with premiums written by Finnish insurers amounting to more than FIM 0.5 billion. Foreign life companies mainly offering unit-linked type policies also increased their premiums written on the Finnish market.

The total value of life insurance savings held by Finnish life companies grew by approximately FIM 12 billion to just under FIM 55 billion, FIM 30 billion of which was accounted for by private individuals. Despite this balance sheet growth, solvency remained satisfactory or even improved.

## Sampo Life Insurance Market Share Up

Kaleva and Sampo Life performed well in the life insurance market and underwent a structural reorganisation at the beginning of 1997. Total direct insurance premiums written by these two companies rose by 8.6 per cent to FIM 1,857 million, growing Sampo life insurance companies' market share from 14.4 per cent in 1996 to 16.5 per cent last year. Sampo's total market share including associated company Nova Life Insurance Company Ltd stood at more than 26 per cent.

Kaleva concentrates on providing group life insurance to members of employee organisations and its premiums written totalled FIM 815 million. Most of these accrued from savings life insurances sold before 1997, which remained in Kaleva's portfolio after the reorganisa-

tion. Around FIM 530 million of the total was paid into these policies by the policyholders in the form of additional lump-sum payments during the year under review.

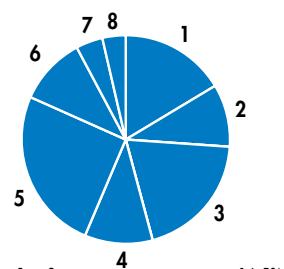
Sampo Life gross premiums written amounted to FIM 1,136 million, of which assumed reinsurance accounted for FIM 94 million. Premiums written for voluntary pension insurances totalled FIM 492 million, up just over 26 per cent on the value of premiums written for that portfolio before it was transferred from Kaleva to Sampo Life. Premiums written for single premium endowment policies stood at FIM 550 million.

## A Good Investment Yield

It was a profitable year for life insurance companies' investment business. The total market value of Kaleva and Sampo Life's investment portfolios was FIM 8.9 billion during the year under review, of which Sampo Life accounted for FIM 4.3 billion. The companies' portfolios are in good shape, both in terms of asset allocation and yield.

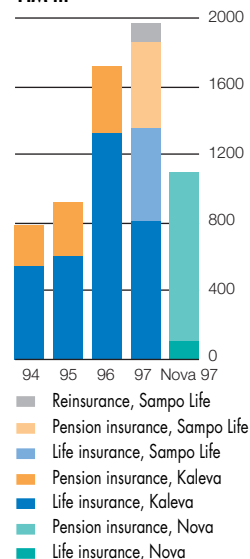
The proportion of foreign investments of the whole investment portfolio was 20 per cent at Kaleva and 29 per cent at Sampo Life, excluding deposits attached to reinsurance. Foreign investments have been made primarily in the securities markets of the G5 countries. In order to supplement the domestic portfolio by spreading investments to a wider variety of lines of business, equity investments have also been made in the other Nordic countries. Investments in foreign currencies have generally been hedged against exchange rate risks.

Life insurance market shares 1997

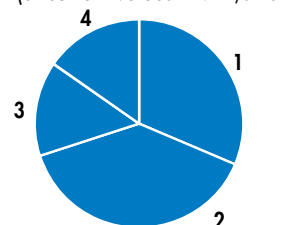


1	Sampo	16.5%
2	Nova	9.6%
3	Pohjola	19.7%
4	Tapiola	10.6%
5	Merita	25.3%
6	Aurum	10.6%
7	Leijona	4.1%
8	Verdandi, Liv-Alandia	3.6%

Development of premiums written, FIM m



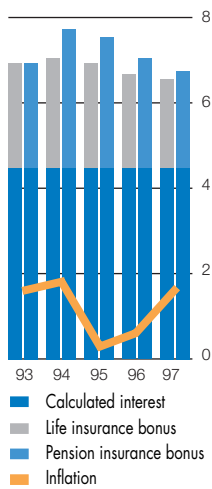
Sampo Life's investment portfolio, Dec. 31st, 1997 (at current values FIM 4,318 m)



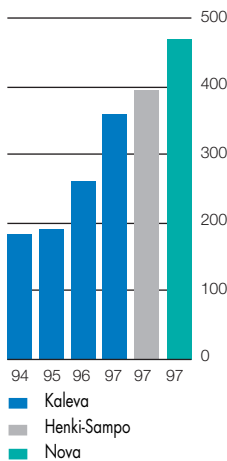
1	Bonds	31.5%
2	Shares	38.6%
3	Real estate	14.5%
4	Other investments	15.4%



**Sampo Life and Kaleva's bonuses and rebates, %**



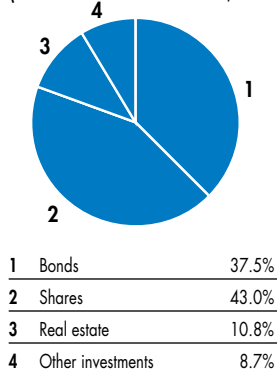
**Solvency margin ratio\***



\* Solvency margin to its minimum amount

**Kaleva's investment portfolio, Dec. 31st, 1997**

(at current values FIM 4,537 m)



Net investment income totalled slightly over FIM 270 million at Kaleva and FIM 323 million at Sampo Life. The increased income was attributable in particular to realised gains from the listed shares of both Finnish and foreign companies. Dividend income also developed favourably. The positive trend in real estate leasing continued with the vacancy rate falling to 2–3 per cent. Sampo Life's positive performance was further improved by the acquisition of the Partek Group headquarters in Helsinki.

**Earnings and Solvency Strengthened**

With the exception of policy surrenders, the value of claims incurred by Kaleva and Sampo Life developed well in 1997. Pensions constituted the largest class of claims paid by Sampo Life at FIM 91 million. Life reinsurance claims paid totalled approximately FIM 50 million, yielding a marginally positive result from this business.

Claims paid by Kaleva included just over FIM 196 million of surrenders, a major part of which relates to short-term investment policies taken out by companies and associations. The loss ratio of Kaleva's risk business remained positive during the year under review. As part of its 125th anniversary celebrations planned for 1999, Kaleva has raised the cover sums payable at death for policies currently in force, by a full 10 per cent. This bonus customer benefit is valid from 1998 until the year 2000.

The total operating expenses of Kaleva and Sampo Life rose by just over 9 per cent to FIM 183 million, the largest expense item being commissions and other policy acquisition costs. The companies together employed an average of 150 people in 1997.

Operating expenses incurred by Sampo Life during its first year of operations were clearly larger than loading items charged for policies. The company will attempt to reduce this cost deficit over the next few years by applying the new loading models introduced at the beginning of 1998 and by revising the commissions structure.

Kaleva's performance in 1997 can be described as at least satisfactory with a profit for the financial year after tax of FIM 24.5 million, a result mirrored by Sampo Life in its first year of operations.

Both Kaleva and Sampo Life granted competitive bonuses and rebates on insurance savings. In addition to the calculated interest, a 2.0 per cent bonus was granted on savings life insurances and 2.2 per cent on pension insurances. In addition, FIM 50 million was reserved at Kaleva and FIM 18 million at Sampo Life for bonuses and rebates payable in the years to come.

The solvency of both Sampo life insurance companies was healthy at the end of the year under review. Kaleva's solvency margin stood at FIM 878 million, around 3.6 times the required minimum. Sampo Life's margin of FIM 644 million was almost four times the required minimum and meets to the company's current long-term target.

**Favourable Outlook**

The merger of Sampo Life and Nova into a new and stronger Sampo Life will significantly improve Sampo's competitive position in the growing Finnish life insurance market. As the merger comes into effect at the turn of the year in 1998–1999, Sampo Life will be the largest life insurer in Finland measured by its balance sheet. By the total value of premiums written, new Sampo Life and Kaleva, which specialises in providing group insurance cover for organisations, will make Sampo the market leader in Finnish life insurance with slightly over 25 per cent of that market.

The special strengths of the new Sampo Life are a profound knowledge of the pension insurance business and close co-operation with the Group's new employment pension company. Thanks to the united strengths of Sampo Life and Nova, the new Sampo Life will also be able to tackle international competition more effectively, both in Finland and the larger home market area that describes the Baltic Rim countries. ☒

# FOREIGN REINSURANCE RUN-OFF

*The Sampo run-off companies, ST International Insurance Company Limited, Patria Reinsurance Company Limited and Lakewood Insurance Company Ltd, are in charge of running off Sampo Insurance Group's foreign reinsurance portfolio.*

The run-off proceeded as planned in 1997. Reinsurance cover provided to the domestic run-off companies by their parent companies was commuted, i.e. the parent companies paid off liabilities related to stop-loss cover granted. The provision for outstanding claims on Patria and ST International's own accounts increased as a result and neither company now holds reinsurance cover granted by its parent.

The Pound Sterling and the US Dollar strengthened against the Finnish markka in 1997. This increased the companies' provision for outstanding claims in FIM terms. Since technical provisions are covered mainly by assets in corresponding currencies, exchange rate changes have no real bearing on results.

The run-off companies successfully commuted some significant contracts in 1997, resulting in the termination of large numbers of asbestos-related and environmental liability contracts.

The reinsurance system was adapted

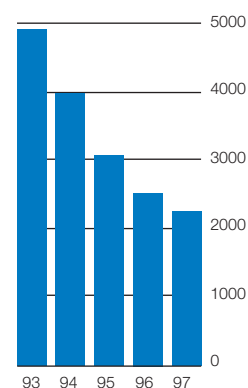
for year 2000 compatibility and plans were made for the introduction of the Euro. Patria continued to bring insurance pools under its own control: one has already been returned, and a second will be brought back this year. The number of treaties handled within the company has thus risen: the pool contracts in question used to be dealt with as a single treaty.

## Revised Calculation Principle for Claims Reserve and Equalisation Provision

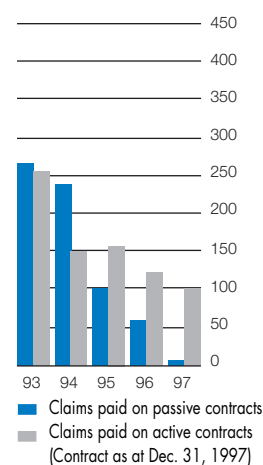
Revised principles for calculating outstanding claims and the equalisation provision were applied to Patria and ST International's 1997 accounts. The new calculation principle means part of the collectively calculated provisions for outstanding claims is allocated to contracts according to specified rules. Calculation methods will be developed further.

The run-off companies' investment strategy continued as before, with the focus on achieving a currency balance in

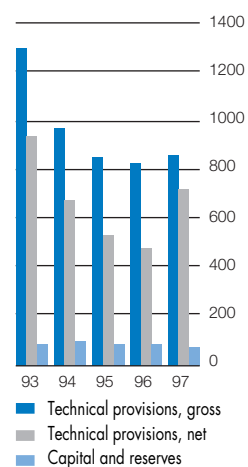
Number of Patria Re's active contracts managed by the company itself



Foreign reinsurance claims paid by Patria Re, FIM m

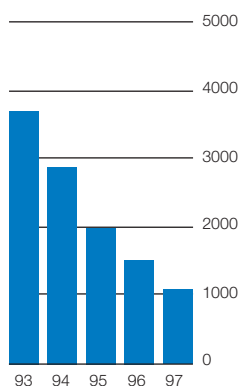


Patria Re's technical provisions and capital and reserves, FIM m

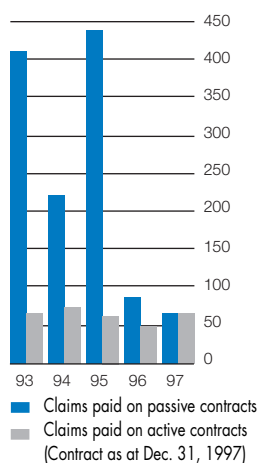


FIM millions	Patria		ST International		Lakewood	
	1997	1996	1997	1996	1997	1996
Turnover	124.3	92.3	82.3	61.8	4.3	2.8
Premiums earned	4.1	0.9	2.1	3.6	-1.6	-0.5
Claims incurred	-88.2	-86.3	-1.6	-60.5	-2.8	0.3
Net operating expenses	-5.2	-4.7	-4.3	-4.7	-1.8	-1.6
Change in the equalisation provision	-28.5	-	-63.9	13.3	-	-
Balance on technical account	-117.8	-90.1	-67.6	-48.3	-6.3	-1.8
Net investment income	112.0	84.4	71.5	48.2	4.8	-0.7
Other income and charges	-	0.1	-	-	-0.4	-
Tax	-0.1	-	-	-	1.4	1.2
Profit/loss on ordinary activities	-5.8	-5.7	3.9	-0.1	-0.5	-1.4
Technical provisions, net	742.1	470.8	514.1	260.7	35.2	35.1
Balance Sheet total	1,175.7	892.1	767.0	477.2	98.7	85.6
Balance Sheet total at current values	1,211.5	900.3	794.8	495.3	98.7	85.6
Average no. of personnel	16	18	18	20	5	5

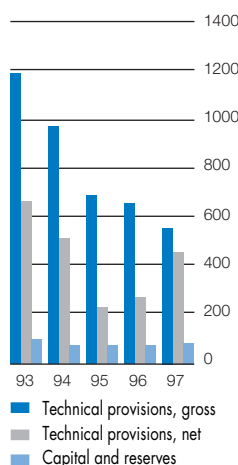
**Number of ST International's active contracts managed by the company itself**



**Foreign reinsurance claims paid by ST International, FIM m**



**ST International's technical provisions and capital and reserves, FIM m**



assets and liabilities, maintaining liquidity and avoiding valuation differences. Assets are consequently invested mainly in bonds denominated in foreign currencies and in money-market instruments.

### Final Accounts Affected by Exchange Rates and Commuted Cover

Patria's gross technical provisions increased by FIM 26 million calculated at variable exchange rates (a decrease of FIM 78 million at fixed rates). The provision for outstanding claims on Patria's own account increased by FIM 192 million, due to commuted stop-loss cover.

Claims paid during the year amounted to FIM 136 million, FIM 3 million of which is accounted for by commuted reinsurance treaties. The figure includes write-backs of FIM 28 million under claims paid, resulting from a single significant commutation. Claims paid on active contracts totalled FIM 93 million at December 31st, 1997 and the corresponding figure for 1996 was FIM 107 million.

Patria's net investment income stood at FIM 112 million. Net income excluding the effect of exchange rate fluctuations was FIM 45 million.

FIM 221 million of net technical provisions was discounted at 4 per cent interest and the total effect of discounting amounted to FIM 61 million. The discounting of the provision for outstanding claims was reduced more than would have been required by normal development.

ST International's gross technical provisions decreased by FIM 97 million calculated at variable exchange rates (a decrease of FIM 167 million at fixed rates). Technical provisions on the company's own account increased by FIM 162 million due to commutation of the stop-loss cover provided by the parent company.

Claims paid totalled FIM 143 million, of which FIM 69 million was compensation for commuted treaties. Claims paid from contracts still active at the turn of the year totalled FIM 64 million and the corresponding figure for 1996 was FIM 60 million. In addition to exchange rate movements, the increase is due to an

upturn in claims relating to some old catastrophe losses. For some contracts, the company also received accounting data covering several years.

Net investment income stood at FIM 71 million, of which FIM 34 million came from exchange rate gains.

The gross and net technical provisions of Lakewood, the run-off company operating out of London, decreased as a result of some significant commutations. Claims outstanding on the company's own account stood at FIM 35 million. The figure decreased when calculated in Sterling, but due to changes in the exchange rate of Sterling against the Finnish markka, the FIM value remained unaffected.

### More Stable Operating Environment

The operating environment was relatively stable during the financial year under review. No new large insurance portfolios were set into run-off. Equitas, which focuses on running off old Lloyd's of London reinsurance portfolio, has commenced operations in a brisk fashion. This provides an opportunity to deal with the spiralling catastrophe losses so typical of the London insurance market.

No new threats have emerged with respect to old liability exposures. Renowned American consultancy A.M. Best has reduced its estimate of future claims from environmental damages. Asbestos and environmental liabilities account for an estimated share of less than 25 per cent of Patria's outstanding claims, and slightly over 20 per cent for ST International. ST International's relative share rose as the value of the rest of its outstanding claims fell due to commutations.

This year has begun busily and commutations are likely to progress as expected. Uncertainty regarding the adequacy of provisions for outstanding claims lingers on to some degree. However, a calculation of the provision per contract will provide a useful tool for a more specific analysis of the overall provision. The run-off companies are still involved in some long-term arbitrations and court cases of significant financial interest. ☐

# INVESTMENTS

*The value of Sampo Insurance Group investments stood at FIM 22.9 billion on December 31st, 1997. Of the total investment portfolio, interest-bearing instruments accounted for 31 per cent, equities 48 per cent and real estate investments 21 per cent. Valuation differences on investments amounted to FIM 5,289 million.*

The positive economic trend in the year under review was also reflected in investments. The Helsinki Stock Exchange developed well with the Hex index rising 32 per cent in 1997. However, the Autumn's economic problems in Asia meant that prices fell back on all major stock exchanges and fluctuations and general uncertainty prevailed until the end of the year and beyond. Money market interest rates remained virtually unchanged throughout the first part of the year, taking an upward turn towards the end. Interest rates on debt securities fluctuated somewhat more, but particularly the longest interest rates fell towards the end of 1997.

New legislation on pension insurance companies' investments and supplementary instructions from Finland's Ministry of Social Affairs and Health came into force during the review year. A decision was therefore made to transfer Sampo Pension's ongoing investments

and full responsibility for them to the company itself. The new Sampo Pension investments organisation was formed in Autumn 1997 and commenced operations at the beginning of 1998.

## Half of the Total Portfolio in Equities

Securities investments were concentrated on equities, whose proportion of both Finnish and foreign investments increased, accounting for 48 per cent of the total investment portfolio at the year-end. The market value of equity investments stood at FIM 11,042 million, of which FIM 9,685 million was placed in domestic shares and FIM 1,357 million in foreign shares. The net value of new investments was FIM 840 million, 45 per cent of which were made outside Finland.

Dividend income from investment equities amounted to FIM 228 million, and totalled FIM 309 million including the avoir fiscal tax credit. FIM 598 mil-

lion of realised gains on equities was entered as income, FIM 508 million of which came from domestic equities and FIM 90 million from foreign equities. Value adjustments on equities totalled FIM 129 million.

Investments in debt securities totalled FIM 4,608 million at the end of the year, 56 per cent of which were placed in domestic debt securities. Realised gains on debt securities were booked in at FIM 65 million.

The direct yield from the total securities portfolio amounted to 4.3 per cent. Adding valuation differences into the interest and dividend yields brought the total yield to 21 per cent.

Building foreign investments into the securities portfolio enables the Sampo Group to diversify risk and improve the risk/return ratio. At the end of the year under review, foreign investments accounted for 23 per cent of the total securities portfolio.

## Investments in Funds Increased

Demand for investment credits remained unchanged. FIM 103 million was invested in capital funds, mainly ones investing in Finland. FIM 28 million was paid into funds on the basis of investment commitments. Investments in capital funds and direct investments in

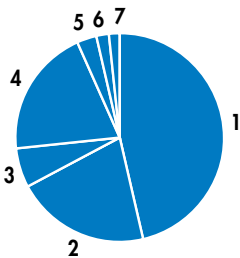
### Group's real estate portfolio, Dec. 31st, 1997

	Area '000 m <sup>2</sup>	Current value FIM m	Distribution of portfolio %	Net yield/ effective %	Vacancy rate %	Net yield/ potential %	Owner occupied %
Business premises							
Offices and retail premises	353.1	3,305.6	69.8	5.9	3.1	6.2	30.2
Industrial buildings and warehouses	83.9	242.6	5.1	8.8	13.9	10.5	
Business premises in total	437.0	3,548.2	74.9	6.1	5.2	6.5	
Residential buildings	70.5	536.7	11.3	5.4	0.0	5.4	
Other buildings	3.4	52.7	1.1	1.5	0.0	1.5	
Completed property portfolio	510.9	4,137.5	87.4	5.9	4.5	6.3	
Sites and development projects	10.0	384.2	8.1				
Acquisitions during the year	19.5	214.2	4.5				
Total	540.5	4,735.9	100.0				

Net yield comprises FIM 5,156 million of interest subsidies paid on state-subsidised dwellings.

An independent authorised real estate surveyor has valued the rents for the retail premises and offices occupied by Sampo, at an average of FIM 68 per m<sup>2</sup> per month (gross). The potential net yield ratio comprises the estimated rental income for vacant premises, at an average of FIM 43 per m<sup>2</sup> per month (gross).

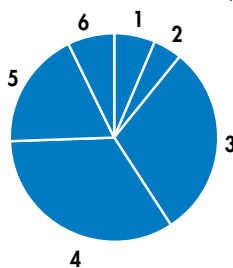
**Investment portfolio**  
(at current values FIM 22.9 billion)



1	Shares	46.5%
2	Land and buildings	20.7%
3	Money-market instruments and deposits	6.0%
4	Debt securities	20.2%
5	Credits	3.0%
6	Deposits with ceding undertakings	1.8%
7	Holdings in real estate investment companies	1.8%

Investments of FIM 48.1 million pertaining to unlinked insurances not included.

**Debt securities**  
(at current values FIM 5,116 m)

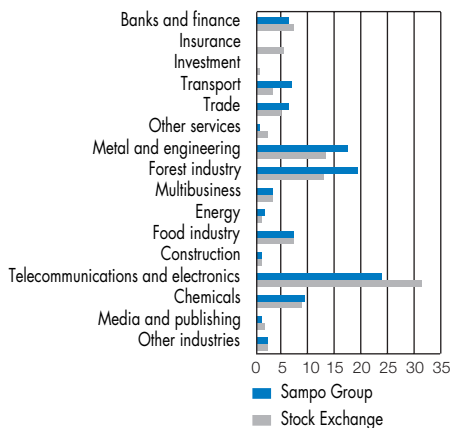


1	Money-market investments, FIM-denominated	6.4%
2	Money-market investments, foreign currency-denominated	4.5%
3	Government bonds, FIM-denominated*	29.9%
4	Government bonds, foreign currency-denominated**	33.7%
5	Other bonds, FIM-denominated	18.4%
6	Other bonds, foreign currency-denominated	7.1%

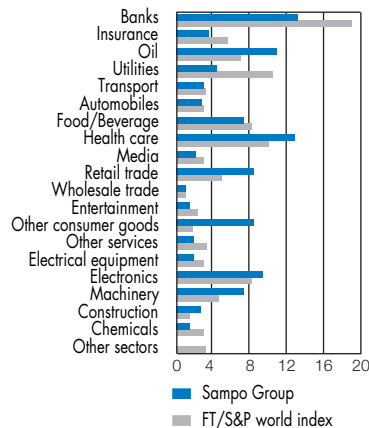
\* Modified duration 4.1

\*\* Modified duration 3.7

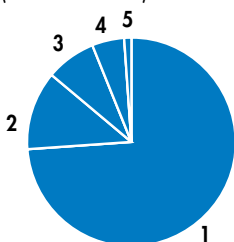
**Investments in listed domestic shares by industry, %**  
(at current values FIM 8,250 m)



**Investments in listed foreign shares by industry, %**  
(at current values FIM 1,330 m)

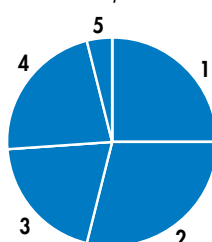


**Real estate portfolio, distribution by use, %**  
(at current values)



1	Offices and retail premises	74%
2	Residential property	12%
3	Undeveloped sites and development projects	8%
4	Industrial buildings and warehouses	5%
5	Other	1%

**Real estate portfolio, regional distribution, %**  
(at current values)



1	Central Helsinki	25%
2	Helsinki area	29%
3	Turku, Tampere	20%
4	Other parts of Finland	22%
5	Overseas	4%

private equities both play an increasing role in Sampo Insurance Group's client financing operations.

**Real Estate Income Increased**

Net income from rents increased in 1997, thanks to the rise in rent and occupancy rates and falling maintenance costs.

The potential net yield of the Sampo Insurance Group completed property portfolio is 6.3 per cent, including potential rental income for vacant premises.

Real estate investments accounted for 21 per cent of Sampo Group's entire investment portfolio at the end of 1997, compared to 24 per cent a year earlier. We developed the structure of our real estate portfolio by selling individual residential and business premises at a total value of FIM 30.5 million.

FIM 242 million was invested in new real estate. The most significant acquisitions were the Partek Group headquarters in Helsinki, Mannesman-Rexroth's premises in Vantaa and investments in the Sinebrychoff project on Bulevardi in Helsinki.

A total of FIM 160 million was invested in the real estate company Vasa-Sijoituskiinteistö Oy, including FIM 10 million in the company's share capital. Vasa purchased the shops, central warehousing and wholesale cash-and-carry real estate attached to Tuko's perishable goods business.

The number of vacant premises continued to fall, standing as low as 5.2 per cent at year-end.

The open market value of real estates was adjusted downwards by FIM 43.2 million, FIM 11.6 million of which were book value adjustments taken into the Profit and Loss Account.

On January 1st, 1997, operational responsibility for the technical maintenance of Sampo Insurance Group's real estate was transferred to Kiinteistövarma Oy, a company partly owned by the Group. The development of their operations continues apace. ☺

# STATUTORY EMPLOYMENT PENSION INSURANCE

*Insurance Company Sampo Pension Ltd handles statutory employment pension insurance and offers supplementary products and services to its clients in co-operation with Sampo.*

Sampo Pension's result for 1997 was significantly better than the year before. Thanks to a good contribution from investments and management costs, the company is able to return FIM 155 million to its clients in bonuses, which is more than ever before.

FIM 276 million of the result went on improving solvency and Sampo Pension also advanced its position further by increasing its solvency margin by FIM 634 million. This amount represents investment gains corresponding to the difference between the fund interest of 3 per cent and calculated interest of 5.5 per cent.

The solvency margin rose from FIM 2,463 million in 1996 to FIM 3,714 million at the end of 1997. At the year-end, the margin was 13.3 per cent of the technical provisions used for calculating the solvency limit, which means Sampo Pension clearly exceeded the lowest target zone limit at 11.9 per cent.

## Insurance Company Sampo Pension Ltd

FIM millions	1997	1996
Turnover	7,350.8	7,160.4
Gross premiums written	5,150.0	5,158.4
Claims incurred	4,535.9	4,065.3
Operating expenses	161.7	150.3
Net investment income	1,767.2	1,620.9
Direct net investment income	1,487.9	1,426.1
Technical provisions	31,066.5	25,922.0
Balance Sheet total at current values	33,985.6	28,439.5
Solvency margin required under the Finnish Ins. Companies Act	3,713.6	2,462.8
Average no. of personnel	279	269

## A Good Result From Investments

Sampo Pension showed a total surplus of FIM 431 million from investments (FIM 407 million) and management costs (FIM 24 million). The corresponding total for 1996 was FIM 279 million. Management costs here arise from insurance policies, and the item is included in the contribution under TEL (Employees' Pensions Act). The bases for calculating this item are standardised in all employment pension companies.

Net investment income rose by 9 per cent from FIM 1,621 million in 1996 to FIM 1,767 million for the year under review. Value readjustments on investments were entered at FIM 95 million – FIM 27 million less than the previous year – and value adjustments on investments amounted to FIM 39 million, an increase of FIM 32 million over 1996. Realised gains on investments increased to FIM 262 million (FIM 102 million in 1996).

Sampo Pension raised its overseas and share investments in accordance with the investment strategy agreed by its Board. Investments in shares accounted for 9 per cent of the company total, compared with 6 per cent in 1996, and gross investments in shares increased to FIM 962 million including those made in capital investment funds. Sampo Pension helped spread its investment portfolio by making more overseas investments than in previous years e.g. placing FIM 300 million in bonds linked to foreign share indices, a new investment instrument for this company. The said bonds are denominated in Finnish markka, and their yield is determined on the basis of the development of selected foreign stock exchanges.

Due to legislation concerning employment pension companies stipulated in the year under review, Sampo Pension continued to develop its own investment organisation. At the year-end, investments were handled mainly by the com-

pany's own personnel and involved 43 people.

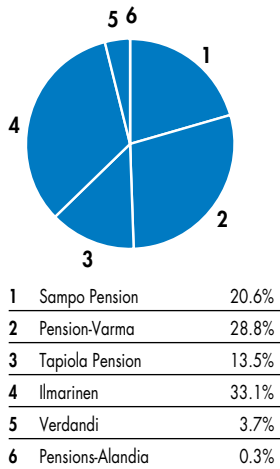
## Premiums Written Remained Almost Unchanged

Sampo Pension's premiums written in 1997 remained practically unchanged on 1996 and amounted to FIM 5,150 million. This is mainly because premiums written for 1996 were estimated at too high a level in the 1996 accounts; the difference was corrected in the 1997 accounts. Additionally, Sampo Pension paid out a clearing item of approximately FIM 8 million in amortisation for uncovered liabilities to The Central Pension Security Institute. The total amount of wages and salaries used as a calculation basis for premiums is estimated to have increased by about 4 per cent in 1997.

Credit losses on statutory pension insurance stood at FIM 50.2 million, slightly down on the previous year. Credit losses arising from insurance premiums under YEL (Self-Employed Persons' Pensions Act) increased to FIM 37.5 million, mainly comprising outstanding premiums expired during the financial year, and are entered as credit loss in the final accounts. The higher credit losses are partially due to the transfer of outstanding YEL premiums from the Eläke-Kansa receivership to Sampo Pension, part of which expired and were entered under credit losses.

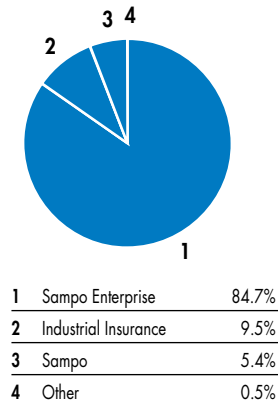
If YEL insurance premiums fail to cover pension expenditure and policy management expenses, the difference is covered by the Finnish State. This also covers credit losses incurred from YEL premiums. During the past few years, the State has participated in financing self-employed persons' pensions to the extent of around FIM 400 million annually. The payment of pension insurance premiums under YEL is expected to become more efficient as a result of an amendment to the Entrepreneurs' Pensions Act that will come into force from the beginning of 1998, the aim of which is to encourage self-employed persons to pay their YEL premiums. If a self-employed person neglects to pay YEL premiums and the collection period expires, his or her pension will be reduced.

**Pension insurance companies' market shares of TEL and YEL insurance 1997\***

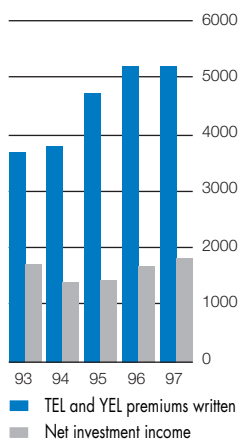


\* Projection

**Primary non-life insurers of TEL clients by number of employees**



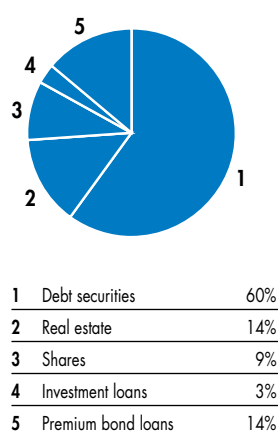
**Premiums written and net investment income, FIM m**



**Extensive High-Quality Service**

Sampo Pension's basic service range comprises all types of employment pension insurance and claims settlement services, to meet the needs of policyholders and the insured. Sampo Pension additionally offers its policyholders client financing and, in its role as an employment pension insurer, loans from the statutory employment pension insurance fund. The company presents clear and extensive service concepts in co-operation with Sampo, in the fields of pension, life and non-life insurance in Finland as well as internationally. Sampo Pension also

**Investment portfolio, Dec. 31st, 1997  
(Total at current values FIM 29,629 m)**



serves its clients in co-operation with insurance brokers approved by the Ministry of Social Affairs and Health.

Sampo Pension utilises modern technology and IT by offering its clients e.g. advanced methods for submitting payroll data and annual summaries. During the year under review, the company introduced forms which are read optically, and developed an even more interactive service channel through the internet, which is particularly useful for small and medium-sized companies, as well as for many other insured.

Sampo Pension took part in a pro-

ject entitled "Working Capacity of Tomorrow", which aims to improve the working capacity of Finnish people. The project started in 1996, closes in 1998 and was arranged by the Federation of Employment Pensions Institutions. Activities targeted at maintaining current working capacities continue, and the promotion of capacity growth has become a permanent part of the operations of all Finnish employment pension companies.

Quality is a part of corporate culture at Sampo Pension. The company received its first quality certificate in 1995, for its information services. All operations grouped under Sampo Pension's claims settlement services were awarded the ISO 9002 quality certificate for systematic quality working in 1997.

**Sampo Pension Becomes Varma-Sampo**

Sampo Pension operations will undergo major changes in the near future. On November 6th, 1997, the Boards of Sampo Pension, Pension-Varma, Sampo and Enterprise-Fennia decided on a structural reorganisation for their employment pension companies. This means that a significant part of the employment relationships insured in Pension-Varma will be transferred to Sampo Pension on July 1st, 1998. As a consequence, the employment pension insurance portfolio of Sampo Insurance Group's accident insurance clients will in future be concentrated in one single employment pension company. Sampo Pension will become a mutual and be renamed Varma-Sampo. The realisation of the structural reorganisation is subject to the approval of the Annual General Meetings of Sampo Pension and Pension-Varma, as well as that of the Ministry of Social Affairs and Health in Finland.

The value of Varma-Sampo's annual premiums written and technical provisions are about twice those of Sampo Pension. Varma-Sampo will be the largest employment pension insurance company in Finland by market share and its clientele will comprise both small and medium-sized enterprises, as well as major clients. ☒



# MANAGEMENT OF THE SAMPO GROUP

## **\*Jouko K. Leskinen**

Born 1943, CEO, Managing Director of Sampo.



Jouko K. Leskinen

## **\*Hannu Kokkonen**

Born 1947, Managing Director of Private Sampo, Deputy Managing Director of Sampo. Areas of responsibility: private households, run-off, information technology, personnel.



Hannu Kokkonen



Juha Toivola



Juhani Vesterinen

## **\*Juha Toivola**

Born 1947, Managing Director of Industrial Insurance and Otso, Deputy Managing Director of Sampo. Areas of responsibility: major clients, finance, internal risk management.

## **\*Juhani Vesterinen**

Born 1953, Managing Director of Sampo Enterprise.

## **\*Matti Rantanen**

Born 1949, Managing Director of Sampo Life and Kaleva.



Matti Rantanen



Martti Porkka



Kari Ola

## **\*Martti Porkka**

Born 1951, General Manager, Investments.

## **\*Kari Ola**

Born 1939, General Manager, Group Finance. Areas of responsibility: group finance, logistic services, IR-operations, internal audit.

## **\*Juhani Kangas**

Born 1944, General Manager, Planning. Areas of responsibility: group strategy and strategic development of the group's business activity.



Juhani Kangas



Eero Holma



Matti Ruohonen

## **\*Eero Holma**

Born 1951, Managing Director of Sampo Industrial Insurance, General Manager of International Operations.

## **\*Matti Ruohonen**

Born 1947, Managing Director of ST International and Patria.

## **Antti Savolainen**

Born 1939, Managing Director of the Insurance Company of Finland.

## **Markku Hyvärinen**

Born 1948, Managing Director of Sampo Pension.



Antti Savolainen



Markku Hyvärinen

Veli-Kalle Tavakka was Managing Director of Otso until December 31, 1997.

\* Member of the Sampo Insurance Group Management Board



# SHAREHOLDER INFORMATION

## Annual General Meeting

The Annual General Meeting of Sampo Insurance Company Limited will be held at the Helsinki Fair Centre, Congress Wing, Hall C1, at Rautatieläisenkatu 3, Helsinki, on Tuesday April 21st, 1998 at 3 p.m.

## Payment of Dividend

The Sampo Board of Directors has proposed that a dividend of FIM 3.00 per share be paid for the financial year. Dividend will be paid to a shareholder who, on the matching day of dividend payment, is registered as a shareholder in the Shareholders' Register held by the Finnish Central Securities Depository Ltd. The matching day of dividend payment is April 24th, 1998. In accordance with the proposal of the Board of Directors, the dividend is payable on April 29th, 1998.

To those shareholders who have not transferred their shares to the book-entry securities system by the matching day of dividend payment, dividend will be paid after their shares have been transferred to the book-entry securities system.

## Financial information

The official final accounts can be inspected at Sampo's head office in Turku, at Yliopistonkatu 27.

Sampo Group Annual Reports:

### Sampo Insurance Company Limited

– available in Finnish, Swedish and English

### Industrial Insurance Company Ltd

– available in Finnish, Swedish and English

### Sampo Industrial Insurance N.V.

– available in English

### Insurance Company of Finland Limited

– available in Finnish, Swedish and English

### ST International Insurance Company Limited

– available in English

### Patria Reinsurance Company Limited

– available in English

### Sampo Life Insurance

Kaleva Mutual Insurance Company  
Sampo Life Insurance Company Limited

– available in Finnish and Swedish

### Sampo Life Insurance Company Limited

– available in English

### Insurance Company Sampo Pension Ltd

– available in Finnish and Swedish

Sampo will publish an **interim report** for the period January 1st–June 30th, 1998. The report will be published on August 25th, 1998 in Finnish, Swedish and English.

To order Annual or Interim Reports, please fax your request to the Information Department: +358 10 514 1811.

## INVESTMENT ANALYSES

These stockbrokers and investment analysts assessed Sampo as an exciting investment opportunity in 1997. Sampo does not answer for the assessments presented in the analyses.

ABG Securities	Anders Brege	Tel.	+44	171	905 5634
ABN AMRO Hoare Govett	Tim Dawson, Roland Andreasson		+44	171	374 7084
Alfred Berg Finland Oy Ab	Ronny Ruohomaa		+44	171	786 0811
Arctos Securities Ltd	Bengt Dahlström		+358	9	5499 3315
Carnegie	Martin Gottlob		+45	32	88 03 35
Enskilda Securities	Dae Levy		+44	171	638 2464
Erik Penser Fondkommission AB	Håkan Persson		+46	8	463 8022
	Andreas Ossmark		+46	8	463 8070
Fox - Pitt, Kelton	Bob Yates, William Hawkins		+44	171	377 8929
Goldman Sachs International	Giovanni Govi		+44	171	774 2526
HSBC James Capel	Michael Broom		+44	171	336 2410
JP Morgan	Angus Runciman		+44	171	325 9174
Merita Securities Ltd	Elina Timonen		+358	9	1234 0320
Merrill Lynch	Andrew J Mitchell		+44	171	772 2385
Morgan Stanley	Espen Nordhus		+44	171	513 6612
NatWest Securities	Mark Cathcart		+44	171	375 6355
Opstock Securities	Jukka Lindén		+358	9	404 2040
Schroders	Richard Urwick		+44	171	658 3033
	Roberto Cervesi		+44	171	658 3137
Svenska Handelsbanken	Mats Andersson		+46	8	701 41 49
	Ilkka Salonen		+358	9	1667 7337

# SAMPO GROUP OFFICES

## **Sampo Enterprise Private Sampo**

Postal address:  
FIN-20025 SAMPO,  
Finland  
Visiting address:  
Yliopistonkatu 27,  
Turku  
Tel. +358 10 515 300  
Telex 62242 sampo fi  
Fax +358 10 514 1811

Postal address:  
FIN-00025 SAMPO,  
Finland  
Visiting address:  
Aleksanterinkatu 11,  
Helsinki  
Tel. +358 10 515 311  
Telex 62242 sampo fi  
Fax +358 10 514 4028

## **Industrial Insurance**

Postal address:  
FIN-00035 Helsinki,  
Finland  
Visiting address:  
Vattuniemenkuja 8 A,  
Helsinki  
Tel. +358 10 515 12  
Telex 124832 assur fi  
Fax +358 10 514 5232

## **Otso**

Postal address:  
P.O. Box 101,  
FIN-00211 Helsinki,  
Finland  
Visiting address:  
Vattuniemenkuja 8 A,  
Helsinki  
Tel. +358 10 515 17  
Fax +358 10 514 6288

## **Insurance Company of Finland**

Postal address:  
P.O. Box 12,  
FIN-00211 Helsinki,  
Finland  
Visiting address:  
Itälahdenkatu 21 A,  
Helsinki  
Tel. +358 10 515 12  
Fax +358 10 514 5833

## **Patria**

Postal address:  
P.O. Box 12,  
FIN-00211 Helsinki,  
Finland  
Visiting address:  
Melkonkatu 22 A,  
Helsinki  
Tel. +358 10 515 12  
Telex 124832 assur fi  
Fax +358 10 514 5195

## **ST International**

Postal address:  
Puolalankatu 5,  
FIN-20100 Turku,  
Finland  
Visiting address:  
Puutarhakatu 1, Turku  
Tel. +358 10 515 300  
Telex 62242 sampo fi  
Fax +358 10 514 1940

## **Sampo Life**

**Kaleva**  
Postal address:  
FIN-00025 SAMPO,  
Finland  
Visiting address:  
Kluuvikatu 3, Helsinki  
Tel. +358 10 515 311  
Telex 62242 sampo fi  
Fax +358 10 514 4232

## **Sampo Pension**

Postal address:  
P.O. Box 1,  
FIN-00026 SAMPO  
PENSION, Finland  
Visiting address:  
Lapinlahdenkatu 1 B,  
Helsinki  
Tel. +358 10 515 14  
Telex 62242 sampo fi  
Fax +358 10 514 4752

## **Other offices in Finland**

Alajärvi  
Espoo  
- Tapiola  
Forssa  
Hamina  
Harjavalta  
Heinola  
Helsinki  
- Aleksis  
- Hakaniemi  
- Itäkeskus  
- Kannelmäki  
- Malmi  
- Mannerheimintie  
- Sörnäinen

Huittinen  
Hyvinkää  
Hämeenlinna  
Iisalmi  
Ikaalinen  
Imatra  
Joensuu  
Jurva  
Jyväskylä  
Jämsä  
Järvenpää  
Kajaani  
Kangasala  
Kankaanpää  
Kauhajoki  
Kemi  
Kemijärvi  
Kerava  
Keuruu  
Kokemäki  
Kokkola  
Kotka  
Kouvola  
Kuopio  
Kuusamo  
Lahti  
Laitila  
Lappeenranta  
Lapua  
Lieksa  
Lohja  
Loimaa  
Loviisa  
Mikkeli  
Mänttä  
Nokia  
Nummela  
Närpiö  
Oulu  
Paimio  
Parainen  
Pieksämäki  
Pietarsaari  
Pori  
Porvoo  
Raahе  
Raisio  
Rauma  
Riihimäki  
Rovaniemi  
Saarijärvi  
Salo  
Savonlinna  
Seinäjoki  
Somero  
Suonenjoki  
Tammisaari  
Tampere  
Toijala  
Tornio  
Turku  
- Yliopistonkatu  
- Hämeenkatu

Uusikaupunki  
Vaasa  
Valkeakoski  
Vammala  
Vantaa  
- Tikkurila  
- Myyrmäki  
Varkaus  
Virrat  
Ylivieska  
Ähtäri  
Äänekoski

## **Service points**

- Ivalo  
- Kitee  
- Klaukkala  
- Leppävaara  
- Mäntyharju  
- Orimattila  
- Orivesi  
- Siilinjärvi  
- Sodankylä  
- Viitasaari

## **SUBSIDIARIES AND OFFICES OUTSIDE FINLAND**

### **Subsidiaries**

**Sampo Industrial  
Insurance N.V.**  
Eero Holma, Managing  
Director

**Head Office**  
Postal address:  
P.O. Box 8524  
3009 AM Rotterdam  
The Netherlands  
Visiting address:  
K.P. van der Mandelelaan 90  
3062 MB Rotterdam  
The Netherlands  
Tel. +31 10 452 7299  
Fax +31 10 452 4403

**Branch Office in Holland**  
Postal address:  
P.O. Box 8524  
3009 AM Rotterdam  
The Netherlands  
Visiting address:  
K.P. van der Mandelelaan 90  
3062 MB Rotterdam  
The Netherlands  
Tel. +31 10 212 1000  
Fax +31 10 212 0850

**Branch Office in Germany**  
Rennbahnstrasse 72  
60528 Frankfurt a.M.  
Germany  
Tel. +49 69 967 8050  
Fax +49 69 670 1441

**Branch Office in England**  
2 Seething Lane  
London EC3N 4SA  
United Kingdom  
Tel. +44 171 208 8400  
Fax +44 171 208 8402

**Sampo Industriförsäkring AB**  
Jacobs Torg 3  
Box 16136  
103 23 Stockholm  
Sweden  
Tel. +46 8 5661 0500  
Fax +46 8 5661 0540  
Matti Rattik, Managing  
Director

**Sampo Kindlustuse AS**  
Rävala 2  
EE-00001 Tallinn  
Estonia  
Tel. +372 6 130 130  
Fax +372 6 130 131  
Olavi Laido,  
Managing Director

### **Offices**

**Sampo Group**  
St Petersburg Representative  
Office  
Postal address:  
P.O. Box 16,  
FIN-53501 Lappeenranta,  
Finland  
Visiting address:  
Malaja Konjushennaja 1/3,  
Office A 11  
191186 St Petersburg  
Russia  
Tel. +7 812 329 2540  
Fax +7 812 329 2541  
Pirjo Myyryläinen,  
Manager





SAMPO

[www.sampo.fi](http://www.sampo.fi)