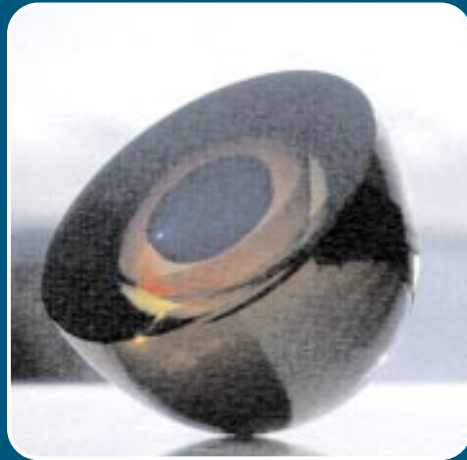


SAMPO

ANNUAL REPORT 1998



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Pages 17–69 contain the financial statements presented in full thousands of Finnish markka. The official financial statements can be inspected at the following Sampo offices:

- Aleksanterinkatu 11, Helsinki (Sampo Group's Legal Affairs)
- Puolalankatu 5, Turku (Financial Administration)



The year 1999 marks the 125th anniversary of Kaleva Mutual Insurance Company and, with it, Finnish life insurance in general. For Sampo Insurance Company, this year will be the company's 90th anniversary. To celebrate these jubilees, Sampo has published an art book entitled "Ars Assurata - Sampo Art from the Golden Age to the Present Day" exhibiting the company's extensive art collection. The illustrations in this annual report originate from this book.

Cover

*Timo Sarpaneva, 1926–
Fiercy glance, 1998*

Timo Sarpaneva, a great master of the Finnish glass sculpture, very often creates the basic form of his works by combining a circle, a square and an oval. The subject matter regularly springs from Finnish folklore. "We have to achieve self-fulfilment as Finns, not by imitating others. Only thus will we be able to keep our place in the face of fierce international competition", as the artist himself puts it. Among the stimuli behind this work one finds features of icon painting: the expressively effective colour scale and the divine eye overlooking and protecting our earthly journey.

SAMPO HIGHLIGHTS 1998

February

- Sampo made the promotion of safety for young people and families with children its theme for the year and initiated co-operation with the Mannerheim League for Child Welfare. Sampo subsidiary, Risk Management Ltd, donated 4,500 Caresam car seats to the League.

March

- Sampo published its accounts for 1997. Sampo Group operating profit increased to FIM 921 million and earnings per share doubled to FIM 8.32.
- Merita Plc announced Merita Group holdings of Sampo Insurance Company plc voting shares (Sampo "A") had fallen from 10.26 to 0.07 per cent.

April

- The meeting of Sampo Supervisory Board appointed Mr. Jyrki Juusela (Outokumpu Oyj) its new Chairman.
- The FIM 100,000 Sampo Safety Award was conferred on Nuorisopalvelu Yöjälkä ry, an association from Vihti in southern Finland, which has for years focused on improving young people's control over their own life, and achieved excellent results. The theme of the 1998 Safety Award was young people and the use of intoxicants.
- Unsa Ltd announced its holding of Sampo Insurance Company plc voting shares (Sampo "A") exceeded 15 per cent.
- Unsa Ltd shareholders - Pension-Varma, Sampo, Industrial Insurance, and Kaleva - concluded a shareholder agreement on, among other things, the company's administration and pre-emptive rights pertaining to Unsa shares.
- Sampo announced it had investigated co-operation possibilities with PV Group, but that discussions had ended without result.
- Sampo's Annual General Meeting approved the bond with warrants that was to be offered to permanent personnel at Sampo Group and Kaleva, as proposed by the Board of Directors. The AGM decided on a dividend of FIM 3 to be paid on each share, in accordance with the Board proposal. A proposal to make Sampo Ltd a

public limited insurance company on July 1st, 1998 was also accepted. The company's new name will be Sampo Insurance Company plc.

- Sampo Enterprise subsidiary AAS Sampo Latvija commenced operations.

May

- The bond with warrants offered to Sampo Group and Kaleva personnel was oversubscribed. Subscriptions were consequently reduced by around one in four.
- Sampo arranged a physical exercise theme day for its entire personnel.

June

- Sampo announced it would handle loss surveys on motor vehicle and boat losses itself from the start of 1999, and stop using the services of Finnish Loss Survey Ltd.

July

- Varma-Sampo Mutual Pension Insurance Company commenced operations. As a result of the pension companies' structural reorganisation, some 70 per cent of Pension-Varma's insurance portfolio was transferred to Sampo Pension, which became Varma-Sampo.

August

- Sampo published its Interim Report for the first half. Operating profit for January - June rose to FIM 850 million (FIM 668 million).
- Sampo Moment was introduced as a new service concept aimed at small and medium-sized companies.

September

- A competition to promote staff suggestions kicked off on September 1st. "Tuuma 98" emphasised the importance of making suggestions both in general and in areas focusing on the preparedness of Sampo clients for the euro and Y2K.
- Sampo Enterprise, Sampo Life and Varma-Sampo established a Sampo Award of FIM 50,000 in co-operation with the Finnish Foreign Trade Association. The annual award will go to a successful export network of medium-sized companies

taking part in Finnish Foreign Trade Association export network activities.

- Sampo introduced a voluntary motor insurance for used cars and a 50 per cent starting bonus.
- Sampo's representative office in Moscow opened for business.

October

- Finnish Credit Insurance Company Ltd, founded by Hermes Kreditversicherung, Sampo Group and the Finnish State (State Guarantee Board), commenced operations.
- Sampo Major Accounts Services opened an office in Hamburg, focusing on marine and cargo insurances.
- Sampo Supervisory Board re-elected Jyrki Juusela as Chairman.
- Varma-Sampo announced its redemption of 44.8 per cent of the Unsa shares owned by Sampo and Industrial Insurance, so that it would then own 100 per cent of Unsa's share capital. Varma-Sampo Group has a 22 per cent holding of Sampo "A" voting shares.

November

- Sampo's Lauttasaari operations were recognised as a Green Office by the Finnish division of the global WWF-World Wide Fund For Nature.
- Sampo Finance Ltd bought PCA Hansa Asset Management Oy and Rahastoyhtiö Baltic Belt Fund Management Oy. The companies were renamed Sampo Asset Management Ltd and Sampo Fund Management Ltd. Sampo announced it will introduce its first mutual fund offerings to the market through these companies at the beginning of 1999.

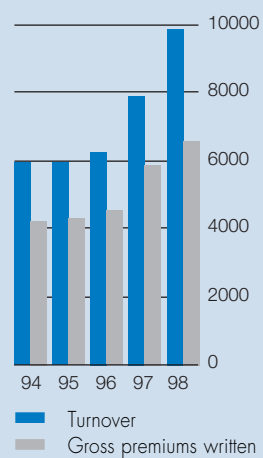
December

- Sampo took the decision to establish a non-life insurance company and a risk management company in Poland.
- Sampo Life Insurance Company Ltd was merged into Nova Life Insurance Company Ltd on December 31st. The new company, Sampo Life Insurance Company Ltd, is a Sampo subsidiary.

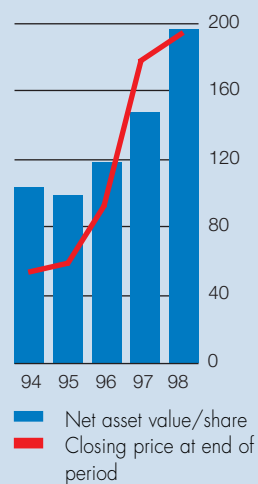
SAMPO GROUP KEY INFORMATION

	1998 FIM	1998 EUR	1997 FIM	1997 EUR	Change %
Turnover, mill.	9,815	1,651	7,848	1,320	25.1
Gross premiums written, mill.	6,516	1,096	5,784	973	12.6
Operating profit, mill.	1,254	211	921	155	36.1
Total on balance sheet, mill.	34,235	5,758	20,961	3,525	63.3
Solvency capital, mill.	14,921	2,509	10,004	1,682	49.2
Earnings per share	14.37	2.42	8.32	1.40	72.7
Net asset value per share	195.22	32.83	145.54	24.48	34.1
Average number of personnel	3,292		3,176		3.7

Turnover and gross premiums written, FIM m

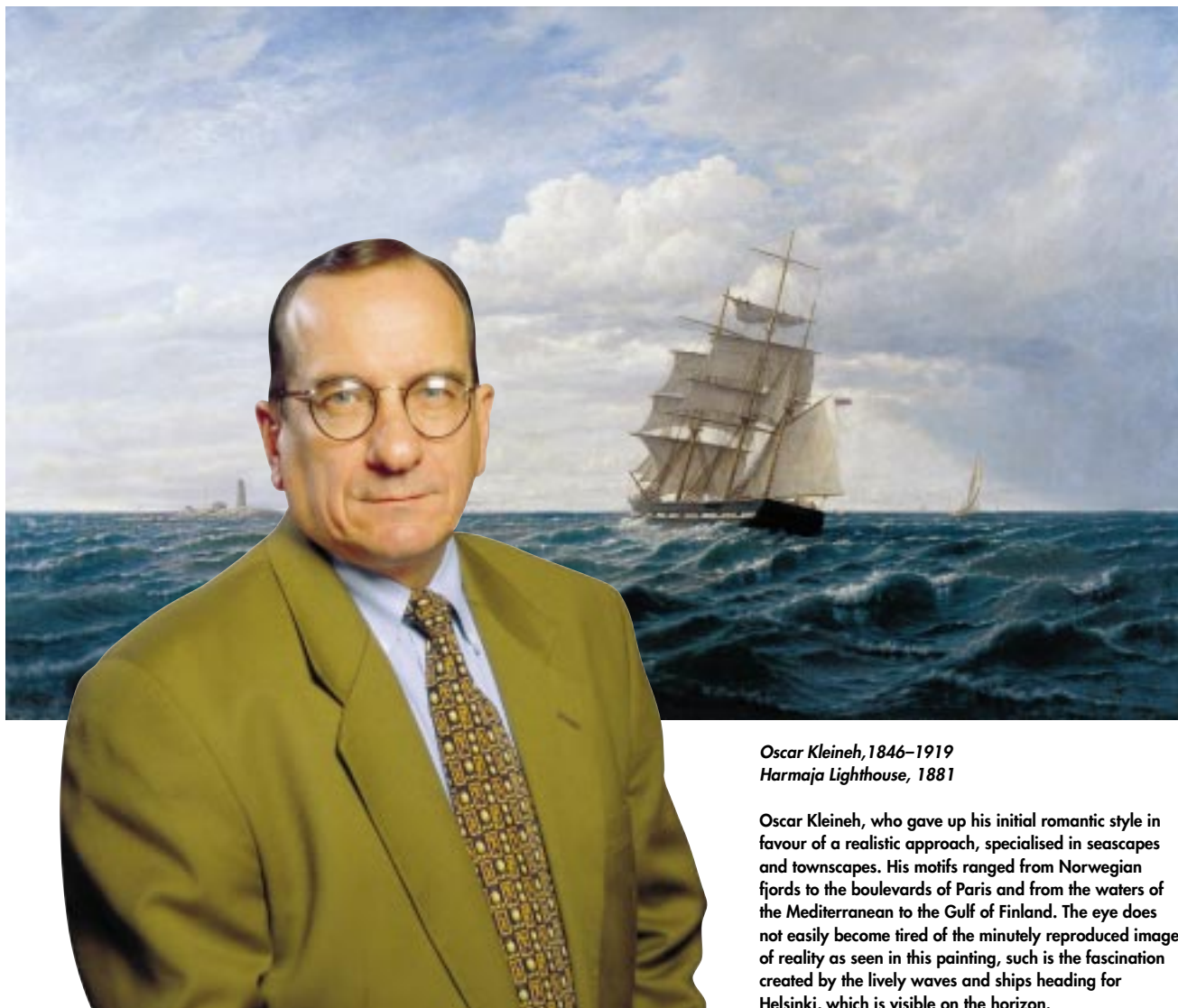


Net asset value/share, FIM



Conversion coefficient: EUR 1 = FIM 5.94573

CHIEF EXECUTIVE OFFICER'S REVIEW



*Oscar Kleinh, 1846–1919
Harmaja Lighthouse, 1881*

Oscar Kleinh, who gave up his initial romantic style in favour of a realistic approach, specialised in seascapes and townscapes. His motifs ranged from Norwegian fjords to the boulevards of Paris and from the waters of the Mediterranean to the Gulf of Finland. The eye does not easily become tired of the minutely reproduced image of reality as seen in this painting, such is the fascination created by the lively waves and ships heading for Helsinki, which is visible on the horizon.

The Finnish economy continued its strong growth in 1998, though the economic outlook weakened in some sectors at the end of the year.

This favourable development in the national economy was also visible in Sampo's performance, which improved on the previous year for the fourth time running. The year also brought some significant disturbances, particularly in the investment market, but these did not really impact overall Sampo performance for 1998. The operating environment remained almost constant in both life and non-life insurance and, despite increasingly tight competition, both the Sampo Group non-life insurance companies and Sampo Life were able to increase market share.

The introduction of life insurance business into Sampo Group has meant the balance sheet total doubling to FIM 34 billion in two years. Indeed, the last phase of the

structural reorganisation, initiated in 1992, was implemented when the new Sampo Life officially commenced operations at the end of the review year. The positive impacts of the reorganisation are well reflected in strong solvency and steady performance development.

Operating profit exceeds one billion

Sampo Group operating profit increased by 36 per cent to FIM 1,254 million, while earnings per share improved 73 per cent to FIM 14.37. The Group had what can in fact be regarded as an exceptional financial year. The result improved even as a solid base was being created for the future.

Non-recurring entries weakened the result by FIM 320 million and non-life insurance technical provisions were strengthened by FIM 462 million. Accelerated depreci-

ations and reinforced technical provisions advance Group potential for strong performance in the years to come.

These measures also raised the combined ratio of non-life insurance temporarily, but I expect this ratio to improve considerably in 1999, mainly through a better loss ratio. There was, after all, an exceptional number of large losses during the review year. We shall continue to proceed in accordance with the strategic goal and I believe our combined ratio will reach 103 per cent by 2002.

Optimal ownership base

The Sampo share price experienced exceptional fluctuation during the year, turning down sharply in the turbulence that hit international stock markets but recovering appreciably at the year-end. Shares quoted on the Helsinki Stock Exchange demonstrated highly incoherent development in 1998, even though the general index rose by 70 per cent. Only one third of the shares listed on the Helsinki Stock Exchange strengthened during the year, and one of these was Sampo's up 9 per cent.

Individual one-time transactions in Sampo shares were larger than usual and the volume of trading clearly picked up, even when these occasional peaks are factored out. Achieving and maintaining solid liquidity continues to be one of our core goals.

Holdings in Sampo shares are now distributed almost equally between Finnish and overseas owners. It's a positive advantage for a company such as Sampo to have solid Finnish owners and a broad international ownership, which guarantees the Sampo share sufficient liquidity.

A contradictory debate

There is in fact lively debate in progress on the ownership issue in Finland, due to real concerns about potential loss of influence. It is clear that it is not in the best interest of the country that the entire financial sector be driven into foreign ownership. I believe Finland needs at least one strong financial corporation managed locally. There are basically two groups here, in addition to the State, with capital available for ownership: insurance companies and private households. Yet concerned speeches by commentators and politicians deeply contradict the new government's plans.

It should be made attractive for households to transfer their savings from low-yield bank accounts to investments in shares. Under no circumstances should they be scared off by a rise in dividend tax or capital gains tax. In addition, some administrative institutions are preparing measures that will weaken e.g. the potential for Finnish life insurance companies to invest in shares.

Finns do not need fine words about ownership, but concrete deeds by State authorities to make investing in shares an attractive alternative. This would also be in the

interest of the national economy - the last few years have clearly demonstrated that reasonable capital taxation grows tax income.

An emphasis on Finnish ownership in some crucial areas of the domestic economy, such as in the financial sector, does not ignore the fact that foreign capital has been fundamentally significant to Finland in the 1990's. Recovery from recession would have been far more painful without that capital, and the Helsinki Stock Exchange could not have dreamed of a FIM 800 billion market value in domestic capital alone.

Solid foundations on which to build

The economic outlook for the near future in Finland is now somewhat weaker than in previous years, but GDP is expected to continue to show moderate growth. Sampo structural reorganisations have prepared us for changes in the operating environment as well, and the Group has started strongly in 1999. This is the first year life insurance operations function in their new structure that unites Sampo Life and Nova.

There will also be structural reorganisations inside the Sampo non-life sector, to make Group structure more solid and operations more effective. A good example is the revitalised motor vehicle inspection operation starting to work more closely with the entire claims settlement chain in 1999.

In addition to life insurance products, Sampo Financial Services will introduce new offerings to the market. Sampo Asset Management Services and mutual funds are being launched, and our clients will be able to invest in these funds both directly and through Sampo Life. We are also raising versatility in our distribution network - Sampo Life has already released our first product developed solely for Internet distribution.

I have complete confidence in our personnel's capacity and willingness to fight for our company in an increasingly competitive market. Sampo was one of the very few listed companies to issue a bond with warrants to its entire personnel during the review year. I feel sure staff appreciate Sampo Group success and want to continue their contribution to it by genuinely working in the best interests of clients and shareholders alike.

March 1999

Jouko K. Leskinen

SAMPO INSURANCE COMPANY PLC BOARD OF DIRECTORS' REPORT 1998

Sampo Group continued its solid and favourable profit development during the financial year. Operating profit increased to FIM 1,254 million (FIM 921 million in 1997), non-life insurance accounting for FIM 1,050 million (FIM 795 million) and life insurance for FIM 203 million (FIM 126 million). Earnings per share improved to FIM 14.37 or EUR 2.42 (FIM 8.32 or EUR 1.4). Major non-recurring entries weakened profit before tax by a total of FIM 320 million and non-life technical provisions were strengthened by FIM 462 million. The non-recurring entries and technical provision adjustments improve positive performance potential in the years to come.

The improved profit and the increased valuation differences strengthened Group solvency. Solvency capital increased to FIM 14,921 million (FIM 10,004 million), non-life insurance contributing FIM 11,740 million (FIM 9,368 million) and life insurance FIM 3,180 million (FIM 636 million).

Net asset value per share rose to FIM 195.22 or EUR 32.83 (FIM 145.54 or EUR 24.48). The Sampo Life Board of Directors made a decision on the interpretation of the Principle of Fairness in Sampo life insurance. Based on its solvency status in the December 31st financial statements last year, Sampo Life's ownership share of valuation differences of FIM 2,408 million was calculated at 25 per cent or FIM 602 million. This is in addition to capital and reserves of FIM 864 million. Sampo Group's share of valuation differences based on ownership is 57.5 per cent, or FIM 346 million, included into Sampo's net asset value.

CHANGES IN GROUP STRUCTURE

According to the decision of the Annual General Meeting, the company name changed to Sampo Insurance Company plc on July 1st, 1998.

Group subsidiaries and associated undertakings are listed in Notes to the Accounts. These included a total of 92 real estate companies at the 1998 year-end, 37 of which came under Group ownership with Nova Life Insurance Company Limited. Sampo Group acquired one and sold seven real estate companies during the financial year.

Sampo subsidiary Sampo Life and associated undertaking Nova Life Insurance Company Limited merged on December 31st, 1998. The name of the new company is Sampo Life Insurance Company Limited, owned 57.5 per cent by Sampo Group companies, 37.7 per cent by

1 Group Analysis of Result

	FIM millions		EUR millions	
	1998	1997	1998	1997
NON-LIFE INSURANCE				
Premiums earned	4,514	4,017	759	676
Claims incurred	-4,248	-3,776	-714	-635
Net operating expenses	-906	-783	-152	-132
Balance on technical account before the change in equalisation provision	-639	-542	-108	-91
Investment income and charges	1,816	1,275	305	215
Other income and charges	-77	-59	-13	-10
Share of associated undertakings' profit	-49	121	-8	20
Operating profit	1,050	795	177	134
Change in the equalisation provision	102	-145	17	-24
Unrealised gains and losses on investments	0	-1	0	0
Non-life insurance profit before extraordinary items, untaxed reserves and tax	1,153	650	194	109
LIFE INSURANCE				
Premiums written	1,341	1,127	226	189
Investment income and charges, and unrealised gains and losses on investments	422	321	71	54
Claims paid	-267	-174	-45	-29
Change in technical provisions before bonuses and rebates and the change in the equalisation provision	-1,192	-1,051	-200	-177
Net operating expenses	-103	-96	-17	-16
Technical result before bonuses and rebates and the change in the equalisation provision	201	126	34	21
Other income and charges	3	0	0	0
Operating profit	203	126	34	21
Change in the equalisation provision	1	-3	0	0
Bonuses and rebates	-135	-85	-23	-14
Life insurance profit before extraordinary items, untaxed reserves and tax	69	38	12	6
Extraordinary income	0	166	0	28
Extraordinary charges	-234	-191	-39	-32
Profit before untaxed reserves and tax	988	662	166	111
Taxes	-276	-169	-46	-28
Minority interest	-4	-5	-1	-1
Group profit for the financial year	708	487	119	82

IMPACT OF CURRENCY EXCHANGE RATES ON NON-LIFE INSURANCE BUSINESS

Balance on technical account	80	-229	13	-39
Investment income and charges	-49	198	-8	33
Total impact on result	31	-32	5	-5
Change in valuation differences	-73	57	-12	10
Total impact	-42	25	-7	4

Conversion coefficient: EUR 1 = FIM 5.94573

2 Group Solvency

	FIM millions Non-Life 1998	FIM millions Life 1998	FIM millions Group 1998	FIM millions Group 1997	EUR millions Group 1998	EUR millions Group 1997
Capital and reserves after proposed profit distribution	3,402	814	4,217	3,821	709	643
Valuation differences on investments	7,015	2,408	9,423	5,289	1,585	890
Intangible assets	-385	-81	-465	-650	-78	-109
Deferred tax	42	16	58	48	10	8
Other items	-25	-54	-79	0	-13	0
Solvency margin	10,050	3,104	13,154	8,507	2,212	1,431
Equalisation provision	1,336	23	1,359	1,441	229	242
Minority interest	355	53	408	55	69	9
Solvency capital	11,740	3,180	14,921	10,004	2,509	1,682

Varma-Sampo Mutual Pension Insurance Company and 4.8 per cent by Kaleva Mutual Insurance Company. It has been agreed that the Sampo Group holding increase to 60 per cent and that of Varma-Sampo decrease to 35.2 per cent. This change will take place at the beginning of 1999.

According to the terms of the merger between Nova and Sampo Life, Nova paid a merger consideration to Sampo Life shareholders by raising its share capital through a FIM 20 million rights issue. Since the merger meant Nova acquiring shares in Sampo Life, Nova share capital rose equal to the then value of those shares. The merger consideration was FIM 298 million, FIM 20 million of which was entered in the share capital of Nova, and the excess of FIM 278 million was placed in the premium fund. Goodwill of FIM 87 million was written to the newly merged Sampo Life.

The policies of the clients of Enterprise-Fennia Mutual Insurance Company which were in Nova were conveyed on December 31st, 1998 as a part of the insurance portfolio to Fennia Life Insurance Company Ltd, established by Enterprise-Fennia. A provision of FIM 1.2 billion for unexpired risks was calculated on the day of transfer.

Nova figures are included in Sampo's consolidated balance sheet of December 31st, 1998, but Nova affects the consolidated profit only through associated undertakings' profit share.

The Finnish Credit Insurance Company Ltd, a joint venture between credit insurers Hermes Kreditversicherungs-AG (Allianz Group), the Insurance Company of Finland, and the Finnish State, officially commenced operations as a Sampo Group associated company on July 2nd, 1998. Sampo Group owns one third of the new company, holding FIM 10 million of its capital and reserves. Operations began in earnest on October 1st, 1998. The partners have concentrated their Finnish client credit insurance business in the company.

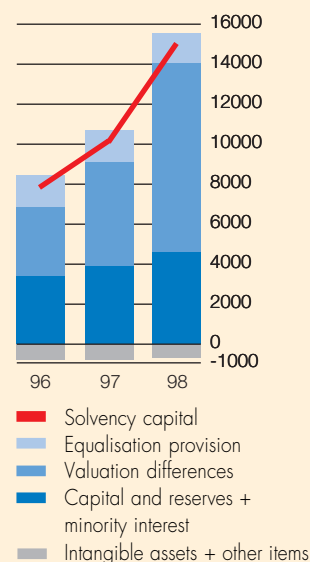
Sampo Enterprise Insurance Company Limited has expanded its operations in Latvia by establishing a subsidiary, AAS Sampo Latvija.

SAMPO BOARD OF DIRECTORS

The Sampo Board of Directors for the year under review was composed as follows: Mr. Jukka Härmälä (Chairman), Mr. Kari O. Sohlberg (Vice Chairman), and members Mr. Georg Ehrnrooth, Mr. Ari Heiniö, Mr. Jouko K. Leskinen, Mr. Thor Björn Lundqvist and Mr. Christoffer Taxell. Board Member Thor Björn Lundqvist's term ended on December 31st, 1998.

Sampo Supervisory Board appointed Mr. Paavo Pitkänen, Managing Director of Varma-Sampo Mutual Pension Insurance Company, as a new member of the Board of Directors in January 1999, for the term running to the end of 2001.

Group solvency capital, FIM m



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

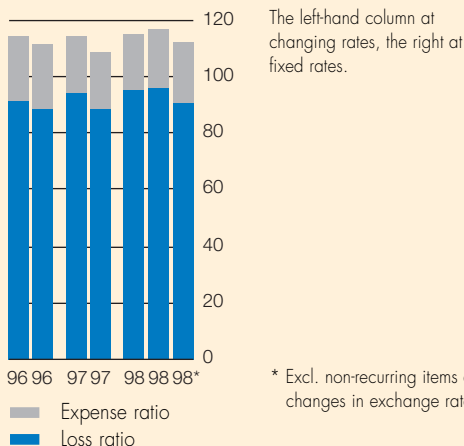
Columns: 1 = Gross premiums written before credit loss and reinsurers' share
 2 = Premiums earned
 3 = Claims incurred (incl. the change in collective guarantee item)
 4 = Operating expenses
 5 = Balance on technical account before the change in equalisation provision
 6 = Combined ratio, %

FIM millions	1	2	3	4	5 ^{*)}	6
Direct insurance						
Statutory workers compensation						
1998	1,251	1,246	-1,346	-82	-182	114.6
1997	948	943	-933	-67	-57	106.1
Motor third party liability						
1998	710	664	-834	-133	-302	145.6
1997	618	577	-697	-119	-238	141.3
Motor, other classes						
1998	591	577	-443	-136	-1	100.2
1997	561	544	-417	-124	3	99.4
Fire and other damage to property						
1998	1,270	1,006	-894	-305	-193	119.2
1997	1,248	996	-756	-242	-3	100.3
Other direct insurance						
1998	1,099	852	-734	-183	-65	107.7
1997	999	775	-591	-152	32	95.9
Direct insurance in total						
1998	4,921	4,344	-4,250	-838	-744	117.1
1997	4,373	3,835	-3,394	-704	-263	106.9
Reinsurance						
1998	256	169	3	-68	104	38.4
1997	274	181	-382	-78	-279	254.1
Total						
1998	5,177	4,514	-4,248	-906	-639	114.2
1997	4,648	4,017	-3,776	-783	-542	113.5

^{*)} The net impact of non-recurring adjustments of premiums and technical provisions on workers compensation insurance was FIM -138 million in 1998 (FIM -84 million). The impact of adjustments of technical provisions on motor third party liability insurance was FIM -90 million (FIM -36 million).

Combined ratio, %

Calculated at changing and fixed currency exchange rates



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

* Excl. non-recurring items and changes in exchange rates.

NON-LIFE INSURANCE

Gross premiums written by non-life insurance increased to FIM 5,177 million (FIM 4,648 million), of which direct insurance accounted for FIM 4,921 million (FIM 4,373 million). Workers compensation insurance showed the most significant increase in premiums written, as a result of a non-recurring tariff increase of FIM 287 million. The tariff increase allowed for a strengthening of the provision for outstanding claims, and complied with the terms applied to the insurance business and confirmed by the Ministry of Social Affairs and Health. Premiums written in motor third party liability insurance grew significantly thanks to the brisk trade in cars and an average tariff adjustment of 10 per cent. Non-life reinsurance premiums written amounted to FIM 256 million (FIM 274 million).

Domestic direct insurance premiums written increased by 13.2 per cent to FIM 4,534 million, a 6.1 per cent rise excluding a separate charge for workers compensation insurance. According to preliminary information, Group market share increased slightly to 35.1 per cent (34.9%). Foreign direct insurance premiums written amounted to FIM 387 million (FIM 369 million), mainly accounted for by Sampo Industrial Insurance.

As general Finnish interest rates stabilised at a lower level, the discounting percentages on technical provisions, as used in the insurance business, were lowered to four per cent in statutory lines. As a consequence, Sampo Group provision for outstanding claims increased by FIM 257 million. This change was financed with tariff increases and by decreasing the equalisation provision.

Technical provisions in workers compensation insurance were strengthened by FIM 205 million for occupational illnesses resulting from asbestos exposure. The equalisation provision was decreased by a corresponding amount. Total asbestos provisions now stand at FIM 379 million, estimated to cover compensations payable for the next 30 years.

Currency exchange rate fluctuations impacted less on the technical account balance than in previous years. Claims incurred fell by FIM 80 million due to the Finnmark's increased strength, whereas currency fluctuations in 1997 added FIM 229 million.

The number of large losses was exceptionally high. Sampo Group received nineteen claims for compensation each in excess of FIM 10 million

as opposed to nine such cases in 1997. FIM 195 million of these large losses remained on the Group's own account. Ten of the large losses took place in Finland and nine overseas, and the profitability of foreign direct insurance weakened.

The workers compensation insurance loss ratio weakened to 108.0 per cent (99.0%) and motor third party liability insurance to 125.6 per cent (120.7%). For the second year in a row, non-recurring adjustments to technical provisions had a negative impact on the profitability of both groups of insurance class. Excluding these adjustments, the loss ratio for workers compensation was 96.1 per cent (90.1%), and 112.1 per cent (114.5%) for motor third party liability insurance. Land vehicle insurance profitability remained practically unchanged, but weakened for fire and other property insurance, in particular due to a number of large losses. The active reinsurance loss ratio improved significantly.

Non-life insurance operating expenses increased to FIM 906 million (FIM 783 million) and the expense ratio weakened to 20.1 per cent (19.5%). The increase in operating expenses was largely due to investments in the Sampo 2000 programme, IT work pertaining to Y2K, and preparations for the introduction of the euro. Non-recurring depreciations on old information systems increased operating expenses by FIM 23 million and weakened the expense ratio by 0.5 percentage points.

The non-life insurance aggregate combined ratio was 114.2 per cent (113.5%), and 110.9 per cent (104.8%) excluding non-recurring items and currency exchange rate fluctuations.

The run-off of old reinsurance portfolios for subsidiaries Patria, ST International and Lakewood made significant progress during the financial year. Gross technical provisions without the equalisation provision fell by FIM 331 million to stand at FIM 1,227 million at the year-end. The companies' total equalisation provision accrued by FIM 85 million. The balance on technical account before the change in equalisation provision was FIM 50 million, or FIM -11 million calculated at fixed rates.

Several significant agreements were computed during the year and this trend continued at the beginning of 1999.

LIFE INSURANCE

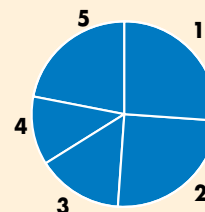
Development in the life insurance market was incoherent; premiums written in the fields of individual pension insurance and unit-linked life insurance in particular showed a pronounced increase, whereas those written in traditional life insurances decreased. Brisk sales in December raised total premiums written during the year to an unprecedented FIM 13 billion. Despite modest development at the start of the year, annual growth stood at 15 per cent by the end. Corporate sector premiums written rose by 50 per cent, thanks in particular to increased demand for capital redemption policies and group pension insurance. Total premiums written for insurance taken out by private persons remained unchanged.

This trend could also be seen in Sampo Life. Gross premiums written rose to FIM 1,339 million (FIM 1,136 million), pension insurance accounting for 41 per cent, life insurance 55 per cent and life reinsurance 4 per cent. According to preliminary information, Sampo Life's market share increased to 10.3 per cent (10.0%). The post-merger market share of the new Sampo Life was 18.0 per cent (17.8%). Sampo's life insurance market share stood at 23.4 per cent (24.9%), including business from Kaleva Mutual Insurance Company.

Sampo Life claims incurred amounted to FIM 340 million (FIM 234 million), including surrenders of FIM 94 million (FIM 34 million). Life insurance operating expenses rose slightly to FIM 103 million (FIM 96 million). The expense ratio was 175.9 per cent (195.1%).

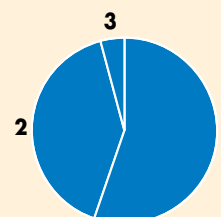
In addition to the 4.5 per cent guaranteed interest paid on life and pension insurance savings, an average 1.9 per cent bonus was paid out. Guaranteed interest for new policies sold after January 1st, 1999 is 3.5 per cent.

Distribution of direct non-life insurance premiums written, %
(Total FIM 4,921 m)



1	Fire and other damage to property	26
2	Statutory workers compensation	25
3	Motor third party liability	15
4	Motor, other classes	12
5	Other direct non-life	22

Distribution of Sampo Life's premiums written, %
(Total FIM 1,339 m)



1	Life insurance	55
2	Pension insurance	41
3	Reinsurance	4

4 Group Investment Income and Charges

FIM millions	Non-life 1998	Life 1998	Group 1998	Group 1997
Interest income	355	147	502	489
Dividend income	366	53	419	316
Income from land and buildings	210	60	270	262
Gains on realisation of investments	1,614	366	1,979	681
Value readjustments	7	13	20	84
Exchange rate gains	70	31	101	230
Other income	31	0	31	34
Investment income	2,652	669	3,320	2,097
Interest expenses	-32	0	-33	-26
Charges for land and buildings	-89	-12	-101	-111
Operating expenses and depreciation on investments	-35	-5	-40	-32
Depreciation according to plan on buildings	-95	-14	-109	-94
Losses on realisation of investments	-54	0	-54	-4
Value adjustments	-372	-128	-500	-153
Exchange rate losses	-118	-38	-156	-55
Other charges	-41	-63	-104	-29
Investment charges	-836	-261	-1,096	-504
Unrealised gains and losses on investments	0	14	14	2
NET INVESTMENT INCOME	1,816	422	2,238	1,595

INVESTMENTS

Sampo Group net investment income increased to FIM 2,238 million (FIM 1,595 million), the non-life insurance grouping accounting for FIM 1,816 million (FIM 1,274 million) and the Sampo Life sub-group for FIM 422 million (FIM 321 million). Net interest income was FIM 469 million and net income from land and buildings stood at FIM 162 million. The potential net yield of the completed property portfolio stood at 6.7 per cent (6.0%) in the non-life group, 8.1 per cent (8.4%) in the life group, and 6.8 per cent (6.3%) in Sampo Group as a whole. The number of vacant premises continued to fall, to as low as 3.7 per cent (5.2%) at the year-end. The occupancy rate of rented residential premises was 100 per cent taking normal turnover into account.

Dividend income continued to increase thanks to listed companies' improved performance and amounted to FIM 419 million (FIM 316 million) including the avoir fiscal tax credit.

Net gains on investment realisations amounted to FIM 1,979 million, largely from trading in Nokia shares. Gains from real estate sales stood at FIM 205 million.

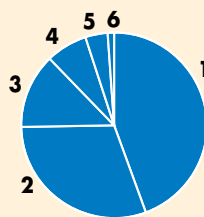
Value adjustments totalled FIM 500 million, land and buildings contributing FIM 86 million.

Exchange rate fluctuations had a smaller impact than in previous years. FIM 55 million net in exchange rate losses was entered in the investment result.

The current value of investments stood at FIM 39.6 billion (FIM 22.9 billion) on December 31st, 1998, non-life insurance accounting for FIM 21.3 billion, and the life group FIM 18.3 billion. Nova's entry into the Group raised the market value of investments by FIM 12.2 billion. Foreign holdings accounted for 21 per cent or FIM 8.2 billion of the investment portfolio.

Shares made up 44.3% of investments. Holdings in Nokia constituted the largest single investment at a market value of FIM 4,643 million. Interest-bearing instruments accounted for 42.7 per cent. The proportion of real estate investments decreased to 13.0 per cent (20.7%) at the year-end. The development of Sampo's real estate portfolio continued in several projects, the most significant of which included continued investments in the Sinebrychoff buildings in Helsinki, and reorganisations of Dividum Oy

The Group's investment portfolio, %
(at current values FIM 39.6 billion)



1 Shares	44
2 Bonds	30
3 Land and buildings	13
4 Money-market instruments	7
5 Loans	4
6 Unitlinked + other	1

Share of foreign investments 21%

(Kansalliset Liikekiinteistöt Oy). Dividum traded its office premises for hotel premises as a consequence of the reorganisation and now focuses on the management of such.

The valuation difference between current and book values of investments increased to FIM 7,015 million (FIM 4,846 million) in non-life insurances, and to FIM 2,408 million (FIM 443 million) in the life group. In accordance with the principle of fairness, FIM 346 million of life group valuation differences are considered to belong to Sampo Group.

Associated Group undertaking Sampo Finance Ltd bought PCA Hansa Asset Management Oy and Rahastoyhtiö Baltic Belt Fund Management Oy. The companies were renamed Sampo Asset Management Ltd and Sampo Fund Management Ltd. Sampo is introducing its first mutual fund offerings to the market through these companies during Spring, 1999. Clients will be able to invest directly in Sampo funds or go via Sampo Life's unit-linked insurance products.

PERFORMANCE OF ASSOCIATED UNDERTAKINGS

On October 28th, 1998, Varma-Sampo deployed its call option, in accordance with the shareholder agreement signed with Unsa on April 16th, 1998. Unsa's shares were transferred from Sampo Group to Varma-Sampo in a transaction on January 11th, 1999. Varma-Sampo now holds Unsa's entire share capital as a result.

Sampo Group entered a loss of FIM 54 million from Kansalliset Liikekiinteistöt Oy following the Dividum reorganisation. This was due to an asset transfer resulting from Dividum's change from office holdings to hotel premises.

Nova Life Insurance Company Limited showed a profit of FIM 43 million (FIM 132 million) on the financial year, from FIM 1,155 million (FIM 1,081 million) of gross premiums written. Nova's net investment income increased to FIM 1,127 million (FIM 999 million). Sampo Group's share of Nova Group profits was FIM 15 million.

5 Group Investments

FIM millions	Dec. 31, 1998	Dec. 31, 1997
NON-LIFE INSURANCE		
Land and buildings	3,632	4,039
Shares	12,012	9,373
Bonds	3,656	3,073
Other debt securities	548	532
Loans	529	668
Other investments	885	790
CURRENT VALUE IN TOTAL	21,262	18,475
Valuation differences		
Land and buildings	440	573
Shares	6,375	4,091
Bonds	200	171
Other debt securities	0	10
VALUATION DIFFERENCES IN TOTAL	7,015	4,846
BOOK VALUE IN TOTAL	14,247	13,630
LIFE INSURANCE		
Land and buildings	1,501	697
Shares	5,515	1,669
Bonds	8,327	1,360
Other debt securities	794	202
Loans	952	19
Other investments	1,110	444
Investments pertaining to unit-linked policies	97	48
CURRENT VALUE IN TOTAL	18,296	4,439
Valuation differences		
Land and buildings	56	44
Shares	1,590	290
Bonds	760	109
Other debt securities	2	0
VALUATION DIFFERENCES IN TOTAL	2,408	443
BOOK VALUE IN TOTAL	15,888	3,996

6 Sampo Group Companies: Key Figures 1998

FIM millions	Sampo (parent company)	Sampo Enterprise	Industrial Insurance	Otso	Insurance Co. of Finland
Direct insurance premiums written	1,757	1,425	1,208	136	31
Reinsurance premiums written	5	31	302	106	2
Claims incurred	-1,543	-1,303	-1,263	-98	-
Net operating expenses	-473	-188	-172	-45	-
Net investment income	1,016	373	739	196	21
Profit/loss for the financial year	337	143	489	126	11
Technical provisions, net	3,935	2,610	3,286	630	67
Total on Balance Sheet	8,002	3,410	4,700	965	234
Combined ratio, %	117.9	109.1	118.9	124.6	-
Solvency capital	11,273	1,452	5,523	1,271	288
Average number of personnel	1,972	592	385	43	8

FIM millions	Sampo Industrial	ST International	Patria	Lakewood	Sampo Life*)
Direct insurance premiums written	345	-	-	-	1,282
Reinsurance premiums written	-	2	-3	-	56
Claims incurred	-99	19	43	-2	-340
Net operating expenses	-39	-4	-4	-2	-105
Net investment income	28	33	32	3	412
Profit/loss for the financial year	-8	22	16	-1	36
Technical provisions, net	215	429	630	30	15,450
Total on Balance Sheet	602	620	1,031	77	16,610
Combined ratio, %	134.5	-	-	-	-
Solvency capital	291	209	174	18	3,252
Average number of personnel	73	14	15	5	122

*) The figures of the technical provisions, Balance Sheet, and solvency capital are the figures of the new Sampo Life.

EXTRAORDINARY CHARGES

An overhaul of Private Sampo operating procedures and systems is implemented as part of the Sampo 2000 programme. The utilisation of products and systems transferred from Kansa General decreases significantly as the programme advances. The complete elimination of the remaining consolidation difference of FIM 281 million, which arose from the acquisition of Kansa General shares, is thus well founded. The non-recurring depreciations entered under parent company extraordinary charges is not fully tax deductible during the review year, but will be allocated over the next six years. An exceptionally large deferred tax receivable of FIM 62 million relating to this item has been entered as a tax adjustment under extraordinary items in the profit and loss account.

The Group will otherwise transfer to a deferred tax system during this financial year. A net expenditure by the Sampo parent company of FIM 184 million, arising from the Kansa General merger on December 31st, 1995, will be written off in its entirety during the next six years.

PERSONNEL

Sampo Group employed an average number of 3,292 persons over 1998 (3,176). Half the growth was due to the rising recruitment of IT personnel. Sampo parent company employed an average number of 1,972 persons in 1998 (1,925).

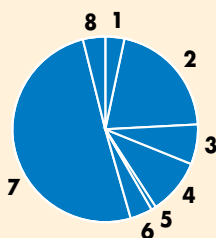
SAMPO SHARES

Lively trading in Sampo shares continued throughout the year. Almost 48 million shares were exchanged as their turnover for the year rose to FIM 10,454 million.

The share price fluctuated considerably, rising strongly during the first half of the year to reach a peak of FIM 311 in July. The quoted price then began to fall in August, dropping to a low of FIM 115 in October. The price recovered towards the end of the year, closing at FIM 193.5, an increase of 9.3 per cent over the year. The total market value of the share portfolio was FIM 11,765 million at the year-end.

Holdings of Sampo A shares underwent significant change. Varma-Sampo became the largest single owner, holding 6.9 per cent of the portfolio directly plus 15.5 per cent through its subsidiary Unsa. Merita signed away its holding as did a few Finnish industrials. Foreign ownership increased from 40.5 per cent to 50.5 per cent over the year. Almost all foreign owners have listed their holdings in the administrative register. All 240,000 B shares with five votes each are still owned by Kaleva Mutual Insurance Company.

Shareholder groups December 31st, 1998, %



1	Public companies	3.4
2	Private companies	20.9
3	Financial institutions and insurance companies	6.8
4	Public corporations	9.7
5	Non-profit corporations	0.8
6	Households	4.0
7	Foreign ownership, incl. administrative register	50.5
8	At joint account	3.9

Shareholders by number of shares owned, December 31st, 1998

Shareholdings A and B shares	No of. shareholders	No. of shares	%
1 – 100	24,371	983,903	1.6
101 – 1,000	6,150	1,537,745	2.5
1,001 – 10,000	438	1,240,528	2.0
10,001 – 100,000	76	2,722,944	4.5
100,001 –	21	51,948,333	85.4
On waiting list		6,592	0.0
On joint account, not yet transferred to the book-entry securities system		2,359,595	3.9
Total	31,056 *)	60,800,000	100.0

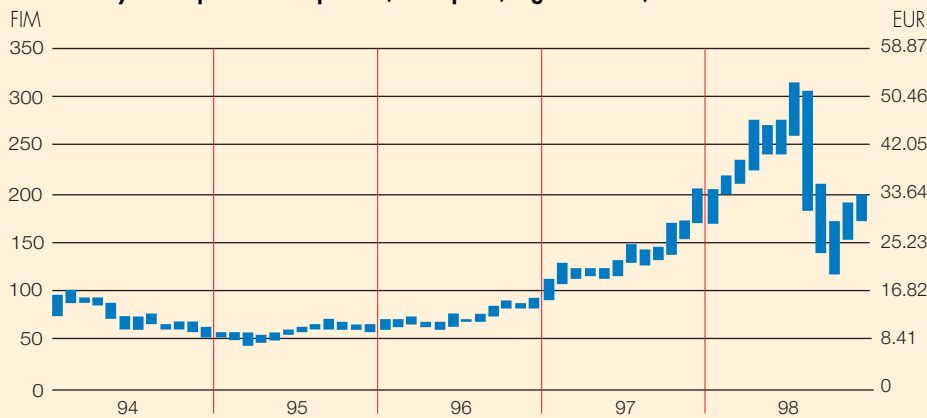
*) Each administrative register is included in this figure as one single owner.

Shareholders, December 31st, 1998

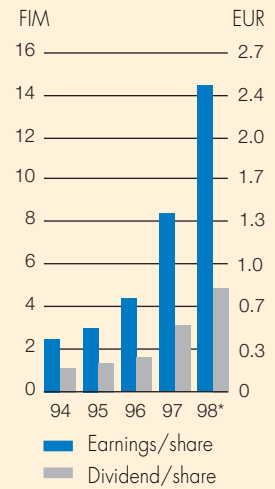
A and B shares	No. of shares	% of share capital	% of votes
Unsa Ltd	9,442,492	15.53	15.29
Varma-Sampo Mutual Pension Insurance Company	4,192,828	6.90	6.79
Kaleva Mutual Insurance Company *)	2,798,426	4.60	6.09
Stora Enso Oyj	1,649,324	2.71	2.67
Outokumpu Oyj	703,132	1.16	1.14
Local Government Pension Institution	447,472	0.74	0.72
Metra Corporation	380,200	0.63	0.62
Nesteen Eläkesäätiö	276,308	0.45	0.45
Valmet Corporation	270,900	0.45	0.44
Imatran Voima Oy	266,508	0.44	0.43
Oy Rettig Ab	156,188	0.26	0.25
Mutual Insurance Company Pension-Fennia	150,000	0.25	0.24
Teollisuuden Voima Oy	122,052	0.20	0.20
Alfred Berg Finland Sijoitusrahasto	118,816	0.20	0.19
Vapo Oy	117,796	0.19	0.19
Aurum Life Insurance Company Ltd	116,000	0.19	0.19
Steveco Oy	109,160	0.18	0.18
Sijoitusrahasto Alfred Berg Optimal	101,308	0.17	0.16
The Finnish National Fund for Research and Development	100,600	0.17	0.16
Enso Oy Eläkesäätiö B-osasto	100,000	0.16	0.16
In the administrative register in total	30,600,679	50.33	49.55
Others in total	8,579,811	14.11	13.89
Total	60,800,000	100.00	100.00

*) 2,558,426 registered A Shares and 240,000 registered B Shares.

Monthly share price development (share price, high and low)

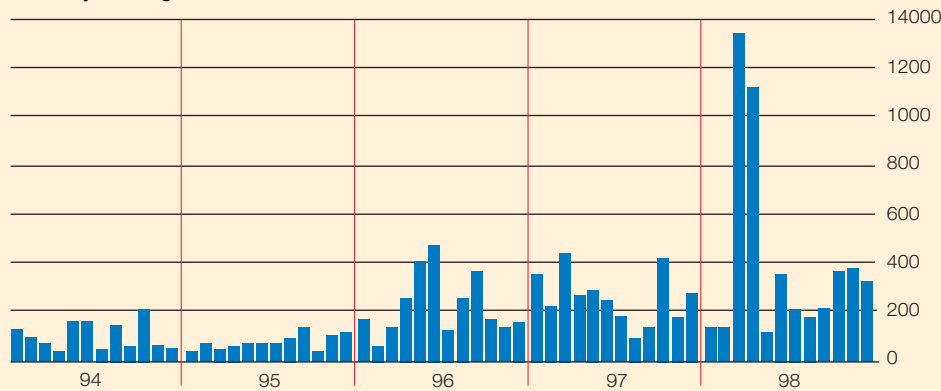


Earnings and dividend per share



* Board's dividend proposal

Monthly trading volume, '000



There were 31,056 registered shareholders at December 31st, 1998. 3.88 per cent of Sampo shares had not been entered into the book-entry securities system by the turn of the year.

The shareholdings of Supervisory Board Members, the Board of Directors, the Managing Director and Deputy Managing Directors amounted to a total of 3,658 shares or 0.0059 per cent of the total number of votes.

Sampo's Annual General Meeting convened on April 21st, 1998, and decided to offer a bond with warrants valued at FIM 6.6 million to Sampo Group and Kaleva personnel, and to a wholly-owned subsidiary chosen by the Board of Directors. The bond with warrants is a part of the company's incentive scheme. No interest will be paid on the bond, which will be repaid on May

22nd, 2001. The bond was clearly oversubscribed with 72 per cent of personnel taking it up.

The warrants relating to the bond allow personnel to subscribe to a total of 3.3 million Sampo A shares. The share subscription period is staggered, starting on May 1st, 2000, 2001 and 2002. The share subscription period ends for all warrants on May 31st, 2005. The subscription price will be FIM 271 less dividends distributed prior to the subscription. Sampo Insurance Company plc share capital can increase by 3.3 million new shares at most as a result of the subscriptions, or FIM 16.5 million equal to 5.3 per cent of the company's share capital.

The company's Board of Directors is not authorised to increase company share capital.

Increases in share capital in 1988–1998 ¹⁾

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

¹⁾ Prices per share and numbers of shares at a nominal value of FIM 20. The nominal value was changed to FIM 5 in October 1997.

YEAR 2000

Sampo Group has found it necessary to limit and specify insurance cover for Y2K risks, due to the potential cumulative effects. The insurance terms and conditions of the domestic Group companies and Baltic subsidiaries were amended at the beginning of 1999, in insurance classes carrying possible and substantial millennium risks. Other overseas subsidiaries will adhere to local Y2K practices.

Clients' Y2K loss prevention work is actively supported through information provision, the arrangement of client awareness promoting events, and by charting year 2000 preparedness.

Sampo Group reinsurance conditions are in line with the Group approved year 2000 instructions, and the contract period has been extended to two years in the major insurance classes. Contracts made with reinsurers thus cover all the critical dates.

Y2K losses may make Group claims incurred considerably larger than normal, since ordinary reinsurance contracts do not cover major loss frequencies. These claims incurred will, if necessary, be covered by equalisation provisions especially reserved for years with an exceptionally large number of losses, and by limited loss frequency covers bought on the reinsurance market.

Sampo continues to work actively to ensure the smooth functioning of its information systems and EDP equipment before, during and after the year 2000. Modification work on systems critical to business operations has already

been completed. The testing of some less significant systems will be completed during the first half of 1999. The current estimate of the total workload is approximately 80 man years, of which 95 per cent had already been completed by the end of 1998.

Work to ensure IS environment Y2K compliance will continue during 1999 e.g. by drawing up a continuity plan for critical sub-areas.

EURO REVIEW

In December 1998, the Board of Directors approved a transition plan for the use of the euro. Introduction will vary between the business units, depending on the needs of their clientele. Corporate clients have been offered euro-denominated services on request from the beginning of 1999, and private clients will be offered a full euro service from the beginning of 2002. General ledger accounting and the financial statements will be drawn up in euro as of January 1st, 2002.

The fact that currency risk in Europe will become a thing of the past will facilitate the spreading of investments in the euro area. Investment plans will be specified so that the birth of "Euroland" will materialise in allocations to different instruments and market areas.

There are now dozens of euro projects running in the Group or being initiated. The current estimate of total workload is approximately 170 man-years.

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

A decision was made to merge the Sampo subsidiaries Otso Loss of Profits Insurance Company Ltd and the Insurance Company of Finland Ltd into their parent company Sampo, to evolve and simplify Sampo Group structure.

The mergers will be decided on by the Shareholders' General Meetings of the parties involved. The planned schedule states the mergers will take effect on December 31st, 1999, providing that the permissions have been obtained from the relevant authorities.

New loss of profits insurance business handled by Otso and new guarantee insurance business handled by the Insurance Company of Finland will be transferred to Sampo subsidiaries Industrial Insurance and Sampo Enterprise.

Industrial Insurance has expanded its operations into Poland. Sampo Risk Management Spolka z ograniczona odpowiedzialnoscia (a limited liability company) was established in Warsaw in February 1999, to promote Sampo at the Polish corporate market and make preparations for the practical operations of an insurance company to be established, that according to plan will commence operations during 1999.

SAMPO GROUP OUTLOOK

Sampo's 90th year has begun favourably. Excellent Group solvency and a high domestic non-life insurance market share are enabling the expansion of operations into the Baltic Rim and Poland. Sampo's strong fields of expertise come into play as the company participates in the development and growth of the insurance industry in new market areas.

Finnish life insurance operations celebrate their 125th anniversary with the oldest company in the domestic business, Kaleva. The role of life

insurance is firmly on the upswing in Sampo Group following its structural reorganisations. Voluntary pension insurances for private and corporate clients still constitute the backbone of life insurance operations. Unit-linked insurance will be further strengthened through e.g. the establishment of Sampo's own funds.

Investments will be increasingly diversified in the euro area to optimise the risk/return ratio. Special attention will be paid to operating expenses, following the Sampo 2000 programme development work, the euro transition projects and final preparations for the year 2000 expense increases.

Significant non-recurring depreciations and the consolidation of technical provisions made during the financial year will contribute to Sampo's favourable development for years to come. The strategic target of a non-life insurance combined ratio of 103, set for the year 2002, is attainable given the current outlook.

Sampo's strong solvency and performance prospects constitute a solid basis for dividend distribution. The company's Board of Directors will apply to the Annual General Meeting for authorisation for Sampo to buy back its own shares.

BOARD'S DIVIDEND PROPOSAL

The parent company's non-restricted capital and reserves are distributable in their full amount. Non-restricted capital stood at FIM 814,248,001.67, including a profit for the period of FIM 336,733,644.84. Group non-restricted capital and reserves were FIM 1,792,092,002.23, of which FIM 1,643,200,541.14 was distributable. The Board of Directors will propose that a dividend of FIM 4.80 per share be paid on the 60,800,000 Sampo A and B shares.

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

To be paid as dividend	FIM 291,840,000.00
To be transferred to the contingency fund	FIM 43,000,000.00
To be placed at the disposal of the Board for worthy public causes	FIM 1,500,000.00
To be retained on the closing account	FIM 393,644.84

Parent company's profit	FIM 336,733,644.84
-------------------------	--------------------

The closing price of the Sampo A share for the financial year 1998 was FIM 193.50, providing an effective dividend yield of 2.5 per cent. The proposed dividend is 33.4 per cent of earnings per share.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	FIM '000		EUR '000	
		1998	1997	1998	1997
Technical Account – Non-Life Insurance					
Premiums earned	2, 7				
Premiums written	1	5,162,597	4,628,992	868,287	778,540
Reinsurers' share		-582,206	-618,729	-97,920	-104,063
		4,580,392	4,010,263	770,367	674,478
Change in the gross provision for unearned premiums					
Total change		-56,903	218,516	-9,570	36,752
Portfolio transfer		-	-261,277	-	-43,944
		-56,903	-42,761	-9,570	-7,192
Reinsurers' share					
Total change		-9,625	26,994	-1,619	4,540
Portfolio transfer		-	22,114	-	3,719
		-9,625	49,108	-1,619	8,259
		-66,528	6,347	-11,189	1,068
		4,513,864	4,016,610	759,177	675,545
Claims incurred	2, 7				
Claims paid		-3,905,209	-3,654,258	-656,809	-614,602
Reinsurers' share		366,958	369,304	61,718	62,112
		-3,538,250	-3,284,954	-595,091	-552,490
Change in the provision for outstanding claims					
Total change		-815,367	-434,574	-137,135	-73,090
Portfolio transfer		-	-36,857	-	-6,199
		-815,367	-471,431	-137,135	-79,289
Reinsurers' share					
Total change		112,500	-28,881	18,921	-4,857
Portfolio transfer		-	9,198	-	1,547
		112,500	-19,683	18,921	-3,310
		-702,867	-491,115	-118,214	-82,600
		-4,241,117	-3,776,069	-713,305	-635,089
Change in collective guarantee item		-6,622	-	-1,114	-
Net operating expenses	2, 4, 7	-905,586	-782,646	-152,309	-131,632
Balance on technical account before the change in equalisation provision		-639,462	-542,105	-107,550	-91,175
Change in the equalisation provision	7	102,302	-144,745	17,206	-24,344
Balance on technical account		-537,160	-686,849	-90,344	-115,520

CONSOLIDATED PROFIT AND LOSS ACCOUNT cont.

	Notes	FIM '000		EUR '000	
		1998	1997	1998	1997
Technical Account – Life Insurance					
Premiums written					
Premiums written	1, 3	1,338,864	1,136,388	225,181	191,127
Reinsurers' share		1,903	-9,781	320	-1,645
		1,340,766	1,126,606	225,501	189,482
Share of net investment income	5	421,637	320,743	70,914	53,945
Claims incurred					
Claims paid	3	-275,478	-177,350	-46,332	-29,828
Reinsurers' share		8,125	3,100	1,367	521
		-267,353	-174,250	-44,966	-29,307
Change in the provision for outstanding claims					
Total change		-68,483	-560,909	-11,518	-94,338
Portfolio transfer		-	501,505	-	84,347
		-68,483	-59,404	-11,518	-9,991
Reinsurers' share					
Total change		-4,525	8,868	-761	1,491
Portfolio transfer		-	-9,198	-	-1,547
		-4,525	-330	-761	-56
		-73,008	-59,734	-12,279	-10,046
		-340,361	-233,983	-57,245	-39,353
Change in the provision for unearned premiums					
Change in the provision for unearned premiums					
Total change		-1,245,901	-3,522,550	-209,545	-592,450
Portfolio transfer		-	2,445,244	-	411,261
		-1,245,901	-1,077,306	-209,545	-181,190
Reinsurers' share					
Total change		-6,798	20,009	-1,143	3,365
Portfolio transfer		-	-22,114	-	-3,719
		-6,798	-2,105	-1,143	-354
		-1,252,698	-1,079,412	-210,689	-181,544
Net operating expenses	4	-102,686	-96,095	-17,270	-16,162
Balance on technical account		66,658	37,859	11,211	6,367

	Notes	FIM '000		EUR '000	
		1998	1997	1998	1997
Non-technical Account					
Balance on technical account, non-life insurance		-537,160	-686,849	-90,344	-115,520
Technical underwriting result, life insurance		66,658	37,859	11,211	6,367
Investment income	5	3,320,458	2,097,216	558,461	352,726
Unrealised gains on investments	5	13,706	2,948	2,305	496
Investment charges	5, 7	-1,096,288	-503,971	-184,382	-84,762
Unrealised losses on investments	5	-107	-1,050	-18	-177
		2,237,769	1,595,142	376,366	268,284
Transfer of part of net investment income	5	-421,637	-320,743	-70,914	-53,945
		1,816,132	1,274,399	305,433	214,162
Other income					
Decrease in negative consolidation difference		2,777	2,777	467	467
Other		6,565	6,672	1,104	1,122
		9,342	9,449	1,571	1,589
Other charges					
Depreciation on consolidation difference		-68,060	-53,525	-11,447	-9,002
Depreciation on goodwill		-14,648	-7,610	-2,464	-1,280
Other		-1,066	-7,306	-179	-1,229
		-83,774	-68,441	-14,090	-11,511
Tax on profit on ordinary activities	6, 7				
Tax for the financial year		-346,365	-181,595	-58,254	-30,542
Tax from previous periods		-80	-6,243	-13	-1,050
Deferred tax		2,313	11,396	389	1,917
		-344,132	-176,442	-57,879	-29,675
Share of associated undertakings' profit/loss after tax		-49,161	121,277	-8,268	20,397
Profit on ordinary activities after tax		877,905	511,252	147,653	85,986
Extraordinary income and charges					
Extraordinary income					
Premiums written		-	45,902	-	7,720
Claims paid		-	50,692	-	8,526
Change in the equalisation provision		-	68,956	-	11,598
		-	165,550	-	27,843
Extraordinary charges					
Extraordinary depreciation on consolidation difference	7	-233,951	-	-39,348	-
Change in collective guarantee item		-	-165,550	-	-27,843
Other extraordinary charges		-	-25,801	-	-4,339
		-233,951	-191,351	-39,348	-32,183
Tax on extraordinary income and charges	6, 7				
Tax for the financial year		6,166	7,224	1,037	1,215
Deferred tax		62,006	-	10,429	-
		68,172	7,224	11,466	1,215
		-165,779	-18,577	-27,882	-3,124
Profit after extraordinary items		712,127	492,675	119,771	82,862
Minority interest in the profit for the financial year		-4,406	-5,363	-741	-902
Profit for the financial year		707,720	487,312	119,030	81,960

CONSOLIDATED BALANCE SHEET

	Notes	FIM '000		EUR '000	
		1998	1997	1998	1997
ASSETS	17				
Intangible assets	8				
Intangible rights		65,042	54,472	10,939	9,162
Goodwill		41,332	18,391	6,952	3,093
Consolidation difference		92,440	325,005	15,547	54,662
Other long-term expenses		266,593	252,366	44,838	42,445
		<u>465,407</u>	<u>650,234</u>	<u>78,276</u>	<u>109,362</u>
Investments	9				
Investments in land and buildings	10				
Land and buildings		4,636,565	4,118,431	779,814	692,670
Investments in associated undertakings	13				
Shares and participations	11	779,196	867,256	131,051	145,862
Debt securities issued by, and loans to, associated undertakings		–	50,000	–	8,409
		<u>779,196</u>	<u>917,256</u>	<u>131,051</u>	<u>154,271</u>
Other financial investments					
Shares	11	8,783,111	5,793,938	1,477,213	974,470
Debt securities	15	12,362,450	4,826,929	2,079,215	811,831
Loans guaranteed by mortgages		1,068,170	385,003	179,653	64,753
Other loans	14	412,264	302,149	69,338	50,818
Deposits with credit institutions		1,601,827	820,438	269,408	137,988
		<u>24,227,822</u>	<u>12,128,456</u>	<u>4,074,827</u>	<u>2,039,860</u>
Deposits with ceding undertakings		393,837	413,829	66,239	69,601
		<u>30,037,419</u>	<u>17,577,972</u>	<u>5,051,931</u>	<u>2,956,403</u>
Investments covering unit-linked insurances	16	96,841	48,053	16,288	8,082
Debtors					
Arising out of direct insurance operations					
Policyholders		874,243	650,488	147,037	109,404
Intermediaries		111,915	92,415	18,823	15,543
Arising out of reinsurance operations		464,412	389,633	78,108	65,532
Deferred tax		62,006	–	10,429	–
Other debtors		358,377	243,230	60,275	40,908
		<u>1,870,953</u>	<u>1,375,766</u>	<u>314,672</u>	<u>231,387</u>
Other assets					
Tangible assets					
Equipment	8	231,304	204,871	38,903	34,457
Other tangible assets		21,048	20,120	3,540	3,384
		<u>252,352</u>	<u>224,991</u>	<u>42,443</u>	<u>37,841</u>
Cash at bank and in hand		638,358	549,170	107,364	92,364
Other assets		8,307	1,684	1,397	283
		<u>899,017</u>	<u>775,846</u>	<u>151,204</u>	<u>130,488</u>
Prepayments and accrued income					
Interest and rents		427,069	180,059	71,828	30,284
Other		438,208	353,246	73,701	59,412
		<u>865,277</u>	<u>533,305</u>	<u>145,529</u>	<u>89,695</u>
		<u>34,234,915</u>	<u>20,961,176</u>	<u>5,757,899</u>	<u>3,525,417</u>

	Notes	FIM '000		EUR '000	
		1998	1997	1998	1997
LIABILITIES	17				
Capital and reserves	18				
Restricted					
Subscribed capital	19	310,000	310,000	52,138	52,138
Legal reserve		2,195,408	2,195,408	369,241	369,241
Revaluation reserve		168,533	189,515	28,345	31,874
Other restricted reserves		–	113	–	19
Currency conversion differences		42,333	60,948	7,120	10,251
		2,716,274	2,755,983	456,844	463,523
Non-restricted					
Non-restricted reserves		747,279	691,646	125,683	116,326
Profit/loss brought forward		337,093	68,256	56,695	11,480
Profit for the financial year		707,720	487,312	119,030	81,960
		1,792,092	1,247,214	301,408	209,766
		4,508,366	4,003,197	758,253	673,289
Minority interest		407,698	55,458	68,570	9,327
Untaxed reserves					
Negative consolidation difference		8,331	11,108	1,401	1,868
Technical provisions	20				
Non-life insurance					
Provision for unearned premiums		1,366,697	1,310,594	229,862	220,426
Reinsurers' share		–112,595	–123,142	–18,937	–20,711
		1,254,102	1,187,453	210,925	199,715
Life insurance					
Provision for unearned premiums		10,284,865	3,477,686	1,729,790	584,905
Reinsurers' share		–19,355	–20,009	–3,255	–3,365
		10,265,511	3,457,677	1,726,535	581,540
Non-life insurance					
Claims outstanding		9,880,514	9,071,565	1,661,783	1,525,728
Reinsurers' share		–845,881	–737,654	–142,267	–124,065
		9,034,633	8,333,911	1,519,516	1,401,663
Life insurance					
Claims outstanding		5,098,417	560,909	857,492	94,338
Reinsurers' share		–7,327	–8,868	–1,232	–1,491
		5,091,090	552,041	856,260	92,847
Equalisation provision, non-life insurance		1,335,853	1,438,155	224,674	241,880
Collective guarantee item, non-life insurance		172,172	165,550	28,957	27,843
		27,153,361	15,134,786	4,566,867	2,545,488
Technical provisions of unit-linked insurances		93,089	44,865	15,656	7,546
Obligatory provisions	21	9,085	10,750	1,528	1,808
Deposits received from reinsurers		56,174	69,452	9,448	11,681
Creditors	22				
Arising out of direct insurance operations		15,593	8	2,623	1
Arising out of reinsurance operations		565,237	666,666	95,066	112,125
Bond with warrants	19	6,264	–	1,053	–
Amounts owed to credit institutions		90,626	38,096	15,242	6,407
Pension loans		197,900	267,321	33,284	44,960
Deferred tax		58,058	47,848	9,765	8,047
Other creditors		121,078	92,919	20,364	15,628
		1,054,757	1,112,858	177,397	187,169
Accruals and deferred income		944,054	518,703	158,779	87,240
		34,234,915	20,961,176	5,757,899	3,525,417

PARENT COMPANY PROFIT AND LOSS ACCOUNT

	Notes	FIM '000		EUR '000	
		1998	1997	1998	1997
Technical Account					
Premiums earned	2, 7				
Premiums written	1	1,753,758	1,630,545	294,961	274,238
Reinsurers' share		-7,016	-7,930	-1,180	-1,334
		<u>1,746,742</u>	<u>1,622,615</u>	<u>293,781</u>	<u>272,904</u>
Change in the gross provision for unearned premiums		-34,645	-22,270	-5,827	-3,745
Reinsurers' share		48	136	8	23
		<u>-34,597</u>	<u>-22,134</u>	<u>-5,819</u>	<u>-3,723</u>
		<u>1,712,144</u>	<u>1,600,481</u>	<u>287,962</u>	<u>269,182</u>
Claims incurred	2, 7				
Claims paid		-1,324,998	-1,541,211	-222,849	-259,213
Reinsurers' share		1,589	-8,134	267	-1,368
		<u>-1,323,409</u>	<u>-1,549,344</u>	<u>-222,581</u>	<u>-260,581</u>
Change in the provision for outstanding claims		-217,284	109,697	-36,544	18,450
Reinsurers' share		-2,176	1,368	-366	230
		<u>-219,460</u>	<u>111,066</u>	<u>-36,911</u>	<u>18,680</u>
		<u>-1,542,870</u>	<u>-1,438,279</u>	<u>-259,492</u>	<u>-241,901</u>
Change in collective guarantee item		-2,962	-	-498	-
Net operating expenses	2, 4, 7	-473,440	-422,726	-79,627	-71,097
Balance on technical account before the change in equalisation provision		-307,127	-260,524	-51,655	-43,817
Change in the equalisation provision	7	66,355	33,360	11,160	5,611
Balance on technical account		-240,772	-227,164	-40,495	-38,206

	Notes	FIM '000		EUR '000	
		1998	1997	1998	1997
Non-technical Account					
Investment income	5	1,423,101	795,538	239,348	133,800
Investment charges	5, 7	-406,825	-222,408	-68,423	-37,406
		1,016,276	573,131	170,925	96,394
Other income		5,437	4,199	914	706
Other charges					
Depreciation on goodwill		-30,615	-29,120	-5,149	-4,898
Other		-20	-162	-3	-27
		-30,634	-29,282	-5,152	-4,925
Tax on profit from ordinary activities	6, 7				
Tax for the financial year		-210,060	-91,971	-35,330	-15,468
Tax from previous periods		-	59	-	10
		-210,060	-91,911	-35,330	-15,458
Profit on ordinary activities after tax		540,247	228,972	90,863	38,510
Extraordinary income and charges					
Extraordinary income					
Premiums written		-	1,476	-	248
Claims paid		-	14,895	-	2,505
Change in the equalisation provision		-	57,688	-	9,703
		-	74,059	-	12,456
Extraordinary charges	7				
Depreciation on goodwill		-280,741	-	-47,217	-
Change in collective guarantee item		-	-74,059	-	-12,456
Other extraordinary charges		-	-25,801	-	-4,339
		-280,741	-99,861	-47,217	-16,795
Tax on extraordinary income and charges	6, 7				
Tax for the financial year		10,328	7,224	1,737	1,215
Deferred tax		62,006	-	10,429	-
		72,334	7,224	12,166	1,215
		-208,407	-18,577	-35,051	-3,124
Profit after extraordinary items		331,840	210,395	55,811	35,386
Decrease/increase in depreciation difference		7,894	-1,543	1,328	-259
Increase/decrease in optional reserves					
Increase/decrease in credit loss reserve		-3,000	1,300	-505	219
Profit for the financial year		336,734	210,153	56,635	35,345

PARENT COMPANY BALANCE SHEET

	Notes	FIM '000		EUR '000	
		1998	1997	1998	1997
ASSETS	17				
Intangible assets	8				
Intangible rights		21,425	19,622	3,603	3,300
Goodwill		183,687	495,043	30,894	83,260
Other long-term expenses		209,138	181,882	35,175	30,590
		414,250	696,547	69,672	117,151
Investments	9				
Investments in land and buildings	10				
Land and buildings		1,724,258	1,884,565	289,999	316,961
Loans to affiliated undertakings		92,070	98,808	15,485	16,618
		1,816,327	1,983,373	305,484	333,579
Investments in affiliated and associated undertakings	13				
Affiliated undertakings					
Shares and participations	12	1,250,211	1,048,611	210,270	176,364
Associated undertakings					
Shares and participations	12	580,637	597,806	97,656	100,544
		1,830,848	1,646,416	307,927	276,907
Other investments					
Shares	12	1,656,860	1,620,994	278,664	272,632
Debt securities	15	752,353	647,185	126,537	108,849
Loans guaranteed by mortgages		134,972	172,481	22,701	29,009
Other loans	14	89,593	118,042	15,068	19,853
Deposits with credit institutions		23,500	31,500	3,952	5,298
		2,657,278	2,590,203	446,922	435,641
Deposits with ceding undertakings		1,478	1,898	249	319
		6,305,931	6,221,889	1,060,581	1,046,447
Debtors					
Arising out of direct insurance operations					
Policyholders		466,182	413,594	78,406	69,562
Arising out of reinsurance operations		1,537	3,460	259	582
Deferred tax		62,006	–	10,429	–
Other debtors		341,869	54,797	57,498	9,216
		871,594	471,852	146,592	79,360
Other assets					
Tangible assets					
Equipment	8	155,052	140,013	26,078	23,549
Other tangible assets		18,152	15,532	3,053	2,612
		173,204	155,546	29,131	26,161
Cash at bank and in hand		73,154	68,893	12,304	11,587
		246,358	224,439	41,434	37,748
Prepayments and accrued income					
Interest and rents		24,928	29,327	4,193	4,932
Other		139,275	50,894	23,424	8,560
		164,203	80,221	27,617	13,492
		8,002,336	7,694,949	1,345,896	1,294,197

	Notes	FIM '000		EUR '000	
		1998	1997	1998	1997
LIABILITIES	17				
Capital and reserves	18				
Restricted					
Subscribed capital	19	310,000	310,000	52,138	52,138
Legal reserve		2,177,892	2,177,892	366,295	366,295
Revaluation reserve		168,533	172,633	28,345	29,035
		<u>2,656,425</u>	<u>2,660,525</u>	<u>446,779</u>	<u>447,468</u>
Non-restricted					
Security reserve		69,693	69,693	11,722	11,722
Contingency reserve		400,048	372,448	67,283	62,641
At the disposal of the Board		459	461	77	77
Profit/loss brought forward		7,314	7,312	1,230	1,230
Profit for the financial year		336,734	210,153	56,635	35,345
		<u>814,248</u>	<u>660,066</u>	<u>136,947</u>	<u>111,015</u>
		3,470,673	3,320,591	583,725	558,483
Untaxed reserves					
Accumulated depreciation difference		68,212	76,106	11,473	12,800
Optional reserves					
Credit loss reserve		8,200	5,200	1,379	875
		<u>76,412</u>	<u>81,306</u>	<u>12,852</u>	<u>13,675</u>
Technical provisions					
Provision for unearned premiums		774,024	739,379	130,181	124,355
Reinsurers' share		-251	-203	-42	-34
		<u>773,773</u>	<u>739,176</u>	<u>130,139</u>	<u>124,320</u>
Claims outstanding		3,058,213	2,840,930	514,355	477,810
Reinsurers' share		-37,267	-39,444	-6,268	-6,634
		<u>3,020,946</u>	<u>2,801,486</u>	<u>508,087</u>	<u>471,176</u>
Equalisation provision		62,786	129,141	10,560	21,720
Collective guarantee item		77,022	74,059	12,954	12,456
		<u>3,934,527</u>	<u>3,743,863</u>	<u>661,740</u>	<u>629,673</u>
Creditors	22				
Arising out of reinsurance operations		3,696	3,081	622	518
Bond with warrants	19	6,600	-	1,110	-
Pension loans		195,245	267,321	32,838	44,960
Other creditors		60,943	52,928	10,250	8,902
		<u>266,485</u>	<u>323,330</u>	<u>44,820</u>	<u>54,380</u>
Accruals and deferred income		254,239	225,859	42,760	37,987
		<u>8,002,336</u>	<u>7,694,949</u>	<u>1,345,896</u>	<u>1,294,197</u>

WORKING CAPITAL FLOW STATEMENT

FIM '000	Group		Parent Company	
	Dec. 31, 1998	Dec. 31, 1997	Dec. 31, 1998	Dec. 31, 1997
Source of funds				
Cash-flow financing				
Profit before interest expenses, extraordinary items, untaxed reserves and tax	1,294,648	715,934	778,913	354,337
Decrease in investments	–	–	–	19,902
Extraordinary income and charges	–233,951	–25,801	–280,741	–25,801
Adjustment items				
Changes in technical provisions	12,066,799	4,520,191	190,664	–105,920
Unrealised losses and gains on investments	466,403	66,906	179,516	–41,221
Depreciation	600,284	289,224	493,490	154,016
	14,194,184	5,566,454	1,361,842	355,314
Capital financing				
Increase in long-term liabilities	–	24,098	–	–
Increase in minority interest	332,243	47,924	–	–
Increase in capital and reserves	–	47,309	–	–
	332,243	119,331	–	–
Source of funds in total	14,526,426	5,685,785	1,361,842	355,314
Application of funds				
Profit distribution				
Interest on liabilities	32,709	26,026	28,606	33,454
Tax	340,278	180,613	199,732	84,687
Dividends paid	182,400	91,200	182,400	91,200
Other profit distribution	162	129	152	105
	555,550	297,968	410,890	209,446
Investments				
Increase in investments	13,103,959	4,746,963	318,925	–
Increase in intangible and tangible assets	341,248	161,458	173,484	110,025
	13,445,207	4,908,421	492,409	110,025
Repayment of capital and loans				
Decrease in long-term loans	40,581	–	72,075	37,685
Decrease in capital and reserves	15,094	–	4,100	–
	55,675	–	76,175	37,685
Application of funds in total	14,056,431	5,206,390	979,474	357,156
Increase/decrease in working capital	469,995	479,395	382,368	–1,842
Change in working capital				
Debtors	433,181	–159,169	337,736	–8,346
Cash at bank and in hand	89,187	339,327	4,261	15,702
Prepayments and accrued income	331,972	100,819	83,981	–68,321
	854,340	280,977	425,978	–60,964
Deposits received from reinsurers	13,277	–3,170	–	–
Creditors	27,730	128,113	–15,230	–7,073
Accruals and deferred income	–425,352	73,476	–28,380	66,195
	–384,345	198,418	–43,610	59,122
Increase/decrease in working capital	469,995	479,395	382,368	–1,842

NOTES TO THE ACCOUNTS

Accounting Principles in the Sampo Group

The financial statements 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.

Consolidation Principles

Sampo's Consolidated Accounts include the parent company Sampo Insurance Company plc, and all the subsidiaries in which the parent company either directly or indirectly holds more than half of the voting rights. The group does not include subsidiaries in which the parent company's dominant influence is based on other than voting rights. The group companies and changes in group structure are presented in the Report by the Board of Directors/Notes to the Accounts. The final accounts of group companies are included in the consolidated accounts according to uniform accounting principles.

The consolidated accounts are drawn up as combinations of the profit and loss accounts, balance sheets and notes of the parent company and the subsidiaries. The consolidated 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 is transferred to life insurance technical account.

Subsidiaries acquired during the financial year are 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, internal gains and losses as well as profit distribution are eliminated. However, intra-group direct insurance is not eliminated.

A subsidiary of Sampo Insurance Company plc, Sampo Life Insurance Company Limited, and an associated undertaking of the Group, Nova Life Insurance Company Limited, were merged on December 31, 1998. The new Sampo Life Insurance Company Limited is a subsidiary

and a part of the Sampo Group. The merger was handled as acquisition, so in terms of accounting the principles of the acquisition method were applied. The increase in share capital was made at the amount of the current value of shares, and the difference between the current value and the par value was entered into the premium fund. The share of Nova's profit is included in the share of associated undertakings' profit in the Consolidated Profit and Loss Account. Owing to the merger, the change in the technical provisions of life insurance as shown in the Profit and Loss Account deviates from the change in the technical provisions calculated from the Balance Sheet.

Intra-group cross-shareholdings are eliminated by using the acquisition method. The difference between the acquisition cost of shares in subsidiaries and their capital and reserves at the time of acquisition is entered primarily under subsidiaries' land and buildings and depreciated according to their depreciation plan. The unallocated part is entered under consolidation difference and depreciated over its useful economic life.

The closing figures for subsidiaries are converted into Finnish markka at the average rate quoted by the Bank of Finland on the date of closing the companies' accounts. The final accounts items of the subsidiaries operating in the Netherlands have been converted in the final accounts for 1998 by using the fixed conversion coefficients between the euro and the national currencies of the euro area. 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 are presented as separate items in the Profit and Loss Account and the Balance Sheet.

Associated Undertakings

In the Consolidated 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 in the year of comparison and Kaleva Mutual Insurance Company as well as Björkboda Lås Oy Ab - have been integrated as associated undertakings, using the 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. This used to apply to mutual companies as well. In the final accounts for 1998, Kaleva Mutual Insurance Company has not been consolidated since the impact of the consolidation on Group result and non-restricted capital and reserves is inessential. The owner of the guarantee capital is entitled only to the guarantee capital and the interest paid on it. The holding in Björkboda Lås Oy Ab is considered temporary. Relevant information on companies which have not been consolidated into the final accounts are presented in the Notes to the Accounts.

The shares in Sampo Insurance Company plc owned by associated undertakings and related value re-adjustments and dividends are not eliminated in the consolidated 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 accounts. However, those receivables, investments in the nature of receivables, debt securities, and shares in the nature of investments which have been in the national currencies of the EMU member countries or in ecu, have been converted into Finnish markka in the final accounts for 1998 by using the fixed conversion coefficients between the euro and the national currencies of the euro area. Other investments have been valued at the lower of the rate valid on the date of acquisition or the rate on the date of closing the accounts. However, other investments in the national currencies of the EMU member countries or in ecu have been valued in the final accounts for 1998 at the rate valid on the date of acquisition, or by using the fixed conversion coefficients between the euro and the national currencies of the euro area if they are lower.

Currency conversion differences relating to insurance business are entered as adjustment items under income and expenditure. Currency conversion differences on receivables and investments and those that it is not possible to allocate directly to an adjustment item under income and expenses, are presented under investments, under the items Other income and Charges arising from other investments.

The impact of exchange rates on the result is presented separately in connection with the analysis of non-life insurance result. Exchange rate gains and losses comprised in the balance on technical account are calculated as a difference of fixed and variable rates.

Valuation and Matching

The variable expenses arising from acquisition and production are included in acquisition costs.

Intangible assets and equipment are 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 are 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 made in the previous years.

Stocks and shares in the nature of investments are entered at the lower of acquisition cost or current value. Stocks and shares in the nature of fixed assets are presented at the lower of acquisition price or current value, if the value adjustment is considered permanent. The shares are valued according to the average price principle.

Debt securities are considered to include bonds and money-market instruments. They are generally 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.

Investments covering the technical provisions of unit-linked insurances are valued at their current value.

Unrealised gains and value adjustments on investments in the nature of investment assets and on investments covering unit-linked insurances are entered with impact on the result. Revalu-

ations 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 shown in the analyses consists of unrealised gains and associated undertakings' value adjustments made by using the equity method.

Depreciation

Planned straight-line depreciations based on the estimated useful lives are made on intangible assets, buildings, structures and their components, and equipment. If the estimate diverges from the earlier estimate on the date of closing the accounts, the depreciation period is adjusted accordingly. A decrease in the current value of buildings is taken into account in the form of extraordinary planned depreciations if necessary.

Intangible rights	5 years
Goodwill	5–10 years
Consolidation difference and negative consolidation difference	3–10 years
Other long-term liabilities	10 years
Residential and business premises	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 consolidation difference created in the Group through the acquisition of Vahinkovaakuutusosakeyhtiö Kansa (Kansa General) is depreciated in full in the final accounts for 1998, and a corresponding depreciation is made by the parent company. The remaining goodwill is depreciated in six years, so the total depreciation period is ten years.

The consolidation difference created by the acquisition of a 25 per cent holding in Nova in connection with the reorganisation of the life insurance business, is depreciated in five years.

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

Current Values

The current values of investments in land and buildings are 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.

In the final accounts for 1998, valuation differences in the current value of shares in a life insurance company which is a subsidiary, have been taken into account in accordance with the agreed interpretation of the Principle of Fairness. In the former final accounts, no valuation differences of life insurance companies have been taken into account in the current values of their shares.

Shares in other group companies are valued at net asset value. With respect to shares in associated undertakings, net asset value, a value based on the equity method, or the remaining acquisition cost is 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 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, is taken as their current value.

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

Expenses by Activity

Operating expenses and depreciation on capitalised ADP systems and equipment are 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 percentual 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 external loss assessors' remunerations and legal expenses, and

internal loss adjustment expenses which are allocated directly to claims.

Directly allocated investment management expenses which are shown under investment charges comprise management expenses and maintenance charges for real estate shares and for land and buildings, as well as fees for custodian services.

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 income and charges of services relating to captive operations.

Extraordinary Income and Charges

In the consolidated accounts for 1998, that part of the depreciation on Kansa General's consolidation difference which exceeds the original depreciation calculated on the basis of the economic useful life, is shown under extraordinary charges. Correspondingly, that part of the depreciation on goodwill exceeding the reassessed economic useful life is entered in the parent company. In the final accounts for 1997, e.g. the items related to the formation of the collective guarantee item pertaining to statutory 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. Taxes for the year have been calculated on the basis of the taxable income calculated in accordance with tax regulations. Deferred tax from the non-recurring depreciation on Kansa General's goodwill has been entered under tax on extraordinary income and charges. The depreciation made in the accounts is periodised in the taxation over the following six years, insofar as it is not tax-deductible in 1998. In other respects, the Group will transfer to the use of deferred tax during the present accounting period.

Avoir fiscal tax credit on dividend earned is 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 optional untaxed reserves, and depreciation above plan having an impact on the result and taxation, to be made in the final accounts.

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

In the final accounts and key figures of the companies, deferred tax is not deducted from the reserves, from revaluations transferred to reserves, nor from valuation differences on investments. Because the reserves are entered as income, and revaluations transferred to reserves and valuation differences are realised only to cover expenses, the deferred tax is not realised. Unrealised gains entered as income are taxable income. The tax rate is 28 per cent.

In the Consolidated accounts and key figures, excluding the solvency margin, optional reserves and the accumulated depreciation difference are divided into the change in deferred tax and share of profit, and deferred tax and share of capital and reserves. The minority interest is 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 is not deducted from the valuation differences on investments.

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 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 usually reflected in the balance on technical account by a

change in the equalisation provision which is of opposite sign. The bases of calculation for the equalisation provision are normally kept unchanged for at least three years. A change in the bases of calculation always has an impact on the result.

Non-Life Insurance

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

In addition to the calculation of the provision for outstanding claims pertaining to annuities, discounting is applied to a part of Patria Reinsurance Company Ltd's provision for outstanding claims in foreign reinsurance. Patria's discounted technical provisions are mainly in USD and are covered by assets in the same currency. The assets are 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.

Life Insurance

In calculating the technical provisions, calculated interests confirmed by the Ministry of Social Affairs and Health, as well as calculated interests based on the law and the instructions of the Ministry of Social Affairs and Health, are applied.

The provision for unearned premiums is 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 individual life and pension insurance, 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. The amortisation period of the so-called zillmerisation is 2–6 years.

In calculating the technical provisions of direct insurance, discounting is 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. If the solvency requirements do not prevent it, a reasonable part of the surplus has to be returned to these policies as bonuses.

Sampo Life aims at giving a total return before charges and taxes on policyholders' with-profit insurance savings, which is at least the yield of a Finnish treasury bond. The total return consists of the guaranteed interest and bonuses determined annually on the basis of the company's performance. As for the level of the total return, continuity is pursued.

The aim is to maintain the company's solvency status at such a level that it does not limit the giving of bonuses to the policyholders nor the distribution of profit to shareholders.

The Board of Directors of Sampo Life has for its part made a decision on the interpretation of the Principle of Fairness in life insurance. As a consequence of the principle and the bonus policy, a prominent part of the company's solvency capital is required for ensuring the benefits insured. The restricted and non-restricted capital and reserves are considered to belong to the shareholders. Of the valuation differences which are not needed for ensuring solvency in the long run, 80 per cent are considered to belong to the shareholders. In accordance with the solvency status of December 31, 1998 in Sampo Life's final accounts, 25 per cent of the valuation differences is calculated to the company's shareholders. This calculatory distribution of valuation differences does not entitle individual shareholders or policyholders to these valuation differences.

Pension Schemes

For those employed by the Finnish group companies, statutory pension cover has been arranged in compliance with the Employees' Pensions Act, TEL. Some Group companies have additional pension arrangements handled by insurance companies. In foreign subsidiaries, pension schemes have been arranged in accordance with local practice.

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

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 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 the change in the equalisation provision
- + other income
- other charges
- ± share of associated undertakings' profit and loss

Group operating profit:

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

Profit before extraordinary items, untaxed reserves and tax

- + Group 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 $\frac{\quad}{\quad} \times 100\%$
- + capital and reserves
- + minority interest
- ± valuation differences on investments (average on 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 $\frac{\quad}{\quad} \times 100\%$
- + balance sheet total
- ± valuation differences on investments (average at Jan. 1 and Dec. 31)

Equity/assets ratio (at current values)

- + capital and reserves
- + minority interest
- ± valuation differences on investments $\frac{\quad}{\quad} \times 100\%$
- + 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)

$\frac{\text{claims incurred}}{\text{premiums earned}} \times 100\%$

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 before the change in deferred acquisition costs

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

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

$$\begin{aligned} &\text{Solvency capital,} \\ &\text{\% of technical provisions} \\ &\text{(non-life insurance)} \\ &+ \frac{\text{solvency capital}}{\text{technical provisions}} \times 100\% \\ &- \text{equalisation provision} \end{aligned}$$

$$\begin{aligned} &\text{Solvency capital,} \\ &\text{\% of technical provisions} \\ &\text{(whole business and life insurance)} \\ &+ \frac{\text{solvency capital}}{\text{technical provisions}} \times 100\% \\ &- \text{equalisation provision} \\ &- 75\% \times \text{technical provisions of unit-} \\ &\quad \text{linked insurances} \end{aligned}$$

$$\begin{aligned} &\text{Solvency ratio, \%} \\ &\text{(non-life insurance)} \\ &+ \frac{\text{solvency capital}}{\text{premiums earned}} \times 100\% \\ &+ \text{premiums earned} \end{aligned}$$

PER-SHARE KEY FIGURES

$$\begin{aligned} &\text{Earnings per share} \\ &+ \text{profit before extraordinary items,} \\ &\quad \text{untaxed reserves and tax} \\ &- \text{tax} \\ &- \frac{\text{minority interest}}{\text{adjusted average number}} \times 100\% \\ &\quad \text{of shares} \end{aligned}$$

$$\begin{aligned} &\text{Capital and reserves per share} \\ &\frac{\text{capital and reserves}}{\text{adjusted number of shares}} \\ &\text{at Dec. 31} \end{aligned}$$

$$\begin{aligned} &\text{Net asset value per share*} \\ &+ \text{capital and reserves} \\ &\pm \text{valuation differences on} \\ &\quad \text{investments} \\ &\frac{\text{adjusted number of shares}}{\text{at Dec. 31}} \end{aligned}$$

$$\begin{aligned} &\text{Dividend per share} \\ &\frac{\text{dividend for the accounting}}{\text{adjusted number of shares}} \\ &\text{period} \\ &\text{at Dec. 31} \end{aligned}$$

$$\begin{aligned} &\text{Dividend per earnings, \%} \\ &\frac{\text{dividend per share}}{\text{earnings per share}} \times 100\% \end{aligned}$$

$$\begin{aligned} &\text{Effective dividend yield} \\ &\frac{\text{dividend per share}}{\text{adjusted closing share price}} \times 100\% \\ &\text{at Dec. 31} \end{aligned}$$

$$\begin{aligned} &\text{Price/earnings ratio} \\ &\frac{\text{adjusted closing share price}}{\text{earnings per share}} \\ &\text{at Dec. 31} \end{aligned}$$

$$\begin{aligned} &\text{Market capitalisation} \\ &\text{number of shares at Dec. 31} \times \text{closing} \\ &\text{share price at Dec. 31} \end{aligned}$$

$$\begin{aligned} &\text{Relative share trading volume} \\ &\frac{\text{number of shares traded through}}{\text{adjusted average number}} \times 100\% \\ &\text{the Helsinki Stock Exchange} \\ &\text{of shares} \end{aligned}$$

* In calculating key figures, an interpretation of the Principle of Fairness in life insurance has been taken into account, according to which 25 per cent of the valuation differences pertaining to the year 1998 is calculated to the owners, in addition to the capital and reserves of life insurance. In previous years, the valuation differences of life insurance were not included in the calculation of the said key figures.

** The solvency capital of the subgroup of Sampo Life has been separated from the Group's solvency capital as belonging to life insurance, and the difference is disclosed as the solvency capital of non-life insurance.

SAMPO GROUP KEY FIGURES

		1994	1995	1996	1997	1998
General Key Figures						
Turnover	FIM m	5,881.5	5,896.3	6,104.9	7,848.2	9,815.3
	EUR m	989.2	991.7	1,026.8	1,320.0	1,650.8
Gross premiums written	FIM m	4,149.6	4,219.1	4,495.0	5,784.1	6,515.5
	EUR m	697.9	709.6	756.0	972.8	1,095.8
Operating profit	FIM m	175.7	318.8	618.9	921.2	1,253.8
	EUR m	29.6	53.6	104.1	154.9	210.9
% of turnover	%	3.0	5.4	10.1	11.7	12.8
Profit before extraordinary items, untaxed reserves and tax	FIM m	182.7	270.7	366.7	687.7	1,222.0
	EUR m	30.7	45.5	61.7	115.7	205.5
% of turnover	%	3.1	4.6	6.0	8.8	12.5
Profit before untaxed reserves and tax	FIM m	182.7	233.7	365.2	661.9	988.1
	EUR m	30.7	39.3	61.4	111.3	166.2
% of turnover	%	3.1	4.0	6.0	8.4	10.1
Return on equity at current values	%	6.8	-3.2	17.3	23.5	33.7
Return on assets at current values	%	3.8	1.1	9.6	11.6	14.0
Equity/assets ratio	%	34.0	33.5	35.9	35.6	28.7
Solvency capital	FIM m	7,083.4	6,378.7	7,696.1	10,003.5	14,920.7
	EUR m	1,191.3	1,072.8	1,294.4	1,682.5	2,509.5
% of technical provisions	%	84.2	72.0	82.8	73.0	57.7
Average number of personnel		2,966	3,023	3,113	3,176	3,292
Non-Life Insurance Key Figures						
Turnover	FIM m	5,881.5	5,896.3	6,104.9	6,273.0	7,794.0
	EUR m	989.2	991.7	1,026.8	1,055.0	1,310.9
Gross premiums written	FIM m	4,149.6	4,219.1	4,495.0	4,647.7	5,176.7
	EUR m	697.9	709.6	756.0	781.7	870.7
Loss ratio	%	91.4	89.1	91.2	94.0	94.1
	excluding the effect of exchange rates	%		91.7	88.4	88.3
Expense ratio	%	20.7	20.0	21.9	19.5	20.1
Combined ratio	%	112.2	109.1	113.1	113.5	114.2
	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	10,050.0
	EUR m	936.0	885.7	1,064.9	1,333.1	1,690.3
Equalisation provision	FIM m	1,492.9	1,110.2	1,362.4	1,438.2	1,335.9
	EUR m	251.1	186.7	229.1	241.9	224.7
Solvency capital	FIM m	7,083.4	6,378.7	7,696.1	9,367.9	11,740.5
	EUR m	1,191.3	1,072.8	1,294.4	1,575.6	1,974.6
% of technical provisions	%	84.2	72.0	82.8	96.7	112.2
Solvency ratio	%	199.7	171.8	199.3	233.2	260.1
Average number of personnel		2,966	3,023	3,113	3,059	3,170
Life Insurance Key Figures						
Turnover	FIM m				1,575.3	2,021.4
	EUR m				264.9	340.0
Gross premiums written	FIM m				1,136.4	1,338.9
	EUR m				191.1	225.2
Expense ratio	%				195.1	175.9
Solvency margin	FIM m				580.8	3,103.9
	EUR m				97.7	522.0
Equalisation provision	FIM m				2.8	23.3
	EUR m				0.5	3.9
Solvency capital	FIM m				635.6	3,180.2
	EUR m				106.9	534.9
% of technical provisions	%				15.8	20.7
Average number of personnel					117	122

		1994	1995	1996	1997	1998
Per Share Key Figures						
Earnings per share	FIM	2.37	2.96	4.23	8.32	14.37
	EUR	0.40	0.50	0.71	1.40	2.42
Capital and reserves per share	FIM	54.14	55.51	58.73	65.84	74.15
	EUR	9.11	9.34	9.88	11.07	12.47
Net asset value per share	FIM	102.91	98.01	115.64	145.54	195.22
	EUR	17.31	16.48	19.45	24.48	32.83
Dividend per share *)	FIM	1.00	1.25	1.50	3.00	4.80
	EUR	0.17	0.21	0.25	0.50	0.81
Dividend per earnings *)	%	43.8	42.2	35.5	36.1	33.4
Effective dividend yield *)	%	1.9	2.1	1.7	1.7	2.5
Price/earnings ratio		22.7	19.7	21.5	21.3	13.5
Adjusted average number of shares	'000	58,548	60,800	60,800	60,800	60,800
Number of shares at Dec. 31	'000	15,200	15,200	15,200	60,800	60,800
Adjusted number of shares at Dec. 31	'000	60,800	60,800	60,800	60,800	60,800
Par value at Dec. 31	FIM	20	20	20	5	5
Market capitalisation	FIM m	3,268.0	3,541.6	5,517.6	10,761.6	11,764.8
	EUR m	549.6	595.7	928.0	1,810.0	1,978.7
A Shares						
Adjusted average number of shares	'000	58,308	60,560	60,560	60,560	60,560
Number of shares at Dec. 31	'000	15,140	15,140	15,140	60,560	60,560
Adjusted number of shares at Dec. 31	'000	60,560	60,560	60,560	60,560	60,560
Weighted average share price	FIM	70.76	56.84	70.11	130.19	218.23
	EUR	11.90	9.56	11.79	21.90	36.70
Adjusted share price, high	FIM	100.00	68.50	91.25	203.00	311.00
	EUR	16.82	11.52	15.35	34.14	52.31
Adjusted share price, low	FIM	50.75	41.25	57.50	88.75	115.00
	EUR	8.54	6.94	9.67	14.93	19.34
Adjusted closing price	FIM	53.75	58.25	90.75	177.00	193.50
	EUR	9.04	9.80	15.26	29.77	32.54
Share trading volume during the accounting period	'000	11,267	7,792	26,330	30,191	47,902
Relative share trading volume	%	19.3	12.9	43.5	49.9	79.1
B Shares						
Adjusted average number of shares	'000	240	240	240	240	240
Number of shares at Dec. 31	'000	60	60	60	240	240
Adjusted number of shares at Dec. 31	'000	240	240	240	240	240

In calculating the net asset value per share and the return on equity, an interpretation of the Principle of Fairness in life insurance has been taken into account, according to which 25% of the valuation differences pertaining to the year 1998 is calculated to the owners, in addition to the capital and reserves of life insurance. In previous years, the valuation differences of life insurance were not included in the calculation of the said key figures.

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

*) Proposal by the Board to the Annual General Meeting concerning the financial year 1998

ANALYSES

1 GROSS PREMIUMS WRITTEN

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
Non-life insurance				
Direct insurance				
Finland	4,533,826	4,004,076	1,756,854	1,640,747
EEA countries	368,368	355,472	–	–
Other countries	18,680	13,910	–	–
	4,920,874	4,373,458	1,756,854	1,640,747
Reinsurance				
Non-life reinsurance	227,246	246,604	15,108	13,364
Life reinsurance	28,544	27,682	-10,217	-9,875
	255,790	274,286	4,891	3,489
	5,176,665	4,647,744	1,761,745	1,644,236
Life insurance				
Direct insurance				
Finland	1,282,386	1,042,500		
Life reinsurance	56,477	93,888		
	1,338,864	1,136,388		
Gross premiums written	6,515,528	5,784,132	1,761,745	1,644,236
Credit loss on premiums	-14,067	-18,753	-7,987	-13,691
Premiums written before outward reinsurance premiums	6,501,461	5,765,379	1,753,758	1,630,545

PREMIUM TAX AND OTHER TRANSFERRED CHARGES INCLUDED IN PREMIUMS

Premium tax	571,975	545,661	324,401	308,182
Fire brigade charge	10,462	11,005	3,844	4,258
Traffic safety charge	8,847	9,060	6,728	6,796
Industrial safety charge	18,282	17,030	556	282
Government medical treatment fees	95,230	97,162	35,788	35,981
Total	704,796	679,918	371,317	355,499

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

Unemployment Insurance	4,588,431	4,481,195	45,606	45,580
Employees' Group Life Assurance	62,034	67,712	1,457	1,583

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

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

FIM '000	1	2	3	4	5	6	7
Direct insurance							
Statutory workers compensation							
1998	1,251,164	1,246,056	-1,341,849	-82,088	-276	-178,158	114.6
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
Non-statutory accident and health							
1998	247,270	247,132	-193,866	-75,687	-1,201	-23,622	109.6
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
Motor third party liability							
1998	710,316	664,473	-830,982	-132,726	-506	-299,741	145.6
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
Motor, other classes							
1998	590,532	576,722	-442,503	-135,422	-210	-1,414	100.2
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
Marine, aviation and transport							
1998	267,294	264,006	-219,387	-39,486	-5,328	-196	100.1
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
Fire and other damage to property							
1998	1,269,809	1,270,672	-1,178,447	-364,134	79,222	-192,687	119.2
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
Third party liability							
1998	321,720	319,904	-271,341	-51,546	-49,737	-52,720	119.4
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
Credit and suretyship							
1998	36,541	32,320	2,459	-10,451	-4,023	20,305	23.6
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
Legal expenses							
1998	62,634	63,588	-68,341	-8,470	-	-13,223	120.8
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
Miscellaneous							
1998	163,595	159,515	-92,685	-32,706	-29,955	4,169	92.4
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
Direct insurance in total							
1998	4,920,874	4,844,387	-4,636,942	-932,717	-12,015	-737,287	117.1
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
Reinsurance							
1998	255,790	261,308	-83,634	-83,351	10,124	104,447	38.4
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
Total							
1998	5,176,665	5,105,695	-4,720,576	-1,016,068	-1,891	-632,840	114.2
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
Change in the collective guarantee item							
1998						-6,622	
Change in the equalisation provision							
1998						102,302	
1997						-144,745	
1996						-252,134	
Balance on technical account							
1998						-537,160	
1997						-686,849	
1996						-757,561	

PARENT COMPANY: NON-LIFE INSURANCE BALANCE ON TECHNICAL ACCOUNT BY GROUP OF INSURANCE CLASS

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

FIM '000	1	2	3	4	5	6	7
Direct insurance							
Statutory workers compensation							
1998	53,681	52,473	-95,262	-7,549	-10	-50,347	197.2
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
Non-statutory accident and health							
1998	171,869	172,360	-132,039	-63,693	-1,081	-24,453	114.3
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
Motor third party liability							
1998	535,753	499,845	-653,615	-107,571	-364	-261,705	152.9
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
Motor, other classes							
1998	415,624	406,058	-296,401	-110,637	-320	-1,300	100.3
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
Marine, aviation and transport							
1998	26,751	26,369	-16,900	-5,662	-737	3,071	88.0
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
Fire and other damage to property							
1998	494,790	486,423	-302,857	-165,602	-3,484	14,480	97.0
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
Third party liability							
1998	9,205	9,064	-9,891	-3,539	-	-4,365	148.2
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
Credit and suretyship							
1998	1,947	2,468	4,489	-944	-1,443	4,570	*
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
Legal expenses							
1998	46,409	48,080	-52,349	-5,662	-	-9,930	120.7
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
Miscellaneous							
1998	825	775	-316	-944	-	-485	162.6
1997	721	686	-849	-689	-	-852	224.1
1996	653	622	-200	-801	-	-379	161.0
Direct insurance in total							
1998	1,756,854	1,703,916	-1,555,141	-471,801	-7,439	-330,465	119.6
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
Reinsurance							
1998	4,891	15,197	12,859	-2,128	372	26,300	*
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
Total							
1998	1,761,745	1,719,113	-1,542,282	-473,929	-7,067	-304,165	117.9
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
Change in the collective guarantee item							
1998						-2,962	
Change in the equalisation provision							
1998						66,355	
1997						33,360	
1996						-65,015	
Balance on technical account							
1998						-240,772	
1997						-227,164	
1996						-244,004	

3 LIFE INSURANCE PREMIUMS WRITTEN AND CLAIMS PAID

FIM '000	Group	
	1998	1997
Direct insurance gross premiums written		
Life insurance		
Individual life insurance	732,778	547,091
Group life insurance	5,709	3,279
	738,488	550,370
Pension insurance		
Individual pension insurance	526,479	464,624
Group pension insurance	17,420	27,505
	543,899	492,129
Direct insurance premiums written in total	1,282,386	1,042,500
Regular premiums	631,108	491,190
Single premiums	651,279	551,309
	1,282,386	1,042,500
Premiums from with-profit policies	1,243,690	1,006,240
Premiums from unit-linked insurance	38,696	36,259
	1,282,386	1,042,500
Claims paid		
Direct insurance		
Life insurance	13,781	2,233
Pension insurance	109,141	91,296
	122,921	93,529
Surrenders	94,164	33,969
Reinsurance	58,393	49,852
Claims paid in total	275,478	177,350
Impact of bonuses and rebates attached to life and pension insurance policies terminated during the year, on the technical result	135,123	84,993

4 EXPENSES BY ACTIVITY

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
Non-life insurance				
Claims settlement expenses (claims paid)				
Directly allocated	70,647	66,792	25,295	24,492
Share of fixed costs	332,425	283,402	180,136	154,215
	403,072	350,193	205,431	178,707
Operating expenses				
Policy acquisition costs				
Direct insurance commissions	74,465	75,037	17,021	22,491
Commissions on reinsurance assumed	49,080	58,388	2,128	2,501
Other policy acquisition costs	281,679	236,318	167,643	148,271
	405,224	369,743	186,792	173,263
Policy management expenses	404,669	345,111	196,741	171,288
Administrative expenses	206,175	193,909	90,396	78,831
Commissions on reinsurance ceded	-110,482	-126,118	-489	-657
	905,586	782,646	473,440	422,726
Investment management expenses (investment charges)				
Directly allocated ¹⁾	92,565	97,969	47,746	50,624
Share of fixed costs	34,819	28,107	17,758	15,389
	127,384	126,077	65,504	66,013
Other charges	876	3,245	-	-
	1,436,918	1,262,161	744,375	667,446
Life insurance				
Claims settlement expenses (claims paid)				
Directly allocated	11	2		
Share of fixed costs	4,386	2,999		
	4,397	3,000		
Operating expenses				
Policy acquisition costs				
Direct insurance commissions	14,245	11,309		
Commissions on reinsurance assumed	9,375	19,572		
Other policy acquisition costs	44,139	42,964		
	67,760	73,845		
Policy management expenses	22,340	11,988		
Administrative expenses	13,288	12,305		
Commissions on reinsurance ceded	-702	-2,042		
	102,686	96,095		
Investment management expenses (investment charges)				
Directly allocated ¹⁾	14,720	12,511		
Share of fixed costs	4,718	4,117		
	19,438	16,628		
	126,520	115,723		
¹⁾ 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				
Life insurance	-6,237	-3,890		

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
STAFF EXPENSES AND PERSONNEL				
Executives' salaries and commissions	11,237	11,338	3,283	2,757
Other salaries and commissions	610,581	573,346	333,755	320,126
Monetary value of fringe benefits	21,731	21,039	12,236	11,963
Pension expenses	123,381	103,840	61,015	55,176
Other social expenses	76,861	71,905	42,297	42,248
	843,792	781,468	452,587	432,270
Shares of profit paid to executives	932	822	324	192
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 during the financial year	3,292	3,176	1,972	1,925

DEPRECIATION ACCORDING TO PLAN

Depreciation according to plan by activity				
Claims paid	41,262	31,285	29,854	23,152
Operating expenses	129,854	99,479	90,828	69,082
Investment charges	6,385	3,902	6,085	3,673
Other charges	85	2,075	–	–
	177,587	136,741	126,767	95,907
Buildings	108,815	94,125	55,368	28,989
Goodwill	14,648	7,610	311,356 ^{**)}	29,120
Consolidation difference	302,011 ^{*)}	53,525	–	–
Negative consolidation difference	–2,777	–2,777	–	–
	600,284	289,224	493,490	154,016

*) Includes an extraordinary depreciation of FIM 234 million on the consolidation difference, entered under extraordinary charges.

***) Includes an extraordinary depreciation of FIM 281 million on goodwill, entered under extraordinary charges

5 NET INVESTMENT INCOME

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
INVESTMENT INCOME				
Income from investments in affiliated undertakings				
Dividend income	–	–	594,062	225,694
Income from investments in associated undertakings				
Dividend income	3,472	3,472	12,743	13,776
Interest income	1,881	5,916	–	2,091
Other income	27,587	30,219	27,587	30,219
	32,940	39,607	40,329	46,086
Income from investments in land and buildings				
Interest income from affiliated undertakings	–	–	8,618	8,673
Other income from affiliated undertakings	–	–	10,848	10,637
Other income from other than affiliated undertakings	269,676	262,317	93,824	93,949
	269,676	262,317	113,290	113,259
Income from other investments				
Dividend income	415,130	312,232	99,271	69,616
Interest income from affiliated undertakings	–	–	1,011	1,380
Interest income from other than affiliated undertakings	499,757	482,969	58,565	83,840
Other income from other than affiliated undertakings	104,162	234,495	14,474	32,740
	1,019,049	1,029,696	173,320	187,577
Total	1,321,664	1,331,620	921,001	572,616
Value readjustments	19,689	84,194	6,962	71,286
Gains on realisation of investments	1,979,105	681,402	495,138	151,637
Investment income in total	3,320,458	2,097,216	1,423,101	795,538
INVESTMENT CHARGES				
Charges arising from investments in land and buildings	–107,523	–110,885	–64,949	–67,497
Charges arising from other investments	–293,362	–116,114	–61,945	–60,099
Interest and other expenses on liabilities to affiliated undertakings	–	–	–279	–14,715
Interest and other expenses on liabilities to other than affiliated undertakings	–32,709	–26,026	–28,327	–18,739
Total	–433,594	–253,024	–155,499	–161,050
Value adjustments and depreciations				
Value adjustments on investments	–499,691	–152,998	–186,478	–30,065
Planned depreciation on buildings	–108,815	–94,125	–55,368	–28,989
	–608,506	–247,123	–241,846	–59,054
Losses on realisation of investments	–54,188	–3,824	–9,479	–2,305
Investment charges in total	–1,096,288	–503,971	–406,825	–222,408

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
Net investment income before unrealised gains and losses on investments	2,224,170	1,593,245	1,016,276	573,131
Unrealised gains on investments	13,706	2,948	–	–
Unrealised losses on investments	–107	–1,050	–	–
NET INVESTMENT INCOME	2,237,769	1,595,142	1,016,276	573,131
Share of unit-linked insurance of net investment income	8,883	1,696		
Avoir fiscal tax credit included in income from dividends	103,093	80,704	199,132	84,366
Items included in other income and charges from other investments				
Exchange rate gains	100,995	230,328	13,958	30,944
Exchange rate losses	156,141	54,518	13,867	1,480

GROUP NET INVESTMENT INCOME, JANUARY 1 – DECEMBER 31, 1998

FIM '000	Non-Life Insurance	Life Insurance
INVESTMENT INCOME		
Income from investments in associated undertakings		
Dividend income	3,472	–
Interest income	1,881	–
Other income	27,587	–
	32,940	–
Income from investments in land and buildings		
Other income	209,722	59,954
Income from other investments		
Dividend income	362,612	52,519
Interest income	352,929	146,828
Other income	72,756	31,406
	788,296	230,752
Total	1,030,958	290,706
Value readjustments	7,182	12,507
Gains on realisation of investments	1,613,522	365,583
Investment income in total	2,651,662	668,796

INVESTMENT CHARGES

FIM '000	Non-Life Insurance	Life Insurance
Charges arising from investments in land and buildings	-95,104	-12,419
Charges arising from other investments	-188,172	-105,190
Interest and other expenses on liabilities	-32,285	-424
Total	-315,561	-118,033
Value adjustments and depreciations		
Value adjustments on investments	-371,598	-128,093
Planned depreciation on buildings	-94,616	-14,199
	-466,214	-142,291
Losses on realisation of investments	-53,755	-433
Investment charges in total	-835,530	-260,758
Net investment income before unrealised gains and losses on investments	1,816,132	408,038
Unrealised gains on investments	-	13,706
Unrealised losses on investments	-	-107
NET INVESTMENT INCOME	1,816,132	421,637
Share of unit-linked insurance of net investment income		8,883
Avoir fiscal tax credit included in income from dividends	92,385	10,707
Items included in other income and charges from other investments		
Exchange rate gains	69,812	31,183
Exchange rate losses	118,357	37,784

6 GROUP TAX, ACCRUED TAX SURPLUS AND UNUSED CREDIT

FIM '000	Tax		Accrued tax surplus		Unused credit	
	1998	1997	1998	1997	1998	1997
Sampo Insurance Company plc	199,732	84,687	134,854	48,615	26,347	36,550
Industrial Insurance Company Ltd	191,063	97,345	130,404	159,159	-	-
Sampo Enterprise Insurance Company Limited	56,464	17,618	77,470	32,517	-	-
Otso Loss of Profits Insurance Company Ltd	49,271	24,583	4,461	28,424	-	-
Insurance Company of Finland Limited	4,319	4,248	31	2,633	-	-
Sampo Life Insurance Company Limited	16,547	9,691	*)	-	-	1,639
Other	5,054	13,140	645	686	3,396	2,964
Group companies in total	522,449	251,312	347,865	272,033	29,743	41,153
Avoir fiscal tax credit on subsidiaries' and associated undertakings' dividends	-182,170	-70,698				
Deferred tax	-64,319	-11,396				
Tax in the Profit and Loss Account	275,959	169,217				

*) Nova Life Insurance Company Limited has applied for authorisation to take tax surplus into account despite the change of ownership, in accordance with Chapter 3, Section 8, Paragraph 4 of the act on avoir fiscal tax credit.

7 INCOME AND CHARGE ITEMS IMPACTING THE COMPARABILITY OF THE RESULT

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
Premiums earned				
Premiums written				
Separate charge pertaining to statutory workers' compensation insurance	286,657	–	11,960	–
Claims incurred				
Claims paid				
Equalisation of the separate charge pertaining to statutory workers' compensation insurance	–51,666	–	49,025	–
Extraordinary depreciations according to plan	–6,718	–	–4,574	–
	–58,384	–	44,451	–
Change in the provision for outstanding claims				
Change in the calculation bases				
Change in the rate of interest	–256,951	–	–125,457	–
Increased life expectancy	–	–105,244	–	–46,521
Other	–205,413	–32,952	–40,682	–
	–462,364	–138,196	–166,138	–46,521
Reinsurers' share	–	3,298	–	–
	–520,748	–134,898	–121,687	–46,521
Net operating expenses				
Extraordinary depreciations according to plan	–22,737	–	–15,575	–
Balance on technical account before the change in the equalisation provision	–256,829	–134,898	–125,302	–46,521
Change in equalisation provision				
Counter items for changes in bases of technical provisions	234,091	134,898	109,727	46,521
Calculation bases of equalisation provision	26,825	17,032	–	–
	260,917	151,930	109,727	46,521
Investment charges				
Extraordinary depreciations according to plan	–1,887	–	–1,887	–
Tax on profit from ordinary activities				
Tax for the financial year	–616	–4,769	4,889	–
Extraordinary income and charges				
Depreciation on consolidation difference	–233,951	–	–	–
Depreciation on goodwill	–	–	–280,741	–
Tax on extraordinary income and charges				
Tax for the financial year	6,166	–	10,328	–
Deferred tax	62,006	–	62,006	–
	–165,779	–	–208,407	–
Impact on result	–164,194	12,263	–220,980	–

8 CHANGES IN INTANGIBLE AND TANGIBLE ASSETS 1998

FIM '000	Intangible rights and long-term expenses	Goodwill Consolidation diff. Negative consoli- dation difference	Equipment	Total
GROUP				
Acquisition cost, Jan. 1	609,982	568,402	528,228	1,706,612
Portfolio transfer/merger	677	12,000	8,942	21,619
Increase	129,106	104,550	96,479	330,135
Decrease	-11,322	-1	-120,041	-131,363
Acquisition cost, Dec. 31	728,443	684,951	513,608	1,927,002
Accumulated depreciation according to plan, Jan. 1	303,439	236,029	323,483	862,952
Portfolio transfer/merger	29	9,600	1,486	11,115
Depreciation according to plan	104,325	313,882 *)	69,429	487,635
Decrease	-10,985	-1	-112,094	-123,079
Accumulated depreciation according to plan, Dec. 31	396,808	559,510	282,304	1,238,623
Acquisition cost after depreciation according to plan, Dec. 31	331,635	125,441	231,304	688,380
Accumulated depreciation in excess of the plan, Jan. 1	23,714	3,171	4,797	31,682
Portfolio transfer/merger	121	-	2,096	2,217
Depreciation above/below plan	-6,338	-	17,389	11,051
Decrease	-49	-	-3,785	-3,834
Accumulated depreciation in excess of the plan, Dec. 31	17,448	3,171	20,497	41,116
Net expenditures after total depreciation, Dec. 31	314,187	122,270	210,807	647,264
*) Includes an extraordinary depreciation of FIM 234 million on consolidation difference, entered under extraordinary charges.				
PARENT COMPANY				
Acquisition cost, Jan. 1	438,531	614,759	391,065	1,444,355
Increase	106,412	-	66,798	173,210
Decrease	-10,903	-	-103,714	-114,617
Acquisition cost, Dec. 31	534,039	614,759	354,150	1,502,949
Accumulated depreciation according to plan, Jan. 1	237,027	119,716	251,052	607,795
Depreciation according to plan	77,353	311,356 *)	45,023	433,732
Decrease	-10,903	-	-96,977	-107,880
Accumulated depreciation according to plan, Dec. 31	303,477	431,072	199,098	933,646
Acquisition cost after depreciation according to plan, Dec. 31	230,563	183,687	155,052	569,302
Accumulated depreciation in excess of the plan, Jan. 1	21,130	-	-4,188,	16,942
Depreciation above/below plan	-8,014	-	17,573	9,559
Decrease	-	-	-4,391	-4,391
Accumulated depreciation in excess of the plan, Dec. 31.	13,116	-	8,994	22,110
Net expenditures after total depreciation, Dec. 31	217,446	183,687	146,058	547,192
*) Includes an extraordinary depreciation of FIM 281 million on goodwill, entered under extraordinary charges.				

9 GROUP: CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS

FIM '000	Remaining acquisition cost	1998 Book value	Current value	Remaining acquisition cost	1997 Book value	Current value
Investments in land and buildings						
Land and buildings	3,374,778	3,933,261	4,353,418	2,648,621	3,256,491	3,823,319
Real estate shares	703,304	703,304	779,068	861,940	861,940	912,591
	4,078,081	4,636,565	5,132,486	3,510,561	4,118,431	4,735,909
Associated undertakings						
Shares and participations	777,063	779,196	870,158	745,948	867,256	886,004
Bonds	–	–	–	50,000	50,000	52,155
	777,063	779,196	870,158	795,948	917,256	938,159
Other investments						
Shares and participations	8,783,111	8,783,111	16,656,577	5,793,938	5,793,938	10,155,722
Bonds	11,022,566	11,022,566	11,983,471	4,101,926	4,102,705	4,381,306
Other debt securities	1,339,884	1,339,884	1,342,043	724,224	724,224	734,186
Loans guaranteed by mortgages	1,068,170	1,068,170	1,068,170	385,003	385,003	385,003
Other loans	412,264	412,264	412,264	302,149	302,149	302,149
Deposits with credit institutions	1,601,827	1,601,827	1,601,827	820,438	820,438	820,438
	24,227,822	24,227,822	33,064,351	12,127,677	12,128,456	16,778,804
Deposits with ceding undertakings	393,837	393,837	393,837	413,829	413,829	413,829
	29,476,803	30,037,419	39,460,832	16,848,015	17,577,972	22,866,701
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 (–).						
	14,013			–12,409		
Book value comprises						
Unrealised gains entered as income		356,651			374,262	
Revaluations entered in revaluation reserve		201,833			234,387	
		558,483			608,650	
Valuation difference						
(difference between current value and book value)			9,423,413			5,288,729

NON-LIFE AND LIFE INSURANCE: CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS DEC. 31, 1998

FIM '000	Non-Life Insurance			Life Insurance		
	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
Investments in land and buildings						
Land and buildings	2,019,343	2,527,651	2,896,322	1,355,435	1,405,610	1,457,096
Real estate shares	664,241	664,241	735,369	39,063	39,063	43,698
	2,683,584	3,191,892	3,631,692	1,394,498	1,444,672	1,500,794
Associated undertakings						
Shares and participations	705,185	706,439	794,569	71,877	72,757	75,589
Other investments						
Shares and participations	4,930,929	4,930,929	11,217,476	3,852,182	3,852,182	5,439,101
Bonds	3,455,998	3,455,998	3,656,473	7,566,568	7,566,568	8,326,998
Other debt securities	547,565	547,565	547,635	792,320	792,320	794,409
Loans guaranteed by mortgages	232,993	232,993	232,993	835,177	835,177	835,177
Other loans	295,876	295,876	295,876	116,388	116,388	116,388
Deposits with credit institutions	745,439	745,439	745,439	856,388	856,388	856,388
	10,208,800	10,208,800	16,695,891	14,019,022	14,019,022	16,368,461
Deposits with ceding undertakings	139,846	139,846	139,846	253,991	253,991	253,991
	13,737,415	14,246,976	21,261,997	15,739,388	15,790,443	18,198,835
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 (-).	-33,401			47,414		
Book value comprises						
Unrealised gains entered as income		306,476			50,174	
Revaluations entered in revaluation reserve		201,833			-	
		508,309			50,174	
Valuation difference (difference between current value and book value)			7,015,021			2,408,392

PARENT COMPANY: CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS

FIM '000	Remaining acquisition cost	1998 Book value	Current value	Remaining acquisition cost	1997 Book value	Current value
Investments in land and buildings						
Land and buildings	476,825	948,561	1,058,700	537,127	1,036,616	1,169,020
Shares in affiliated undertakings	177,889	177,889	215,336	200,729	200,729	236,608
Other real estate shares	597,809	597,809	653,604	647,220	647,220	684,550
Loans to affiliated undertakings	92,070	92,070	92,070	98,808	98,808	98,808
	1,344,592	1,816,327	2,019,709	1,483,884	1,983,373	2,188,986
Affiliated undertakings						
Shares and participations	1,250,211	1,250,211	8,615,944	1,048,611	1,048,611	5,736,501
Associated undertakings						
Shares and participations	580,637	580,637	653,785	597,806	597,806	658,749
Other investments						
Shares and participations	1,656,860	1,656,860	2,379,526	1,620,994	1,620,994	2,229,227
Bonds	622,766	622,766	651,431	647,185	647,185	684,409
Other debt securities	129,586	129,586	129,615	–	–	–
Loans guaranteed by mortgages	134,972	134,972	134,972	172,481	172,481	172,481
Other loans	89,593	89,593	89,593	118,042	118,042	118,042
Deposits with credit institutions	23,500	23,500	23,500	31,500	31,500	31,500
	2,657,278	2,657,278	3,408,637	2,590,203	2,590,203	3,235,660
Deposits with ceding undertakings	1,478	1,478	1,478	1,898	1,898	1,898
	5,834,195	6,305,931	14,699,554	5,722,401	6,221,889	11,821,793
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 (–).	–8,740			–5,289		
Book value comprises						
Unrealised gains entered as income		303,203			326,856	
Revaluations entered in revaluation reserve		168,533			172,633	
		471,736			499,488	
Valuation difference (difference between current value and book value)			8,393,623			5,599,904

10 GROUP CHANGES IN INVESTMENTS IN LAND AND BUILDINGS

FIM '000	1998		1997	
	Buildings	Land and waters and real estate shares	Buildings	Land and waters and real estate shares
Acquisition cost, Jan. 1	3,165,807	1,647,032	2,709,249	1,331,500
Portfolio transfer/merger	670,139	205,091	411,583	114,848
Increase	243,513	117,374	61,837	212,438
Decrease	-108,421	-295,700	-3,624	-11,754
Acquisition cost, Dec. 31	3,971,038	1,673,796	3,179,045	1,647,032
Unrealised gains on investments, Jan. 1	446,043	222,327	405,603	218,377
Portfolio transfer/merger	-	-	40,440	15,000
Decrease	-32,365	-17,489	-	-11,050
Unrealised gains on investments, Dec. 31	413,678	204,837	446,043	222,327
Accumulated depreciation according to plan/ value adjustments, Jan. 1	1,111,937	260,636	920,279	255,636
Portfolio transfer/merger	103,241	20,127	96,909	-
Change in group structure	2,067	-	-1,054	5,000
Depreciation according to plan/value adjustments and value readjustments	166,913	27,787	100,818	-
Decrease	-42,497	-23,425	-1,573	-
Accumulated depreciation according to plan/ value adjustments, Dec. 31	1,341,660	285,125	1,115,380	260,636
Book value after depreciation according to plan/ value adjustments, Dec. 31	3,043,056	1,593,509	2,509,709	1,608,723
Accumulated depreciation in excess of the plan, Jan. 1	106,329		119,793	
Portfolio transfer/merger	1,274		-212	
Change in group structure	-501		16	
Depreciation above/below plan	-10,797		-13,383	
Decrease	-1,682		116	
Accumulated depreciation in excess of the plan, Dec. 31	94,623		106,329	
Value of buildings after total depreciation, Dec. 31	2,948,432		2,403,379	

GROUP: LAND AND BUILDINGS OCCUPIED FOR OWN ACTIVITIES

FIM '000	1998	1997
Remaining acquisition cost	547,304	580,893
Book value	694,974	804,596
Current value	843,766	964,210
Management expenses (directly allocated)	24,123	23,411

GROUP REAL ESTATE COMPANIES

Number of companies	92	59
Profit/loss for the financial year in total	9,783	4,601
Companies' capital and reserves in total	1,277,744	844,495

PARENT COMPANY: CHANGES IN INVESTMENTS IN LAND AND BUILDINGS

FIM '000	1998			1997		
	Buildings	Land and waters and real estate shares	Loans to affiliated under- takings	Buildings	Land and waters and real estate shares	Loans to affiliated under- takings
Acquisition cost, Jan. 1	835,281	1,167,062	98,808	829,059	1,154,310	87,420
Increase	13,071	64,313	6,000	8,136	20,046	22,000
Decrease	-34,199	-113,879	-12,738	-1,914	-7,294	-10,613
Acquisition cost, Dec. 31	814,154	1,117,497	92,070	835,281	1,167,062	98,808
Unrealised gains on investments, Jan. 1	336,300	192,733	-	336,300	192,733	-
Decrease	-11,500	-9,900	-	-	-	-
Unrealised gains on investments, Dec. 31	324,800	182,833	-	336,300	192,733	-
Accumulated depreciation according to plan/value adjustments, Jan. 1	359,411	287,400	-	331,841	287,400	-
Depreciation according to plan/ value adjustments and value readjustments	64,468	48,787	-	28,989	-	-
Decrease	-21,615	-23,425	-	-1,418	-	-
Accumulated depreciation according to plan/value adjustments, Dec. 31	402,264	312,762	-	359,411	287,400	-
Book value after depreciation according to plan/value adjustments, Dec. 31	736,690	987,568	92,070	812,170	1,072,395	98,808
Accumulated depreciation in excess of the plan, Jan. 1	59,164			60,423		
Depreciation above/ below plan	-16,572			-1,375		
Decrease	3,510			116		
Accumulated depreciation in excess of the plan, Dec. 31	46,102			59,164		
Value of buildings after total depreciation, Dec. 31	690,588			753,006		

PARENT COMPANY: LAND AND BUILDINGS OCCUPIED FOR OWN ACTIVITIES

FIM '000	1998	1997
Remaining acquisition cost	210,686	215,057
Book value	358,357	371,752
Current value	426,986	441,166

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	Capital
							the financial year	and reserves
							FIM '000	FIM '000
Affiliated undertakings								
AAS Sampo Latvija	49,996	99.99	99.99	LVL	500	6,963	-710	6,020
Capsam Consulting Oy	1,600	40.00	60.00		160	800	3,759	5,972
Patria Reinsurance Company Limited	50,000	100.00	100.00		50,000	83,760	15,836	82,740
Otso Loss of Profits Insurance Company Ltd ¹⁾	900,000	100.00	100.00		90,000	120,503	112,551	234,563
Lakewood Insurance Company Ltd	11,250,000	100.00	100.00	GBP	11,250	17,282	-503	17,571
Oy Finnish Captive and Risk Services Ltd	800	80.00	80.00		80	80	31	424
Oy Haveri Ab	20	100.00	100.00		2	9	0	2
Risk Management Ltd	400	100.00	100.00		4,000	4,000	-250	2,642
Sampo Holdings (UK) Ltd	10,000	100.00	100.00	GBP	10	163,278	9,262	223,785
Sampo Industrial Holding B.V.	45,000	100.00	100.00	NLG	45,000	116,886	-3,300	113,294
Sampo Industrial Insurance N.V.	1,050,000	100.00	100.00	NLG	105,000	434,154	-7,692	264,604
Sampo Industriförsäkring AB	30,000	100.00	100.00	SEK	3,000	7,608	1,294	5,695
Sampo Kindlustuse AS	1,500	100.00	100.00	EEK	15,000	6,840	117	5,340
Insurance Company of Finland Ltd ¹⁾	150,000	100.00	100.00		15,000	69,240	10,977	84,264
Industrial Insurance Company Ltd ¹⁾	500,000	100.00	100.00		50,000	249,850	532,550	1,008,032
Teva Holding B.V.	45,000	100.00	100.00	NLG	45,000	154,412	-5,717	129,998
Sampo Life Insurance Company Limited ¹⁾	47,698	57.52	57.52		60,310	404,303	48,068	864,193
ST International Insurance Company Limited	9,000,000	100.00	100.00		45,000	101,438	22,168	93,133
Sampo Enterprise Insurance Company Limited ¹⁾	500,000	100.00	100.00		50,000	299,900	144,612	533,865
TOTAL						2,241,306		
Associated undertakings								
Autovahinkokeskus Oy	2,559	35.54	35.54		6,398	5,723	1,523	5,109
Björkboda Läs Oy Ab	2,450	24.50	24.50		2,450	2,450	20,042	51,938
Dividum Oy ¹⁾	291	34.73	34.73		291,000	227,844	-181,408	656,043
Sampo Finance Ltd ¹⁾	800,000	50.00	50.00		40,000	83,303	14,410	168,989
Retro Life Insurance Company Limited	18,095	25.85	25.85		1,810	10,091	0	20,166
Kaleva Mutual Insurance Company ^{1) 2)}	25,000	50.00	25.00		25,000	25,639	55,052	199,635
Kiinteistövarma Oy	1,729	46.74	46.74		173	539	-13	1,152
PCA Corporate Finance	372	27.11	27.11		372	557	45	2,054
Rakennus Oy Leo Heinänen	384	20.00	20.00		384	1,638	2,352	8,190
Suomen Luottovakuutus Oy	50,000	33.33	33.33		5,000	9,956	-131	29,869
Suomen Oikeuspalvelu Oy ^{1) 3)}	3,400	20.00	20.00		340	270	0	2,348
Tampereen Kiinteistöinvest Oy	915,625	25.00	25.00		45,781	61,388	3,521	205,680
Unsa Oy	2,549,722	44.87	44.87		254,972	348,776	22,323	865,476
Vahinkopalvelu Oy	360	20.00	20.00		144	1,022	1,523	5,109
TOTAL						779,196		

¹⁾ Figures at group level ²⁾ Share of guarantee capital ³⁾ Financial year June 1, 1997 – May 31, 1998

Other shares and participations

Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
Public companies						
Banking and finance						
Mandatum Pankki Oyj	3,567,763	8.91	6.14	7,136	68,089	132,007
Merita Oyj	7,088,024	0.85	0.85	70,880	125,692	228,234
Insurance						
Pohjola Group Insurance Corporation	43,219	0.11	0.06	216	8,373	11,983
Investment						
Arctos Capital Oyj	260,415	3.78	3.78	5,208	9,145	10,130
Kiinteistösijoitus Oyj Citycon	9,947,000	12.11	12.11	79,576	73,530	74,603
Norvestia plc	700,346	13.72	8.97	14,007	46,483	55,327
Transport and traffic						
Finnair Oyj	2,991,504	3.53	3.53	14,958	67,743	89,147
Finnlines Plc	1,748,600	8.75	8.75	17,486	97,683	381,195
Neptun Maritime Oyj	3,438,641	5.53	6.16	34,386	42,819	42,819

Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
Trade						
Kesko Corporation	1,647,730	1.83	–	16,477	91,754	125,227
Rautakirja Oyj	128,169	1.98	1.96	2,563	43,518	43,518
Stockmann plc	2,569,980	5.00	3.41	25,700	160,744	267,963
Tamro Corporation	6,571,742	5.35	5.35	65,717	133,962	144,578
Other services						
Novo Group Plc	122,600	1.93	1.93	613	17,911	25,010
Tieto Corporation	46,932	0.09	0.09	235	7,634	10,654
Metal industry						
Fiskars Corporation	1,436,315	3.25	4.83	7,182	30,579	152,016
KCI Konecranes International Plc	179,000	1.19	1.19	1,432	12,172	41,170
Kone Corporation	79,720	1.19	0.46	3,986	39,855	47,035
Metra Corporation	3,064,401	5.65	7.67	61,288	184,830	270,856
Outokumpu Oyj	1,660,031	1.34	1.34	16,600	77,644	77,689
Partek Corporation	3,369,122	6.90	6.90	33,691	134,792	156,664
Rauma Corporation	1,153,559	2.18	2.18	11,536	85,363	85,363
Rautaruukki Corporation	3,841,722	2.89	2.89	38,417	126,393	126,393
Santasalo-JOT Corporation	539,400	5.24	5.24	5,394	15,642	16,829
Valmet Corporation	2,446,000	3.13	3.13	24,460	164,956	166,328
Forestry						
Stora Enso Oyj	10,446,901	1.38	3.09	104,469	386,510	470,759
Metsä-Serla Corporation	2,236,930	1.61	4.62	22,369	56,465	93,783
UPM-Kymmene Corporation	9,341,987	3.37	3.37	93,420	390,221	1,326,562
Conglomerates						
Aspo Plc	459,050	10.56	10.56	4,591	72,389	95,941
Instrumentarium Corporation	780,028	3.24	3.59	7,800	118,834	162,445
Kyro Corporation	1,212,933	3.06	3.06	1,213	28,019	28,019
Lassila & Tikanoja Plc	764,783	4.83	5.08	7,648	64,729	95,598
Suunto Oyj	552,500	10.13	10.13	2,763	18,785	18,785
Energy						
Espoon Sähkö Oyj	893,415	5.68	5.68	1,787	67,979	105,423
Fortum Oyj	8,014,958	1.02	1.02	160,299	151,202	248,464
Länsivoima Oyj	97,637	1.49	1.49	976	19,788	25,395
Food industry						
Cultor Oyj	4,628,260	6.58	9.18	27,770	215,645	240,670
Huhtamäki Oyj	809,650	2.71	3.69	16,193	130,202	155,168
Lännen Tehtaat plc	262,851	4.08	4.08	2,629	15,479	17,085
Hartwall Plc	294,000	0.49	0.15	294	5,442	24,255
Construction industry						
YIT Corporation	686,400	2.34	2.34	6,864	30,202	30,202
Data communications and electronics						
Helsinki Telephone Corporation	857,950	1.67	0.53	4,290	158,439	259,959
JOT Automation Group Oyj	148,825	1.74	1.74	298	13,394	31,402
Nokia Corporation	7,487,975	1.24	3.70	18,720	585,317	4,642,545
PK Cables Oyj	79,200	1.50	1.50	158	5,568	10,692
Sonera Group plc	3,302,100	0.46	0.46	8,255	154,447	297,189
Tampereen Puhelin Oyj	309,300	0.79	0.79	3,039	12,428	16,362
Vaisala Oyj	199,525	4.65	3.79	1,995	59,588	83,801
Chemical industry						
Asko Oyj	1,972,195	5.08	5.08	19,722	101,424	170,989
Kemira Oyj	4,729,550	3.67	3.67	47,296	172,629	172,629
Orion Corporation	992,776	1.42	2.39	9,928	119,122	119,765

GROUP'S SHARES AND PARTICIPATIONS cont.

Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
Communications and publishing						
Alma Media Corporation	513,224	3.26	4.17	5,132	85,656	85,876
Talentum Oyj	208,016	1.27	1.27	520	9,572	17,681
Werner Söderström Corporation - WSOY	460,193	3.83	1.20	4,602	53,264	149,399
Other industries						
Metsä Tissue Oyj	221,500	0.74	0.74	2,215	10,411	10,411
Nokian Tyres plc	235,000	2.28	2.28	2,350	17,166	38,775
Tamfelt Corporation	966,658	10.91	12.14	9,667	42,943	120,416
I-list						
Chips Abp	235,070	3.51	0.37	2,351	26,095	47,014
Suomen Helasto Oyj	350,000	7.44	7.44	350	3,507	5,600
Prelist						
Puhelinosuuskunta HPY-Telefonandelslaget HTF	8,701	–	–	20,012	94,079	160,969
Total					5,364,246	12,362,766
Other public companies					97,100	108,780
Public companies in total					5,461,346	12,471,546
Other companies						
A. Ahlström Osakeyhtiö	3,750	0.77	0.14	3,750	30,480	33,900
Oy G.W. Sohlberg Ab	359,000	13.30	5.32	14,360	50,472	56,167
Hex Oy	499,031	3.98	3.98	4,990	17,572	17,572
Varma-Sampo Mutual Pension Insurance Company ¹⁾	71	100.00	–	71,000	123,912	206,021
Publishing Company Otava Ltd	36,300	3.46	3.46	726	10,507	10,507
Okmetic Oy	1,896	7.78	7.78	1,896	16,002	16,002
Oy Realinvest Ab	800,000	2.33	2.33	20,000	20,160	20,160
Sato-Yhtymä Oyj	227,419	10.35	10.35	2,274	52,632	78,628
Setec Oy	4,000	10.00	10.00	4,000	13,208	13,208
Suomen Kantaverkko Oyj	85	2.55	1.13	8,500	17,000	17,000
VVO-yhtymä Oy	171,960	7.24	7.24	17,196	19,586	19,586
Unit trusts						
Alfred Berg Markka A	390,245	–	–	–	40,000	41,245
Erikoissijoitusrahasto Phalanx	1,900,025	–	–	–	19,050	22,781
Evli European Smaller Companies B	364,290	–	–	–	32,626	32,626
Evli Euro Korko	92,473	–	–	–	10,000	11,071
Evli Nordic Smaller Companies B	207,725	–	–	–	16,543	16,543
Evli Select B	416,780	–	–	–	14,802	20,722
Gyllenberg European Equity B	43,062	–	–	–	21,719	23,582
Gyllenberg International B	15,135	–	–	–	8,399	11,463
Gyllenberg Momentum B	30,602	–	–	–	17,375	34,000
Gyllenberg Money Manager B	39,824	–	–	–	19,999	21,929
Gyllenberg Small Firm B	21,896	–	–	–	12,959	24,670
Sijoitusrahasto Leonia Euro Kasvuosake A	90,500	–	–	–	9,050	16,838
Sijoitusrahasto Mandatum Global	539,353	–	–	–	53,951	64,081
Riskisijoitusrahasto Mandatum Vipu	140	–	–	–	24,600	34,863
Sij.rah. Seligson & Co Euro Obligaatioindeksirahasto A	5,430,000	–	–	–	54,300	56,038
Sij.rah. Seligson & Co Global Top 25 Brands	10,000,000	–	–	–	100,000	102,100
Sijoitusrahasto Arctos Julkisyhteisö	245,483	–	–	–	25,000	30,165
Capital trusts						
Fenno Rahasto Ky	376	–	–	–	28,200	28,200
MB Finnmezzanine Fund I Ky	22,448	–	–	–	10,920	10,920
Finnventure Rahasto III Ky	240	–	–	–	12,000	12,000
Sponsor Fund I Ky	281	–	–	–	28,192	55,631
Total					931,216	1,160,219
Other shares and participations					113,439	127,159
Domestic shares and participations in total					6,506,001	13,758,924

¹⁾ Share of guarantee capital

Holdings exceeding FIM 10 million and holdings in public companies exceeding five per cent specified.

Foreign shares and participations

Name of company	Country	No. of shares	Holding %	Book value FIM '000	Current value FIM '000
Public companies					
Banking					
ABN-AMRO Holdings NV	Holland	171,623	0.01	17,346	18,290
Banca Commerciale Italiana	Italy	150,000	0.01	4,132	5,276
Barclays Bank Plc	UK	160,000	0.01	17,476	17,476
Citigroup Inc	USA	32,650	0.00	7,932	8,412
Commerzbank AG	Germany	265,800	0.05	37,765	42,591
Federal National Mortgage Association	USA	50,000	–	6,415	19,253
Fokus Banken ASA	Norway	209,957	0.29	5,209	10,624
HSBC Holdings Plc	UK	58,607	0.01	6,179	7,812
Internationale Nederlande Bank	Holland	158,464	0.01	43,516	48,956
Nordbanken Holding Ab	Sweden	749,000	0.05	16,925	24,409
Societe Generale	France	50,900	0.06	34,227	41,764
UBS AG	Switzerland	35,400	0.01	53,672	55,245
Other				19,102	23,313
Energy					
BP Amoco Plc	UK	690,000	0.00	42,915	52,192
Elf Aquitaine	France	66,100	0.02	29,044	38,712
ENI SPA	Italy	510,000	0.06	16,989	16,989
Mobil Corp.	USA	57,400	0.00	15,009	25,741
Royal Dutch Petroleum Co. NV	Holland	50,500	0.00	12,443	12,740
Other				4,701	5,428
Public institutions					
Electricity, water, gas					
American Electric Power	USA	21,274	0.01	5,089	5,089
Edison Spa	Italy	325,000	0.06	15,161	19,404
Endesa SA	Spain	270,000	0.03	30,486	35,976
Veba AG	Germany	116,450	0.02	27,249	35,298
Other				3,632	3,712
Data communications services					
British Telecommunications Plc	UK	510,000	0.00	26,595	38,921
NetCom Systems	Sweden	50,000	0.06	4,770	10,341
Swisscom AG	Switzerland	2,500	0.00	3,143	5,316
Tele Danmark A/S	Denmark	66,200	0.06	19,206	45,390
Telecom Italia Mobile	Italy	360,000	0.07	11,454	13,491
Telefonica SA	Spain	155,000	0.02	34,456	34,947
Other				18,586	28,989
Medical industry					
Amgen Inc.	USA	10,000	0.00	2,668	5,329
Astra Ab	Sweden	504,666	0.07	43,745	52,226
Bayer AG	Germany	134,600	0.02	21,504	28,458
Bristol-Myers Squibb Co.	USA	70,500	0.01	31,512	47,334
Fresenius Medical Care AG	Germany	15,000	0.02	5,290	5,290
Glaxo Wellcome Plc	UK	427,347	0.01	50,975	74,483
Novartis AG	Switzerland	4,690	0.00	39,951	46,829
Novo Nordisk A/S	Denmark	20,500	0.03	11,900	13,745
Nycomed Amersham Plc	UK	381,360	0.06	8,175	13,306
Roche Holding AG	Switzerland	456	0.00	15,770	28,263
Yamanouchi Pharmaceutical Co.	Japan	202,000	0.06	20,392	32,918
Other				27,201	30,625

GROUP'S SHARES AND PARTICIPATIONS cont.

Name of company	Country	No. of shares	Holding %	Book value FIM '000	Current value FIM '000
Business services					
Cap Gemini NV	Holland	15,000	1.54	5,302	5,302
Elsevier NV	Holland	735,600	0.12	52,197	52,197
Granada Group	UK	60,000	0.01	5,234	5,373
Microsoft Corp.	USA	10,000	0.20	5,374	7,068
Ratin A/S	Denmark	22,233	0.08	14,154	24,046
Rentokil Initial Plc	UK	330,000	0.01	9,802	12,599
Sap AG	Germany	6,650	0.01	14,574	14,830
Vivendi	France	4,000	0.00	2,295	5,257
Wolters Kluwer	Holland	15,500	0.02	12,330	16,803
Other				15,201	16,708
Electronics					
ABB Ab	Sweden	327,300	0.04	17,743	17,743
Canon Inc.	Japan	70,000	0.00	6,467	7,568
Ericsson Tel Ab	Sweden	294,000	0.02	18,278	35,560
General Electric Co.	UK	1,498,150	0.06	50,764	68,498
General Electric Co. (U.S.)	USA	46,100	0.00	13,213	24,035
Hitachi Cable	Japan	870,000	0.23	22,244	23,253
IDT Holdings	Singapore	2,563,500	1.86	11,069	11,757
Intel Corp.	USA	70,214	0.00	25,885	42,422
Kyocera Corp.	Japan	69,000	0.05	17,303	18,442
Philips Electronics	Holland	22,500	0.01	6,872	7,649
United Engineers	Malaysia	1,368,000	0.17	5,082	5,082
Venture Manufacturing Ltd.	Singapore	465,000	0.24	7,695	9,037
Wong's Circuits Holdings Ltd.	Singapore	3,056,000	1.83	12,283	12,459
Other				44,873	52,690
Other					
Insurance					
Assicurazioni Generali	Italy	25,000	0.02	4,448	5,297
AXA UAP	France	78,008	0.03	24,963	57,281
AB Lietuvos Draudimas	Lithuania	28,118	7.05	6,858	6,858
Other				4,485	9,085
Transport					
Bergesen d.y. ASA	Norway	150,500	0.21	9,169	9,169
British Airport Authorities Plc	UK	180,000	0.02	8,238	10,650
Other				8,907	9,267
Motor industry					
Volkswagen AG	Germany	83,980	0.02	20,101	23,620
Volvo Ab	Sweden	105,650	0.02	12,315	12,315
Other				8,467	10,259
Other consumables					
Bang & Olufsen Holding A/S	Denmark	20,000	0.16	6,178	6,194
BIC	France	51,880	0.09	14,578	14,578
Gillette Co.	USA	63,400	0.00	13,964	15,508
L'Oreal	France	5,000	0.01	8,946	18,313
Sony Corp.	Japan	72,000	0.02	24,955	26,529
Other				16,706	19,555

Name of company	Country	No. of shares	Holding %	Book value FIM '000	Current value FIM '000
Food industry					
Carlsberg	Denmark	31,000	0.11	8,593	9,106
Diageo Plc	UK	409,968	0.01	15,159	23,634
Heineken NV	Holland	25,000	0.01	3,810	7,622
LVMH Moët-Hennessy Louis Vuitton	France	20,340	0.03	19,549	20,390
Nestle SA	Switzerland	2,525	0.00	15,294	27,920
Orkla Asa	Norway	172,000	0.40	12,786	13,084
Unilever NV	Holland	53,700	0.00	15,694	23,254
Other				14,019	14,467
Retailing					
Carrefour Supermarche	France	3,700	0.01	11,037	14,145
Hennes & Mauritz Ab	Sweden	86,500	0.04	16,101	35,887
Ito-Yokado Co.	Japan	103,000	0.02	27,537	36,429
Koninklijke Ahold NV	Holland	207,402	0.03	25,777	38,835
Marks & Spencer Plc	UK	802,000	0.02	26,721	27,865
Other				5,579	9,625
Wholesaling					
Hagemeyer NV	Holland	55,700	0.05	9,050	10,309
Other				6,921	10,569
Mechanical engineering industry					
Mannesmann AG	Germany	64,000	0.00	11,655	37,162
Mitsubishi Heavy Industry Ltd	Japan	1,457,000	0.04	27,302	28,701
Other				6,984	7,398
Construction industry					
Bilfinger & Berger Bau AG	Germany	45,000	0.12	5,814	5,814
Hochtief AG	Germany	27,500	0.04	5,433	5,433
Kvaerner A/S	Norway	63,300	0.15	5,303	5,303
Skanska Ab	Sweden	76,000	0.07	10,717	10,717
Other				12,677	14,698
Chemical industry					
Air Liquide	France	12,025	0.02	8,587	11,175
Akzo Nobel	Holland	60,800	0.03	10,909	14,026
Norsk Hydro ASA	Norway	60,000	0.03	10,013	10,013
Other				3,784	4,602
Metal industry					
Svenskt Stål Ab	Sweden	150,000	0.27	5,689	6,071
Other				3,783	3,783
Forestry					
Stora Kopparbergs Bergslags Ab	Sweden	200,000	0.21	9,699	11,218
Other					
Investor Ab	Sweden	28,000	0.02	6,422	6,422
Metroplex	Malaysia	8,314,000	1.00	7,860	7,860
Walt Disney Co.	USA	126,600	0.01	16,277	19,277
Other				24,576	35,357
Public companies in total				1,886,530	2,449,930
Other companies					
County Hotels Group Plc	UK	992,172	3.93	8,336	8,429
Nordben Life and Pension	UK	900,000	14.98	16,000	18,855

GROUP'S SHARES AND PARTICIPATIONS cont.

Name of company	Country	No. of shares	Holding %	Book value FIM '000	Current value FIM '000
Unit trusts					
Citimarkets Global Emerging Markets	USA	13,289	–	6,999	6,999
Hansa Investment Fund	Estonia	10,000	–	5,065	5,065
Key International Trust	Cayman Islands	520	–	175,562	229,181
Nektar Hedge Fund	Sweden	54,596	–	43,926	43,926
New Providence Fund Ltd	The Bahamas	13,823	–	10,192	10,366
Russian Prosperity Cup Fund	Cayman Islands	300,000	–	10,335	10,335
Russian Prosperity Fund A	Cayman Islands	486,688	–	8,953	8,953
Capital trusts					
Baltic Investment Fund II.L.P	UK	1,950	–	10,056	10,109
Hambro European Ventures III	UK	52	–	39,668	39,656
Industri Kapital	Sweden	18	–	16,666	16,666
Procuritas Capital Partners II	Sweden	30	–	7,456	7,456
Schroder Ventures European Fund	UK	313	–	13,958	13,958
Total				373,172	429,954
Other shares and participations				17,408	17,769
Foreign shares and participations in total				2,277,110	2,897,653

Holdings exceeding FIM 5 million specified.

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 fin. year FIM '000	Capital and reserves FIM '000
Subsidiaries								
Capsam Consulting Ltd	1,600	40.00	60.00		160	800	3,759	5,972
Otso Loss of Profits Insurance Company Ltd ¹⁾	810,000	90.00	90.00		81,000	70,577	112,551	234,563
Risk Management Ltd	400	100.00	100.00		4,000	4,000	–250	2,642
Sampo Holdings (UK) Ltd	10,000	100.00	100.00	GBP	10	163,278	9,262	223,785
Insurance Company of Finland Ltd ¹⁾	150,000	100.00	100.00		15,000	69,240	10,977	84,264
Industrial Insurance Company Ltd ¹⁾	500,000	100.00	100.00		50,000	249,850	532,550	1,008,032
Sampo Life Insurance Company Limited ¹⁾	25,944	31.28	31.28		25,944	291,128	48,068	864,193
ST International Insurance Company Limited	9,000,000	100.00	100.00		45,000	101,438	22,168	93,133
Sampo Enterprise Insurance Company Limited ¹⁾	500,000	100.00	100.00		50,000	299,900	144,612	533,865
TOTAL						1,250,211		
Associated undertakings								
Autovahinkokeskus Oy	2,538	35.25	35.25		6,345	6,332	1,523	5,109
Dividum Oy ¹⁾	291	34.73	34.73		291,000	285,568	–181,408	656,043
Sampo Finance Ltd ¹⁾	800,000	50.00	50.00		40,000	75,000	14,410	168,989
Kaleva Mutual Insurance Company ^{1) 2)}	15,000	30.00	15.00		15,000	15,479	55,052	199,635
Kiinteistövarma Oy	685	18.52	18.52		69	236	–13	1,152
Suomen Oikeuspalvelu Oy ^{1) 3)}	3,400	20.00	20.00		340	140	0	2,348
Unsa Oy	1,714,103	30.16	30.16		171,410	197,343	22,323	865,476
Vahinkopalvelu Oy	360	20.00	20.00		144	540	1,523	5,109
TOTAL						580,637		

¹⁾ Figures at group level ²⁾ Share of guarantee capital ³⁾ Accounting period June 1, 1997 – May 31, 1998

Other shares and participations

Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
Public companies						
Banking and finance						
Mandatun Pankki Oyj	1,558,600	3.89	2.60	3,117	36,147	57,668
Merita Plc	1,500,000	0.18	0.18	15,000	31,641	48,300
Transport and traffic						
Finnair Oyj	400,000	0.47	0.47	2,000	10,623	11,920
Finnlines Plc	200,000	1.00	1.00	2,000	22,891	43,600
Trade						
Kesko Corporation	300,000	0.33	–	3,000	13,449	22,800
Stockmann plc	593,132	1.15	0.87	5,931	43,559	62,603
Tamro Corporation	3,500,000	2.85	2.85	35,000	77,000	77,000
Metal industry						
Fiskars Corporation	362,658	0.82	2.07	1,813	5,811	39,167
KCI Konecranes International Plc	50,000	0.33	0.33	400	3,400	11,500
Metra Corporation	280,000	0.52	1.41	5,600	16,066	24,890
Partek Corporation	270,100	0.55	0.55	2,701	12,560	12,560
Rauma Corporation	159,237	0.30	0.30	1,592	11,784	11,784
Rautaruukki Corporation	600,000	0.45	0.45	6,000	19,740	19,740
Valmet Corporation	500,000	0.64	0.64	5,000	34,000	34,000
Forestry						
Stora Enso Oyj	1,835,000	0.24	0.62	18,350	82,575	82,575
UPM-Kymmene Corporation	1,158,900	0.42	0.42	11,589	97,087	164,564
Conglomerates						
Aspo Plc	100,000	2.30	2.30	1,000	15,341	20,900
Instrumentarium Corporation	119,600	0.50	0.63	1,196	16,218	24,894
Suunto Oyj	280,000	5.14	5.14	1,400	9,520	9,520
Energy						
Espoon Sähkö Oyj	100,000	0.64	0.64	200	8,321	11,800
Fortum Oyj	1,643,062	0.21	0.21	32,861	29,113	50,935
Food industry						
Cultor Oyj	897,600	1.28	1.87	5,386	46,675	46,675
Huhtamäki Oyj	141,000	0.47	0.84	2,820	26,910	26,910
Data communications and electronics						
Helsinki Telephone Corporation	134,370	0.26	0.08	672	28,486	40,714
Nokia Corporation	394,800	0.07	0.02	987	159,499	244,776
Sonera Group plc	607,000	0.08	0.08	1,518	27,315	54,630
Chemical industry						
Asko Oyj	1,134,332	2.92	2.92	11,343	46,408	98,347
Kemira Oyj	850,000	0.66	0.66	8,500	31,025	31,025
Orion Corporation	462,000	0.66	1.16	4,620	55,055	55,698
Total					1,018,219	1,441,495
Other public companies					31,658	40,251
Public companies in total					1,049,877	1,481,746

PARENT COMPANY'S SHARES AND PARTICIPATIONS cont.

Name of company	No. of shares	Holding %	Votes %	Par value FIM '000	Book value FIM '000	Current value FIM '000
Other companies						
Hex Oy	499,031	3.98	3.98	4,990	17,572	17,572
Sato-yhtymä Oyj	131,152	5.97	5.97	1,312	35,562	45,344
Oy G.W. Sohlberg Ab	240,000	8.89	4.22	9,600	25,400	25,400
Varma-Sampo Mutual Pension Insurance Company ¹⁾	33	46.48	–	33,000	13,942	95,756
Unit trusts						
Evli European Smaller Companies B	100,000	–	–	–	7,964	7,964
Evli Nordic Smaller Companies B	100,000	–	–	–	8,956	8,956
Sij. rah. Seligson & Co Global Top 25 Brands	1,000,000	–	–	–	10,000	10,210
Sijoitusrahasto Mandatum Global	100,054	–	–	–	10,007	11,887
Capital trusts						
Sponsor Fund I Ky	259	–	–	–	11,673	11,673
Total					141,076	234,762
Other shares and participations					9,392	13,510
Domestic shares and participations in total					1,200,345	1,730,018

¹⁾ Share of guarantee capital

Holdings exceeding FIM 10 million specified.

Foreign shares and participations

Name of company	Country	No. of shares	Holding %	Book value FIM '000	Current value FIM '000
Public companies					
Banking					
Commerzbank AG	Germany	111,500	0.02	13,041	17,866
Federal National Mortgage Association	USA	50,000	–	6,415	19,253
Internationale Nederlande Bank	Holland	11,000	0.00	3,398	3,398
Nordbanken Holding Ab	Sweden	245,000	0.02	5,242	7,984
Societe Generale	France	19,300	0.02	13,437	15,836
UBS AG	Switzerland	12,000	0.01	18,442	18,727
Energy					
British Petroleum Co.	UK	240,000	0.00	13,266	18,154
Elf Aquitaine	France	33,100	0.01	15,002	19,385
Mobil Corp.	USA	30,600	0.00	7,560	13,723
Public institutions					
Electricity, water, gas					
Edison Spa	Italy	150,000	0.02	7,487	8,955
Endesa SA	Spain	60,000	0.01	6,775	7,995
Veba AG	Germany	57,250	0.01	12,272	17,353
Data communications services					
British Telecommunications Plc	UK	220,000	0.00	10,795	16,789
Nippon Telegraph & Telephone Corp.	Japan	100	0.00	3,334	3,904
Swisscom AG	Switzerland	2,500	0.00	3,143	5,316
Telecom Italia Mobile	Italy	100,000	0.02	3,413	3,747
Telefonica SA	Spain	30,000	0.00	6,764	6,764
Tele Danmark A/S	Denmark	17,800	0.02	4,867	12,205
Medical industry					
Astra Ab	Sweden	68,666	0.00	5,233	7,100
Bayer AG	Germany	39,500	0.01	5,227	8,351
Bristol-Myers Squibb Co.	USA	59,900	0.01	28,597	40,217
Glaxo Wellcome Plc	UK	157,000	0.00	15,747	27,364
Roche Holding AG	Switzerland	208	0.00	6,677	12,892
Yamanouchi Pharmaceutical Co.	Japan	82,000	0.02	8,186	13,363

Name of company	Country	No of. shares	Holding %	Book value FIM '000	Current value FIM '000
Business services					
Elsevier NV	Holland	185,000	0.03	13,127	13,127
Microsoft Corp.	USA	10,000	0.20	5,374	7,068
Ratin A/S	Denmark	5,200	0.02	3,277	5,624
Rentokil Initial Plc	UK	250,000	0.01	7,481	9,545
SAP AG	Germany	2,400	0.00	5,528	5,528
Electronics					
ABB Ab	Sweden	80,000	0.01	4,337	4,337
General Electric Co.	UK	523,150	0.00	16,643	23,919
General Electric Co. (U.S.)	USA	29,800	0.00	8,311	15,537
Hitachi Cable	Japan	380,000	0.10	9,861	10,157
Intel Corp.	USA	15,100	0.00	6,456	9,123
Kyocera Corp.	Japan	29,000	0.02	7,272	7,751
Other					
Insurance					
AXA UAP	France	45,608	0.01	13,694	33,490
Transport					
Bergesen d.y. ASA	Norway	41,000	0.05	2,501	2,500
British Airport Authorities Plc	UK	180,000	0.02	8,238	10,650
Motor industry					
Volvo Ab	Sweden	30,900	0.01	3,602	3,602
Other consumables					
BIC	France	19,000	0.03	5,339	5,339
Gillette Co.	USA	24,400	0.00	5,250	5,968
Sony Corp.	Japan	30,000	0.01	10,746	11,054
Food industry					
Diageo Plc	UK	248,400	0.01	9,019	14,320
Heineken NV	Holland	25,000	0.01	3,810	7,622
LVMH Moet-Hennessy Louis Vuitton	France	8,500	0.01	7,680	8,521
Nestle SA	Switzerland	725	0.00	4,950	8,016
Retailing					
Hennes & Mauritz Ab	Sweden	28,300	0.01	4,273	11,741
Ito-Yokado Co.	Japan	40,000	0.01	10,696	14,147
Koninklijke Ahold NV	Holland	50,000	0.01	6,896	9,362
Marks & Spencer Plc	UK	330,000	0.01	10,594	11,466
Wholesaling					
Sophus Berendsen	Denmark	5,200	0.02	719	934
Mechanical engineering industry					
Kvaerner A/S	Norway	17,500	0.04	1,466	1,466
Mannesmann AG	Germany	36,000	0.00	5,724	20,904
Mitsubishi Heavy Industry Ltd	Japan	657,000	0.02	12,479	12,942
Construction industry					
Bilfinger & Berger Bau AG	Germany	45,000	0.12	5,814	5,814
Drott Ab	Sweden	22,500	0.02	795	1,051
Skanska Ab	Sweden	22,500	0.02	3,173	3,173
Public companies in total				449,445	642,439
Unit trusts					
Citimarkets Global Emerging Markets	USA	13,289	–	6,999	6,999
Other shares and participations				70	70
Foreign shares and participations in total				456,514	649,508

13 INVESTMENTS IN AFFILIATED AND ASSOCIATED UNDERTAKINGS

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
Shares in affiliated undertakings				
Original acquisition cost, Jan. 1	–	–	1,413,038	1,322,710
Increase	–	–	201,600	90,328
Accumulated value adjustments, Dec. 31	–	–	–364,427	–364,427
Remaining acquisition cost, Dec. 31	–	–	1,250,211	1,048,611
Shares in associated undertakings				
Original acquisition cost, Jan. 1	734,349	694,605	605,806	521,641
Increase	90,013	84,165	236	84,165
Decrease	–3,346	–420	–3,314	–
Transfers	–43,262	–44,000	–14,090	–
Accumulated value adjustments/depreciation on consolidation difference/decrease in negative consolidation difference, Dec. 31	–692	11,598	–8,000	–8,000
Remaining acquisition cost, Dec. 31	777,063	745,948	580,637	597,806
Total goodwill and negative consolidation difference of associated companies included in the consolidated final accounts for the first time on Dec. 31, 1998	11,786	–	–	–
Debt securities issued by, and loans to, associated undertakings				
Original acquisition cost, Jan. 1	50,000	80,015	–	30,015
Decrease	–50,000	–30,000	–	–30,000
Transfers	–	–15	–	–15
Remaining acquisition cost, Dec. 31	0	50,000	–	–

14 OTHER LOANS BY SECURITY

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
Insurance policy	7,142	5,368	–	–
Federation of municipalities, municipality and parish securities and loans thereto, and State securities	68,887	116,066	13,001	24,371
Bank guarantee	25,686	19,872	4,030	11,494
Shares in housing and real estate companies	61,171	72,491	33,280	38,509
Other security	249,379	88,352	39,282	43,669
	412,264	302,149	89,593	118,042
LOANS TO EXECUTIVES (Insurance Companies' Act, Chapter 12, Section 5)				
Loans to executives	5,309	3,401	2,426	1,403
Interest (%)	4.50–7.50	5.00	4.50–5.00	5.00
Average loan period (years)	9	10	10	11

15 SUBORDINATED LIABILITIES BY BALANCE SHEET ITEM

FIM '000	1998	1997
GROUP		
Other investments		
Debt securities	562,047	456,023
Essential subordinated liabilities		
Debtor	Merita Bank Plc	Merita Bank Plc
Amount of loan	251,000	251,000
Interest %	5.50	5.50
Loan period	31.12.1995 – 31.12.2006	31.12.1995 – 31.12.2006
Debtor	Otava Publishing Company Ltd	Kymmene Oy
Amount of loan	75,000	70,000
Interest %	5.00	8.25
Loan period	30.12.1998 – 30.12.2003	18.11.1993 – 18.11.2043
Interests are entered on accrual basis in accordance with the original payment plan.		

PARENT COMPANY

Other investments		
Debt securities	201,799	271,807
Essential subordinated liabilities		
Debtor	Merita Bank Plc	Merita Bank Plc
Amount of loan	138,000	138,000
Interest %	5.50	5.50
Loan period	31.12.1995 – 31.12.2006	31.12.1995 – 31.12.2006
Debtor		Kymmene Oy
Amount of loan		70,000
Interest %		8.25
Loan period		18.11.1993 – 18.11.2043

Interests are entered on accrual basis in accordance with the original payment plan.

16 GROUP: INVESTMENTS COVERING UNIT-LINKED INSURANCES

FIM '000	Original acquisition cost	1998	Current value (=book value)
Shares in investment funds	61,388		61,477
Debt securities	26,727		35,364
	88,115		96,841
Investments acquired in advance	-4,334		-4,755
Investments pertaining to unit-linked insurances, corresponding to technical provisions	83,782		92,086

17 DEBTORS AND CREDITORS, AFFILIATED AND ASSOCIATED UNDERTAKINGS

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
DEBTORS AND CREDITORS, AFFILIATED UNDERTAKINGS				
Debtors				
Investments				
Investments in land and buildings/ Loans to affiliated undertakings			92,070	98,808
Debtors				
Arising out of reinsurance operations			4,309	42
Other debtors			249,144	18,926
Prepayments and accrued income				
Interest and rents			11	–
Other prepayments and accrued income			5	–
			345,539	117,776
Creditors				
Technical provisions				
Provision for unearned premiums			775	642
Provision for outstanding claims			22,145	26,635
Reinsurers' share			–5,000	–5,000
Creditors				
Arising out of reinsurance operations			760	–
Bond with warrants			337	–
Other creditors			8,191	5,842
Accruals and deferred income			830	1,392
			28,038	29,511
DEBTORS AND CREDITORS, ASSOCIATED UNDERTAKINGS				
Debtors				
Arising out of reinsurance operations	48	49	48	49
Other debtors	201	2,845	–	2,844
	249	2,895	48	2,894
Creditors				
Pension loans	–	267,321	–	267,321
Other creditors	10,988	8,825	6,537	4,838
	10,988	276,146	6,537	272,159

18 CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES

FIM '000	Jan. 1, 1998	Increase	Decrease	Dec. 31, 1998
Restricted				
Subscribed capital	310,000	–	–	310,000
Legal reserve	2,195,408	–	–	2,195,408
Revaluation reserve	189,515	5,881	-26,863	168,533
Other restricted reserves	113	–	-113	–
Currency conversion differences	60,948	762	-19,377	42,333
	2,755,983	6,643	-46,353	2,716,274
Non-restricted				
Non-restricted reserves	691,646	105,910	-50,277	747,279
Profit/loss brought forward	555,568	407,628	-626,103	337,093
Profit for the financial year	–	707,720	–	707,720
	1,247,214	1,221,258	-676,380	1,792,092
	4,003,197	1,227,901	-722,733	4,508,366
		1998	1997	
Distributable profit				
Non-restricted capital and reserves		1,792,092	1,247,214	
Optional reserves and depreciation difference in non-restricted capital and reserves		-148,891	-125,438	
Distributable profit, Dec. 31		1,643,201	1,121,775	
Optional reserves and depreciation difference, Dec. 31				
Accumulated depreciation difference		135,739	138,093	
Credit loss reserve		36,510	22,089	
Housing reserve		35,102	10,454	
		207,351	170,635	
Deferred tax on optional reserves and depreciation difference		-58,058	-47,778	
Minority interest in optional reserves and depreciation difference		-401	2,581	
Optional reserves and depreciation difference in non-restricted capital and reserves, Dec. 31		148,891	125,438	

PARENT COMPANY STATEMENT OF CHANGES IN CAPITAL AND RESERVES

FIM '000	Jan. 1, 1998	Increase	Decrease	Dec. 31, 1998
Restricted				
Subscribed capital	310,000	–	–	310,000
Legal reserve	2,177,892	–	–	2,177,892
Revaluation reserve	172,633	–	-4,100	168,533
	2,660,525	–	-4,100	2,656,425
Non-restricted				
Security reserve	69,693	–	–	69,693
Contingency reserve	372,448	27,600	–	400,048
At the disposal of the Board	461	150	-152	459
Profit/loss brought forward	217,464	–	-210,150	7,314
Profit for the financial year	–	336,734	–	336,734
	660,066	364,484	-210,302	814,248
	3,320,591	364,484	-214,402	3,470,673

19 DISTRIBUTION OF SHARES

Number of shares	1998	1997
A shares, 1 vote/share	60,560,000	60,560,000
B shares, 5 votes/share	240,000	240,000
Total	60,800,000	60,800,000
Par value/share (FIM)	5	5
Number of parent company shares and options held by Group companies		
Shares	–	–
Options	168,250	–

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

BOND LOAN WITH WARRANTS

Sampo Insurance Company plc issued a bond loan with warrants of FIM 6,600,000 on May 22, 1998. No interest is paid on the loan which will be repaid on May 22, 2001. Staff permanently employed by the whole Sampo Group and Kaleva Mutual Insurance Company were entitled to subscribe for the loan.

As a result of the subscriptions, the share capital of Sampo Insurance Company plc can increase by a maximum of 3,300,000 new A shares, each of a par value of FIM 5, i.e. by a maximum of FIM 16,500,000.

Subscription period		Maximum number of shares to be subscribed
May 1, 2000 – May 31, 2005	warrant A	990,000
May 1, 2001 – May 31, 2005	warrant B	990,000
May 1, 2002 – May 31, 2005	warrant C	1,320,000

The share subscription price applied to all warrants is FIM 271 deducted by the amount of dividends distributed before the subscription for shares.

20 TECHNICAL PROVISIONS

FIM '000	1998	Group	1997
PROVISION FOR UNEARNED PREMIUMS			
Deferred insurance policy acquisition costs deducted from the life insurance provision for unearned premiums	26,193		19,269
Reinsurers' share	–		–22
	26,193		19,247

PROVISION FOR OUTSTANDING CLAIMS

Discounting of the provision for outstanding claims of non-life insurance		
Interest rate used in the Group and Parent Company in calculating the technical provisions of annuities (%)	4.00	4.50 – 5.00

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 1998 a part of this provision was discounted at four per cent interest rate. The estimated average maturity of the discounted provision for outstanding claims is six years.

FIM '000	Group	
	1998	1997
Provision for outstanding claims (discounted part)		
Before discounting	263,131	279,163
After discounting	-199,883	-208,739
Amount of discount	63,248	70,424
Reinsurers' share		
Before discounting	50,001	57,756
After discounting	-39,426	-48,748
Amount of discount	10,575	9,007

21 OBLIGATORY PROVISIONS

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
Provision for rents	9,085	10,750	-	-

22 LONG-TERM LIABILITIES (5 years or longer)

Amounts owed to credit institutions	47,657	38,096	-	-
Pension loans	135,830	185,972	135,830	185,972
	183,486	224,068	135,830	185,972

The conditions of the bond loan with warrants are presented under Distribution of Shares in the Analyses.

23 CONTINGENT LIABILITIES, PLEDGED ASSETS AND DERIVATIVES

FIM '000	Group		Parent Company	
	1998	1997	1998	1997
Mortgages for own loans	21,982	67	-	-
Amount of the above loans	7,555	86	-	-
Pledges against own liabilities	780,935	422,952	540,465	422,952
Amount of the above liabilities	195,245	274,618	195,245	274,618
Collateral against own foreign reinsurance liabilities	283,484	322,396	-	-
Countersecurities	59,968	65,029	-	-
Investment liabilities	567,434	167,476	32,111	33,486
VAT deductions	51,796	22,886	8,395	7,759
From new construction and real estate refurbishments during 1994 – 1998 / 1994 – 1997				
Leasing liabilities				
To be paid during the starting financial year	5,317	4,343	-	-
To be paid during following years	18,046	19,552	-	-
Other own liabilities	961	-	-	-

CONTINGENT LIABILITIES, PLEDGED ASSETS AND DERIVATIVES cont.

FIM '000			Group		Parent Company	
			1998	1997	1998	1997
Derivative contracts						
Interest rate-linked derivatives						
Interest rate swaps,	underlying instrument	508,423	–	–	–	–
	current value	5,213	–	–	–	–
Futures and forwards,	underlying instrument	9,740,689	–	–	–	–
	current value	24,541	–	–	–	–
Currency-linked derivatives						
Futures and forwards,	underlying instrument	1,328,209	1,031,064	61,822	104,845	
	current value	–294	–2,176	2,198	917	
Option contracts						
Bought,	underlying instrument	1,459,526	–	–	–	–
	current value	331	–	–	–	–
Sold,	underlying instrument	613,485	–	–	–	–
	current value	1,987	–	–	–	–
Share derivatives						
Futures and forwards,	underlying instrument	522,237	–	–	–	–
	current value	–36,345	–	–	–	–
Option contracts						
Bought,	underlying instrument	578,969	–	244,776	–	–
	current value	–16,143	–	–7,247	–	–
Sold,	underlying instrument	529,272	–	244,776	–	–
	current value	–23,221	–	–17,444	–	–

The current values of the option contracts include received and paid premium.

The significant increase in derivative contracts originates mainly from Nova Life Insurance Company Limited.

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

24 PARENT COMPANY KEY FIGURES

FIM '000	1994	1995	1996	1997	1998
KEY FIGURES PERTAINING TO SOLVENCY					
Solvency margin					
Capital and reserves after proposed profit distribution	3,089,063	3,022,745	3,110,544	3,138,191	3,178,833
Optional provisions and accumulated depreciation difference	80,508	82,643	81,064	81,306	76,412
Valuation difference between current value and Balance Sheet book value of assets	2,659,161	2,982,893	4,251,080	5,599,904	8,393,623
Intangible assets	–123,522	–703,754	–700,236	–696,547	–414,250
Other items	–45,380	–48,485	–28	–	–24,691
	5,659,831	5,336,042	6,742,424	8,122,855	11 209,927

FIM '000	1994	1995	1996	1997	1998
Solvency margin required under the Finnish Insurance Companies Act, Chapter 11, Section 2	354,738	288,535	253,093	292,147	325,106
Equalisation provision for years with large numbers of losses included in technical provisions	455,397	155,175	220,189	129,141	62,786
Equalisation provision to its full value (%)	18.8	10.7	14.0	7.7	3.4
Solvency capital					
Solvency margin and equalisation provision	6,115,228	5,491,217	6,962,613	8,251,996	11,272,713
Solvency ratio					
Solvency capital to premiums earned (%)	582.3	525.2	464.5	515.6	658.4
Solvency capital to technical provisions less equalisation provision (%)	158.3	147.9	191.8	228.3	291.2
OTHER KEY FIGURES					
Loss ratio					
Claims incurred to premiums earned (%)	99.1	85.6	83.3	89.9	90.3
Expense ratio					
Operating expenses to premiums earned (%)	27.6	28.8	28.6	26.4	27.7
Combined ratio					
Loss ratio and expense ratio (%)	126.7	114.4	111.9	116.3	117.9

Helsinki, March 4th, 1999

SAMPO INSURANCE COMPANY PLC

Board of Directors

Jukka Härmälä
Chairman

Kari O. Sohlberg

Georg Ehrnrooth

Ari Heiniö

Paavo Pitkänen

Christoffer Taxell

Jouko K. Leskinen
Managing Director

AUDITORS' REPORT

To the Shareholders of Sampo Insurance Company plc

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 plc for the financial year 1998. 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 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 the distribution of profit 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 18th, 1999

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 plc for the financial year 1998, together with the consolidated accounts of the Sampo 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 together with the Consolidated Profit and Loss Account and Balance Sheet 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, March 22nd, 1999

For the Supervisory Board

Jyrki Juusela

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 of the Board of Directors;
- elects the Chairman and Vice Chairman of the Board of Directors;
- resolves matters concerning the significant contraction or expansion of the operations of the Company or substantive changes in the organisation of the Company.

Jyrki Juusela, born 1943 (2000)
Chairman
CEO, Outokumpu Oyj

Krister Ahlström, born 1940 (2000)
Vice Chairman
Chairman of the Board, Ahlström Group

Kalevi Aro, born 1947 (2001)
Vice Chairman
President, Aro-Yhtymä Oy

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

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

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

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

Matti Honkala, born 1945 (2001)
CEO, Kesko Corporation

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

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

Heimo Karinen, born 1939 (2000)
CEO, Kemira Oyj

Eino Keinänen, born 1939 (2000)
Chairman of the Board, Leonia plc

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

Henri Kuitunen, born 1958 (2001)
Director General, VR Group

Antti Lagerroos, born 1945 (1999)
President, CEO, Finnlines Plc

Heikki Lehtonen, born 1959 (2001)
President, Santasalo-JOT Corporation

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

Esko Muhonen, born 1941 (2001)
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)
Member of the Board,
Jaakko Pöyry Group Oyj

Heikki Pentti, born 1946 (2001)
Chairman of the Board,
Lemminkäinen Corporation

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

Jarmo Rytilahti, born 1944 (2001)
CEO, Asko Oyj

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 (2001)
President and CEO,
Valmet Corporation

Jukka Suominen, born 1947 (2001)
CEO, Neptun Maritime Oyj

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

Pekka Vennamo, born 1944 (2000)
President, CEO
PT Finland Ltd (Jan. 1st – June 30th,
1998)
Sonera Group plc (as of July 1st, 1998
until Jan. 4th, 1999)

Jukka Viinanen, born 1948 (2001)
President and CEO, Neste Corporation

Markku Äärimaa, born 1942 (2001)
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 plc
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 furthermore 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 the raising of loans for the Company and the surety obligations entered into by the Company;
- resolves the surrender of real estate 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 other Company employees;
- confirms the general regulations concerning the retirement 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, Stora Enso Oyj.

Chairman of the Board, Confederation of Finnish Industry and Employers. Vice Chairman of the Board, Finnlines Plc and PVO Group. Member of the Board, Neptun Maritime Oyj. Vice Chairman of the Supervisory Board, Varma-Sampo Mutual Pension Insurance Company. Member of the Supervisory Board, Merita Bank Plc. 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.

Chairman of the Board, Perlos Oy. Member of the Board, Varma-Sampo Mutual Pension Insurance Company. Member of the Supervisory Board, Merita Bank Plc. Chairman of the Board, Finnish Fair Corporation. He was appointed Member of the Board of Sampo Insurance Company Limited on October 20th, 1993.



Georg Ehrnrooth, born 1940 (1999), President, Metra Corporation.

Chairman of the Board, Assa Abloy AB. Member of the Board, Karl Fazer Oy Ab, ABB Oy, and Sandvik AB. Chairman of the Board, Varma-Sampo Mutual Pension Insurance Company. He was appointed Member of the Board of Sampo Insurance Company Limited on June 26th, 1992. Period of office commenced on August 1st, 1992.



Ari Heiniö, born 1945 (2001), Managing Director, Stockmann plc. Chairman of the Board, Commercial Employers' Association. Member of the Board, Finnair Oyj, Metsä Tissue Oyj, Palace Hotel Oy Ab and Employers' Confederation of Service Industries. Member of the Supervisory Board, Alma Media Corporation, Merita Bank Plc, Varma-Sampo Mutual Pension Insurance Company, Finnish Fair Corporation. He transferred to the Board of Sampo Insurance Company Limited from the Supervisory Board on October 20th, 1993.



Jouko K. Leskinen, born 1943 (2001), President and CEO, Sampo Insurance Company plc. Vice Chairman of the Board, UPM-Kymmene Corporation. Member of the Board, Finnlines Plc, Varma-Sampo Mutual Pension Insurance Company, Nokia Corporation. Chairman of the Board, Cultor Oyj. 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 Plc. He transferred to the Board of Sampo Insurance Company Limited from the Supervisory Board on October 20th, 1993. His period of office on the Board of Directors ended on Dec. 31st, 1998.



Christoffer Taxell, born 1948 (1999), President, CEO, Partek Corporation. Member of the Board, KCI Konecranes International Plc, Metra Corporation, Stockmann plc, ABB Oy. Chairman of the Board of Directors, Kalmar Industries AB. He transferred to the Board of Sampo Insurance Company Limited from the Supervisory Board on January 1st, 1998.



Paavo Pitkänen, born 1942 (2001), Managing Director, Varma-Sampo Mutual Pension Insurance Company. Member of the Board, Metra Corporation, Partek Corporation, Stora Enso Oyj. Member of the Supervisory Board of Alma Media Corporation and Instrumentarium Corporation. Member of the Board of Sampo Insurance Company plc since January 22nd, 1999.

AUDITORS

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



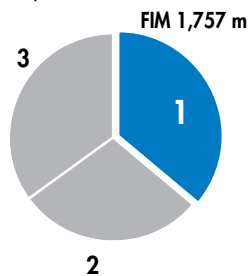
Akseli Gallen-Kallela, 1865-1931
Ilmarinen Ploughing the Field of Vipers, 1916

A synthesis of Finnish art, industry and architecture was created for the Finland's pavilion at the World Fair held in Paris in 1900. As for pictorial art, the gems of the pavilion were the frescoes depicting the Kalevala by Akseli Gallen-Kallela. One of them was called "Ilmarinen Ploughing the Field of Vipers". On the basis of that work he created in 1916 this oil painting, which now belongs to Sampo's collection.

PRIVATE CLIENT SERVICES

Private households, farms and the self-employed are all well served by Private Sampo, a unit that is part of Sampo plc. Sampo strength commands almost a third of the Finnish household market.

Direct non-life insurance premiums written
Sampo Group in total
FIM 4,921 m



1	Private Client Services	36%
2	Corporate Client Services	29%
3	Major Accounts Services	35%

Private Sampo's core objectives are high customer satisfaction, to safeguard profitability, develop service processes that are increasingly customer-oriented and cost-efficient, and ensure the know-how and well-being of its personnel.

Positive Development in Underwriting

Private Sampo's operating margin improved by more than 12 per cent over 1997 and the budgeted target was exceeded. The total of premiums received rose by 5.9 per cent while claims paid remained at almost the same level as 1997. Operating expenses developed favourably and came in clearly under budget.

A tariff system that better corresponds to the level of risk was well received last year. Motor vehicle insurance tariffs now place a higher emphasis on the age of the vehicle driver. Furthermore, a voluntary motor vehicle insurance especially developed for Finland's ageing passenger car stock was introduced to the market in Autumn. Property insurance tariffing for private households was also developed further, so that premium increases were directed at insured objects and areas with the highest risk.

Service Reforms

Private Sampo's upgrading of its operations, products and information systems has been focused in the Sampo 2000 programme launched in 1995, and spread over several years. First phase achievements were the establishment of a new customer service model and support systems in 1997, and similar reforms in systems and operations for claims settlement services in 1998. The next phase targets overall reform of insurance products and services and has already begun. The first results are expected in the year 2000.

The new operations model and support system for claims settlement services have received positive feedback from both clients and staff. The client's claim is handled at one go; compensation is paid into their bank account, lost or damaged property replaced, or the damaged car is inspected immediately so repair work can begin. Thanks to

our co-operation partners specialising in repair services and machines and equipment acquisition, we are able to provide our clients with faster and even more flexible claims settlement services.

Sampo relinquished its part ownership of Finnish Loss Survey Ltd, ended that co-operation and established its own organisation for handling loss survey activities on motor vehicles and boats. The new organisation serves the whole Group. The conclusion of a co-operation agreement with Finnish Motor Vehicle Inspection Ltd has proved to be a significant factor in increasing service availability. In addition to Sampo's seven survey stations, there are around 45 inspection centres throughout Finland at Sampo's disposal for loss surveys. Co-operation was expanded at the

Sampo Insurance Company plc

FIM millions	1998	1997
Turnover	3,179.3	2,426.8
Premiums earned	1,712.1	1,600.5
Claims incurred	-1,542.9	-1,438.3
Net operating expenses	-473.4	-422.7
Change in the equalisation provision	66.4	33.4
Balance on technical account	-240.8	-227.2
Net investment income	1,016.3	573.1
Other income and charges	-25.2	-25.1
Tax	-210.1	-91.9
Profit on ordinary activities	540.2	229.0
Technical provisions, net	3,934.5	3,743.9
Balance Sheet total	8,002.3	7,694.9
Balance Sheet total at current values	16,396.0	13,294.8
Loss ratio, %	90.3	89.9
Expense ratio, %	27.7	26.4
Combined ratio, %	117.9	116.3
Solvency margin	11,209.9	8,122.9
Equalisation provision	62.8	129.1
Solvency capital	11,272.7	8,252.0
Solvency ratio, %	658.4	515.6
Average no. of personnel	1,972	1,925



*Nikolai Lehto, 1905–1994
In the Park, 1948*

The masters of painting from Cézanne to Picasso have provided a firm foundation for Nikolai Lehto, the great Finnish master of Naivism and Surrealism. “In the Park” depicts the eternal mother and child theme of world art. The dim colours and soft-edged forms conceal a message of tenderness, love and humility. This theme remained central for Lehto’s painting throughout his career.

beginning of 1999 to offer motor vehicle insurance sales from these outlets.

The Sampo service network is divided into four geographical regions that cater to clients through 86 offices and the Sampo Call Centre telephone service. The number of clients who choose to handle their insurance matters by telephone has increased notably for several years now. So Sampo Call Centre handles a rising volume of phone calls and their steady upward trend.

The demand for self-service access is also growing. Our Internet service was expanded by the addition of a function to calculate insurance premiums, and with active forms for loss reporting and for notifying a period of non-use for an insured motor vehicle. Sampo insurances can be bought through the Internet for the first time this Spring.

Favourable Outlook for Household Insurances

Despite the weakening trend in economic growth, household buying power is expected to remain strong and households’ own expectations about

their economic situation continue to be positive. The outlook for the private household sector is thus highly favourable and motor vehicle sales are also expected to continue growing.

Private households are also very much interested in supplementing statutory social security with voluntary pension schemes and have a rising volume of assets available for investment. Combined with the increasing need to develop new sickness and health service insurances, there is significant growth potential for Private Sampo.

Technology in support of supplying those services continues its brisk development. Internet options are constantly expanding and gradually becoming available through new media such as mobile phones. Clients will in future be able to access insurance services quickly, and wherever and whenever they need them.

At the same time, structural changes in Nordic and European financial markets impact the Finnish market with more new operators and the growing competition that results.

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
AutoJalonen Oy

Mikko Mäenpää
STTKJ ry

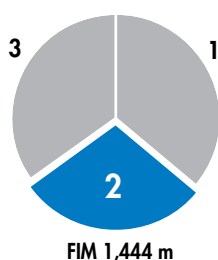
Matti Rantanen
Kaleva

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, all receive the services they value from Sampo Enterprise Insurance Company Limited in Finland and further afield. Wholly-owned subsidiary Sampo Kindlustus in Estonia, and Sampo Latvija - a new subsidiary established in 1998 - help secure the on-going provision and development of insurance services in the Baltic Rim.

Direct non-life insurance premiums written
Sampo Group in total
FIM 4,921 m



FIM 1,444 m

1	Private Client Services	36%
2	Corporate Client Services	29%
3	Major Accounts Services	35%

Sampo Enterprise has over 90,000 clients and preliminary information indicates domestic market share has increased to 11.0 per cent. Sampo Kindlustus has approximately 7,000 clients and its market share increased from 4.0 to 4.6 per cent in the review year. Sampo Latvija's share of the Latvian domestic market was 0.1 per cent.

The Sampo Enterprise Service Network is responsible for client relationship management and the Non-Life Insurance Unit ensures a sharper focus on non-life business. The other profit centres are the Baltic Profit Group and Sampo Enterprise Investment Operations, while Corporate Development and Administration provide operations support for the whole company.

The Service Network operates through its

regional and centralised channel services. Centralised Channels is responsible for telephone services and sampo.fi Internet technology, which enables clients to reach Sampo Enterprise 24 hours a day throughout the year. Centralised Channels also supports Regional Channels, its regional organisation, and a network of insurance agents.

Sampo Enterprise manages the upgraded broker services of the entire Non-Life Group and develops and implements broker co-operation relationships.

Improved Performance

Sampo Enterprise Insurance Company Limited recorded a profit of FIM 143 million for the financial year. The non-life insurance balance on

Sampo Enterprise Insurance Company Limited

FIM millions	1998	1997
Turnover	1,989.4	1,435.3
Premiums earned	1,367.7	1,115.8
Claims incurred	-1,303.3	-1,037.3
Net operating expenses	-187.7	-163.2
Change in the equalisation provision	-46.5	-53.5
Balance on technical account	-171.4	-138.2
Net investment income	373.4	199.3
Other income and charges	0.4	0.2
Tax	-56.5	-17.6
Profit on ordinary activities	145.9	43.8
Technical provisions, net	2,610.1	2,232.5
Balance Sheet total	3,410.3	2,778.1
Balance Sheet total at current values	4,172.8	3,380.9
Loss ratio, %	95.4	93.0
Expense ratio, %	13.7	14.6
Combined ratio, %	109.1	107.6
Solvency margin	1,238.9	951.1
Equalisation provision	212.9	166.4
Solvency capital	1,451.8	1,117.4
Solvency ratio, %	106.1	100.1
Average no. of personnel	592	560

Sampo Kindlustuse AS

FIM millions	1998	1997
Turnover	17.3	13.0
Premiums earned	5.6	3.2
Claims incurred	-3.2	-2.5
Net operating expenses	-2.3	-0.6
Change in the equalisation provision	-	-
Balance on technical account	0.1	0.2
Net investment income	0.1	-
Other income and charges	-	0.1
Tax	-0.2	-0.1
Profit on ordinary activities	0.1	0.1
Technical provisions, net	6.7	4.6
Balance Sheet total	14.9	11.1
Balance Sheet total at current values	14.8	11.1
Loss ratio, %	57.4	77.1
Expense ratio, %	40.1	17.3
Combined ratio, %	97.5	94.4
Solvency margin	5.2	5.2
Equalisation provision	-	-
Solvency capital	5.2	5.2
Solvency ratio, %	92.8	162.4
Average no. of personnel	16	11

*Birger Carlstedt, 1907–1975
Composition, 1950*

Birger Carlstedt, the pioneer of Finnish Concretism, deconstructs Northern forest landscapes to small fragments which he then reconstructs into a new entirety. A careful examiner will find these starting points in the mathematically composed painting. The most dominant one of them is the beautiful mural-like surface of moss. As a consolation to those who feel sceptical about non-figurative art, there is a young woman hidden in the painting.



technical account before the change in equalisation provision was FIM -125 million, and net investment income stood at FIM 373 million. Sampo Enterprise group profit totalled FIM 145 million for the year and solvency continued to improve.

Direct non-life insurance premiums written by Sampo Enterprise totalled FIM 1,425 million and gross premiums written FIM 1,456 million. Direct insurance premiums written increased as expected, in fact by a substantial 22.4 per cent. This growth is largely attributable to the national, non-recurring separate charge on statutory workers compensation insurance. Non-life insurance premiums written grew by 8.2 per cent excluding this charge. Credit losses on unpaid premiums totalled FIM 6 million.

Claims incurred stood at FIM 1,303 million. Single losses over FIM 0.5 million increased both in number and value from last year, with the largest individual loss coming in around FIM 9 million. There was also an upward trend in the number of occupational accidents reported. Net operating expenses totalled FIM 188 million.

New investments were mainly in Finnish bonds and Finnish and foreign shares, while the spread of equity investments to markets outside Finland continued. There was also greater utilisation of equity instruments in financing.

Sampo Kindlustus premiums written increased by 29.7 per cent and the company re-

corded a profit. Sampo Latvija showed a first year loss; local authorisations to supply insurance were not granted until midway through the period, whereas initial operational expenses were incurred throughout the year.

Emphasising Corporate Client Financing

Sampo Enterprise's goal for the future is to strengthen its position as a corporate and organisational insurer, and substantially improve the profitability of voluntary non-life insurance. Reaching this goal requires profitable growth, best achieved through appropriate risk selection, loss prevention, efficient and skilled management of claims expenditure, and strong reinsurance know-how. Operations upgrades will establish a particular focus on service models, service content, and on increasing customer service and sales staff's know-how.

Sampo Enterprise international operations emphasise the Baltic countries and are a challenge for the future that demands new know-how.

The use of equity-rated instruments increased considerably, as did the number of related projects, and this trend is expected to continue. Sampo Enterprise is involved in all significant Finnish venture capital funds and has made direct investments in client corporations. The management of equity-rated financing solutions for client corporations will be a growing focus for years to come.

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
SteelInvest Oy

Heikki Kyöstiä
Planmeca Oy

Vesa Lammela
Lammela Oy

Arno Latvus
Hankintatukku Oy
(as of May 29th, 1998)

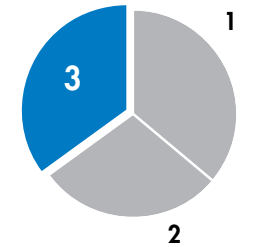
Matti Ruuhonen
ST International & Patria Re

MAJOR ACCOUNTS SERVICES

Major Accounts Services (MAS) specialises in offering insurance and risk management services to major corporations and medium-sized international companies. Major clients are served by Industrial Insurance, Otso and the Insurance Company of Finland, by Sampo Industrieförsäkring in Sweden, Sampo Industrial Insurance in Europe, representative offices in St. Petersburg and Moscow, as well as by the MAS global service network.

Direct non-life insurance
premiums written
Sampo Group in total
FIM 4,921 m

FIM 1,720 m



1 Private Client Services	36%
2 Corporate Client Services	29%
3 Major Accounts Services	35%

Sampo Major Accounts Services is the market leader in its segment in Finland. MAS clientele comprises approximately 500 groups representing large-scale Finnish industry and major service companies. In its overseas operations, MAS focuses on industries in which its risk management expertise is traditionally strong. For instance, MAS insures 17 per cent of all the paper and cardboard production capacity in Europe.

Client services were significantly upgraded in MAS overseas operations last year. Sampo Industrial Insurance, which has offices in the Netherlands, Great Britain and Germany, opened a representative office in Belgium. A new representative office in Hamburg will initially concentrate on cargo insurance. A risk management company was established in Poland in February, 1999, and a licence to open an insurance company will be applied for in Spring, 1999. MAS service capacity in Sweden was strengthened by the recruitment of several risk management experts. A representative office was also opened in Moscow.

A Simplified Service Structure

Insurance Company of Finland credit insurance operations were transferred to the Finnish Credit Insurance Company Ltd, a joint venture between Industrial Insurance, the Finnish State Guarantee Board, and German company Hermes Kreditversicherungs AG.

Otso and the Insurance Company of Finland will merge according to plan into parent company Sampo at year-end 1999. For new policies, loss of profits insurance taken care of by Otso and guarantee insurance business handled by the Insurance Company of Finland, will be transferred to Sampo subsidiaries Industrial Insurance and Sampo Enterprise. This both simplifies and strengthens the structure and operations model of Sampo's Major Accounts Services.

Loss Prevention Guarantees

Good Performance

Risk analyses and loss prevention in co-operation with client companies and brokers lay the foundation for MAS risk management solutions.

MAS expert loss prevention services were widely employed by client companies in 1998. Around 1,100 reports were drawn up containing recommendations for the further development of loss prevention in co-operation with client companies. Related customer training also continued actively and more than 2,500 client representatives participated.

Several large losses were avoided thanks to the successful deployment of sprinkler systems. There were around 50 fires in premises equipped with sprinklers amongst Industrial Insurance's Finnish clientele, and in each case the sprinkler installation was able to extinguish the fire, often assisted by the local fire brigade. There were two unfortunate cases where installation work had not been completed, where the fire caused considerable damage that could otherwise have been avoided. In-house factory fire brigades played a significant role in several fires.

Non-destructive testing activities were primarily aimed at soda recovery boilers and power generation machinery. Testing uncovered bearing and structural defects in some power generation machines, and their timely detection averted the threat of further damage.

The Askelma[®] method developed for risk auditing was used extensively in the management of property and business interruption risks. It provides a good overall picture of the risks themselves and reveals areas that require development and improvement.

Sea Launch was a particularly interesting risk management project in hull insurance. A satellite launch platform and its mother ship were finished



*Martti Aika, 1952–
Blue Ego, 1990*

Ancient oriental culture and Finnish wood are combined in an artistic manner in “Blue Ego”: the delicately winding imagery springs from Chinese calligraphy, while Finnish birch wood serves as the material. The paradox of the work is that the artist has tried to capture the nature of a drawing in it while pictorial art generally tries to create a *trompe l’oeil*, an illusion of three-dimensionality.

and fitted out under very challenging circumstances in St Petersburg and Vyborg in Russia. Industrial Insurance was claims leader in charge of loss prevention for this USD 250 million multinational project. Largely thanks to inspections carried out by Industrial Insurance, there was no loss or damage needing compensation during a year-long supervision period that yielded positive results.

Industrial Insurance’s extensive experience and development know-how was put to good use in the TUTOR occupational safety programme, which can be applied for each client’s individual needs. TUTOR is a complete package offering Industrial Insurance’s services in safety management, accident statistics, the assessment of predictable risks, and in training. Development work related to workers compensation insurance, and the implementation of MAS tailor-made solutions, will place increasing emphasis on the importance of occupational safety practices.

A Year of Exceptional Losses

Direct insurance premiums written by Industrial Insurance increased 18 per cent in 1998. Most of the growth is attributable to the national non-recurring separate charge on statutory workers compensation insurance. Intra-group restructuring in reinsurance and the related periodisations

impacted reinsurance premiums written substantially.

There was an exceptionally high number of large losses exceeding FIM 10 million last year. The profitability of Industrial Insurance’s underwriting business was also affected by a decrease in the calculated interest, and the strengthening of the reserve for occupational diseases in statutory workers compensation insurance. Technical provisions adjustments weakened the balance on technical account before the change in the equalisation provision by a total of FIM 221 million. This adjustment will improve profit opportunities in the years to come.

Increased operating expenses were largely due to intra-group reinsurance commissions and related periodisations. Industrial Insurance’s own operating expenses were raised by increased recruitment, preparations for the euro and the year 2000, and a number of periodisation revisions related to merit payments and social expenses.

Both general income from investments and gains on investment realisations increased considerably over 1997. Despite more value adjustments on listed shares than in the previous year, net investment income rose considerably. Solvency capital and the solvency ratio strengthened

MAJOR ACCOUNTS SERVICES

further during the review year, due to the increase in profit for the accounting period and to valuation differences.

Direct Insurance Premiums Written by Otso Increase

Direct insurance premiums written by Otso rose by ten per cent last year, mainly due to favourable development in the forest industry, early signs of which were first visible in 1997. Assumed reinsurance nevertheless decreased by 18 per cent so gross premiums written fell compared to the previous year.

The profitability of Otso's underwriting business was also strained by an exceptional number of large claims. Operating expenses decreased slightly as a result of lower reinsurance volumes and the growth in reinsurance commissions received.

Otso's net investment income increased considerably, thanks to higher gains on realisation of investments. Solvency capital was consolidated and this was mainly due to increased valuation differences.

Large Losses in Central Europe

Sampo Industrial Insurance underwrites direct insurance business in Central Europe, and premiums written increased slightly. There was an exceptionally high number of large losses in Central Europe, too, which weakened the profitability of underwriting business compared to the previous year. Despite growth in net investment income, the company showed a loss for the year under review. Sampo Industrial Insurance reinsures a major part of its business in Industrial Insurance and Otso.

Insurance Company of Finland Performs Well

The business volume of the Insurance Company of Finland remained constant. Underwriting profitability was improved by a number of compensations received through recovery proceedings. Reinsurance commissions received were almost as high as the company's own operating expenses.

Service Creates Added Value

Competition will be increasingly about specialisation and client service, as entrepreneurship risks

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
Forest Industries –
Metsäteollisuus ry

Industrial Insurance Company Ltd

FIM millions	1998	1997
Turnover	2,413.9	1,890.5
Premiums earned	1,208.6	1,045.5
Claims incurred	-1,263.0	-1,026.7
Net operating expenses	-171.8	-122.5
Change in the equalisation provision	178.0	-15.1
Balance on technical account	-50.2	-118.8
Net investment income	738.7	469.7
Other income and charges	-7.8	-8.9
Tax	-191.1	-97.3
Profit on ordinary activities	489.6	244.7
Technical provisions, net	3,286.4	2,969.6
Balance Sheet total	4,699.6	3,991.5
Balance Sheet total at current values	9,296.9	6,723.4
Loss ratio, %	104.7	98.2
Expense ratio, %	14.2	11.7
Combined ratio, %	118.9	109.9
Solvency margin	5,169.9	3,339.5
Equalisation provision	353.2	531.2
Solvency capital	5,523.2	3,870.7
Solvency ratio, %	457.0	370.2
Average no. of personnel	385	373

Otso Loss of Profits Insurance Co. Ltd

FIM millions	1998	1997
Turnover	469.4	258.6
Premiums earned	115.4	141.5
Claims incurred	-98.4	-117.9
Net operating expenses	-45.4	-51.9
Change in the equalisation provision	-2.6	-16.7
Balance on technical account	-31.0	-45.0
Net investment income	195.7	105.6
Other income and charges	-0.3	-
Tax	-49.3	-24.6
Profit on ordinary activities	115.1	36.0
Technical provisions, net	630.4	646.2
Balance Sheet total	964.6	933.4
Balance Sheet total at current values	1,651.1	1,479.7
Loss ratio, %	85.2	83.3
Expense ratio, %	39.3	36.7
Combined ratio, %	124.6	120.0
Solvency margin	805.3	724.2
Equalisation provision	465.5	462.9
Solvency capital	1,270.8	1,187.0
Solvency ratio, %	1,100.9	839.0
Average no. of personnel	43	51

undergo fundamental change. MAS strengths lie in the seamless combination of risk analyses, loss prevention, underwriting and claims settlement, which delivers affordable risk management solutions to client companies.

The exceptional loss experience of last year emphasised the importance of loss prevention even more than before. In fact, loss prevention has been made the core theme for 1999, and expectations of improvement are high.

MAS international strategy is largely focused on the forest industry. The development of operational models and the strengthening of service capabilities will continue in 1999. In January this year, Industrial Insurance was admitted as a member of the industry association known as the Forest Cluster project.

Interactive electronic services will be strongly developed in 1999. The goal is that 30 per cent of all MAS transactions will be conducted electronically in the year 2002.



*Marika Mäkelä, 1947–
Nameless, 1988*

Marika Mäkelä does not copy reality but creates it, as nature does. The results are imaginary landscapes out of the heart of the gloomy Finnish wilderness. It seems as if we had the moist womb of the forest before our eyes. The downflowing trickles of colour intensify the impression of humidity. Sometimes they seem like waterfalls, sometimes like rain. No one image is stronger than the other - the jungle contains endless possibilities. The dialogue between the picture and the viewer is effective.

Sampo Industrial Insurance N.V.

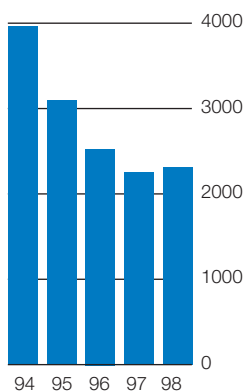
FIM millions	1998	1997
Turnover	390.4	376.4
Premiums earned	102.3	101.3
Claims incurred	-98.7	-60.6
Net operating expenses	-39.0	-33.6
Change in the equalisation provision	-	-
Balance on technical account	-35.3	7.1
Net investment income	27.6	16.9
Other income and charges	-	-
Tax	-	-8.8
Profit/loss on ordinary activities	-7.7	15.2
Technical provisions, net	214.8	181.7
Balance Sheet total	601.9	544.4
Balance Sheet total at current values	627.7	557.0
Loss ratio, %	96.4	59.8
Expense ratio, %	38.1	33.2
Combined ratio, %	134.5	93.0
Solvency margin	290.7	285.6
Equalisation provision	-	-
Solvency capital	290.7	285.6
Solvency ratio, %	284.0	281.9
Average no. of personnel	73	70

Insurance Company of Finland Ltd

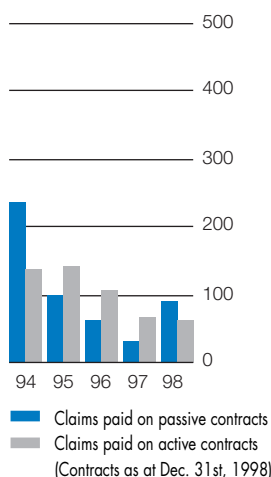
FIM millions	1998	1997
Turnover	59.4	54.5
Premiums earned	2.9	4.3
Claims incurred	0.2	-7.9
Net operating expenses	-0.5	1.4
Change in the equalisation provision	-8.1	-0.5
Balance on technical account	-5.5	-2.8
Net investment income	20.8	18.5
Other income and charges	-	0.1
Tax	-4.3	-4.2
Profit on ordinary activities	11.0	11.6
Technical provisions, net	66.9	59.4
Balance Sheet total	234.1	236.4
Balance Sheet total at current values	384.1	356.2
Loss ratio, %	-	185.5
Expense ratio, %	16.0	-
Combined ratio, %	-	-
Solvency margin	223.5	201.7
Equalisation provision	64.4	56.2
Solvency capital	287.8	257.9
Solvency ratio, %	9,778.3	6,032.5
Average no. of personnel	8	19

FOREIGN REINSURANCE RUN-OFF

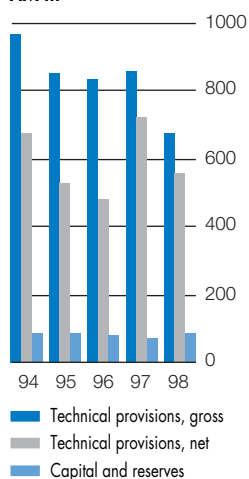
Number of Patria Re's active contracts managed by the company itself



Foreign reinsurance claims paid by Patria Re, FIM m



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



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 Group's foreign reinsurance portfolio.

Foreign reinsurance run-offs continued successfully in 1998. Outstanding claims were commuted, the insurance portfolio was rationalised, operating expenses remained under control, and the companies recorded better than expected results.

Under Control

Many matters long in-hand were concluded in 1998, especially by Patria; for instance, a large insurance pool was returned from London in full, and the liabilities transferred to Finland constituted only a fraction of those prior to the run-off. As a result, 387 new treaties were brought under Patria's own control. These efforts to assert greater control have also served to expedite run-off operations, albeit in a somewhat laborious way.

The final phases of the sale of a subsidiary once wholly owned by Patria were completed in 1998, and all related liabilities commuted.

A single major dispute led to an arbitration award granting ab initio avoidance of a treaty. An appeal has been made against the decision and, therefore, its effect is not included in the accounts for the period.

Patria's gross technical provisions at fixed rates, i.e. after eliminating exchange rate fluctua-

tions, decreased by FIM 135 million, and by FIM 181 million at variable rates. Claims of FIM 147 million were paid during the year, FIM 88 million of which went on commuted reinsurance treaties.

Patria's investments are still mainly in currency denominated bonds and money-market instruments.

Centralised Operations

ST International commuted some problematic treaties containing significant provisions for outstanding claims. Both the company's technical provisions and the number of treaties have decreased to a level, such that ST International and Patria's Boards of Directors decided in December, 1998 to concentrate run-off operations in just one centre in Finland.

ST International operations in Turku will be run off by Autumn 2000, when remaining treaty portfolio will be transferred to Patria Helsinki. Planning for the hand-over is already underway. Turku's ST International personnel has already been reassigned in Sampo Group as a result of the decreasing workload. The portfolio transfer to Patria has further accelerated the personnel transfer.

FIM millions	Patria		ST International		Lakewood	
	1998	1997	1998	1997	1998	1997
Premiums earned	-2.5	4.1	2.2	2.1	-0.6	-1.6
Claims incurred	43.2	-88.2	18.7	-1.6	-1.6	-2.8
Net operating expenses	-3.5	-5.2	-4.0	-4.3	-2.2	-1.8
Change in the equalisation provision	-53.8	-28.5	-31.0	-63.9	-	-
Balance on technical account	-16.6	-117.8	-14.0	-67.6	-4.4	-6.3
Net investment income	32.4	112.0	33.1	71.5	2.8	4.8
Other income and charges	0.1	-	-	-	-0.1	-0.4
Tax	-0.2	-0.1	-	-	1.2	1.4
Profit/loss on ordinary activities	15.7	-5.8	19.1	3.9	-0.5	-0.5
Technical provisions, net	629.5	742.1	428.6	514.1	29.9	35.2
Balance Sheet total	1,031.2	1,175.7	619.8	767.0	77.4	98.7
Balance Sheet total at current values	1,040.0	1,211.5	639.7	794.8	77.4	98.7
Average no. of personnel	15	16	14	18	5	5

ST International claims paid developed as expected. The provision for outstanding claims decreased by FIM 104 million at fixed rates and FIM 126 million at variable exchange rates.

Real estate investment realisations continued and the final accounts for the financial year show FIM 13 million of realised gains.

Lakewood performance weakened due to covering the company's pension liability deficit. Lakewood's insurance portfolio run-off was reasonably successful and technical provisions dropped by FIM 14 million to stand at FIM 140 million at the year-end. Two members of staff in London have transferred from Lakewood to Sampo Industrial Insurance.

A Profitable Year

Patria and ST International performed well to show a profit on the year, despite increased equalisation provisions. Both these Finnish run-off companies nevertheless experienced considerably lower net investment incomes for 1997, due to fluctuations in Pound Sterling and US Dollar exchange rates. These are the two most significant currencies for technical provisions and the assets that cover them. Significant exchange rate gains entered into net investment income in 1997 were thus countered by exchange rate losses in 1998.

Run-offs and commutations are becoming an increasingly common and approved way for insurance companies to eliminate their market liabilities. This gradual change of attitude facilitates and expedites the task of run-off companies, although continuing structural reorganisations of insurance companies tend to slow the process.

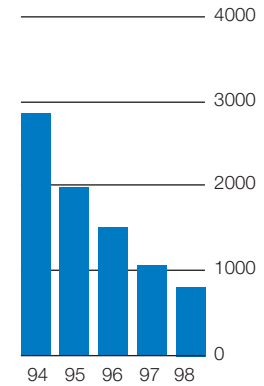
Some 25 per cent of Patria's provision for outstanding claims is reserved for asbestos and environmental damages, and slightly less than 20 per cent in ST International.

*Ragnar Ekelund, 1892–1960
Chevreuse, 1955*

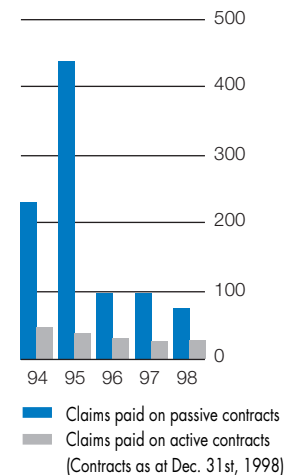
A rhythm reminiscent of Cubism is the central element of Ragnar Ekelund's style. His strongest influences came from Cézanne himself, as one can easily see from his painting of the little French town of Chevreuse. Unlike typical townscapes, the town is lacking in movement and life. There are only streets, houses, roofs, windows and walls. No cats or dogs, no washing on the lines, no tools in the gardens, no rubbish in the lanes. The few windows have neither panes nor curtains, no smoke is seen rising from the chimneys. The painting of the lovely little town actually needs no movement or people. They would only distract the eye from the rhythm of the buildings, which are structures built up of vertical, horizontal and diagonal surfaces, and this would prevent the viewer from experiencing the lyrical atmosphere of shimmering emptiness and silence that pervades the painting.



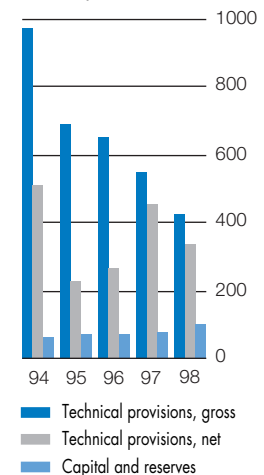
Number of ST International's active contracts managed by the company itself



Foreign reinsurance claims paid by ST International, FIM m

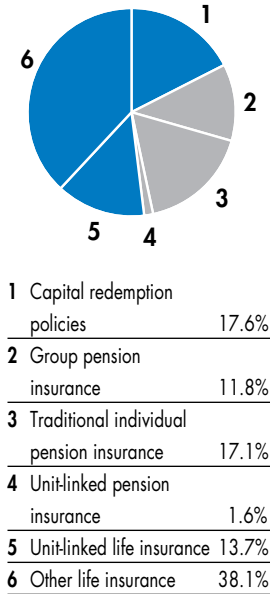


ST International's technical provisions and capital and reserves, FIM m

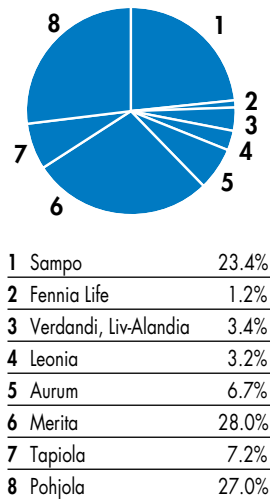


SAMPO LIFE INSURANCE

Premiums written by life insurance industry, by type of insurance
(Total FIM 13,017 m)



Life insurance market shares
(Domestic companies)



Life Industry Development

Finnish life insurance business has seen a number of significant changes in the past year, the most important of which is related to guaranteed interest. This has remained unchanged for more than 40 years in most life insurance lines. The Ministry of Social Affairs and Health in Finland cut the rate for the highest possible guaranteed interest paid on new policies by one percentage point at the start of this year, to 3.5 per cent.

Guaranteed interest granted on policies sold before 1999 will remain at the higher level, apart from in group pension insurance. This was reflected in a considerable sales pickup towards the end of the review year. Both the volume of sales and number of premiums written for new policies showed exceptional growth in December in particular.

Although sales figures were more modest at the beginning of the year, December helped push premiums written by Finnish life companies up almost 15 per cent. According to preliminary information, premiums written totalled slightly over FIM 13 billion for the industry, nearly FIM 4 billion of which was attributable to December's record-breaking sales.

The largest growth was in insurances taken out by the business sector. Premiums written rose by 50 per cent to FIM 5.3 billion. Capital redemption policies experienced the greatest growth by product; premiums written rose four-fold over 1997 to FIM 2.2 billion. The dissolution of a number of large pension fund liabilities increased premiums written in group pension insurances by 20 per cent to FIM 1.7 billion.

Premiums written for private individuals remained virtually unchanged at FIM 7.7 billion. Unit-linked life and pension insurances showed the most favourable development in household products; total premiums written exceeded FIM 2 billion (includes foreign insurers operating in Finland).

Premiums written by Finnish companies for unit-linked life cover increased by more than 150 per cent over the previous year, amounting to almost FIM 1.4 billion. Unit-linked pension

insurance premiums written nearly tripled to FIM 220 million. Unit-linked policies are expected to take a considerably larger share of total voluntary pension insurances sold over the next few years.

A major part - FIM 2.2 billion - of gross premiums written for individual pension insurances accrued from traditional guaranteed-interest policies. Gross premiums of FIM 2.4 billion written to individual pension insurances were 14 per cent up on the previous year. Voluntary pension policies are commonly employed as a part of company incentive and pay schemes, and this is reflected in the 30 per cent of premiums written for individual pension insurances that were paid for by companies. Moreover, a large proportion of group pension insurance policies taken out is for this type of staff benefit scheme.

Sampo Life

FIM millions	1998	1997
Turnover	2,014.8	1,576.8
Gross premiums written	1,338.9	1,136.4
Single premiums	651.3	551.3
Regular premiums	687.6	585.1
Net investment income	411.9	323.4
Claims paid (net)	-267.5	-174.3
Change in technical provisions before bonuses and change in the equalisation provision	-1,191.7	-1,051.3
Net operating expenses	-105.1	-98.4
Technical result before bonuses and change in the equalisation provision	186.5	126.0
Other income and charges	0	0
Operating profit	186.5	126.0
Change in the equalisation provision	1.1	-2.8
Bonuses and rebates	-135.1	-85.0
Profit before extraordinary items, untaxed reserves and tax	54.4	38.1
Expense ratio, %	180.3	200.7
Average no. of personnel	122	117
Technical provisions (on own account)	-	4,054.6
Balance Sheet total	-	4,331.1
Valuation differences	-	465.9
Solvency margin	-	643.7
Solvency margin ratio, %	-	389.5

Aggregate insurance savings in Finnish life companies totalled just over FIM 60 billion at the end of 1998. Only FIM 35 billion was attributable to private individuals, or less than 10 per cent of Finnish households' total financial assets of FIM 400 billion.

Structural Reorganisations Completed

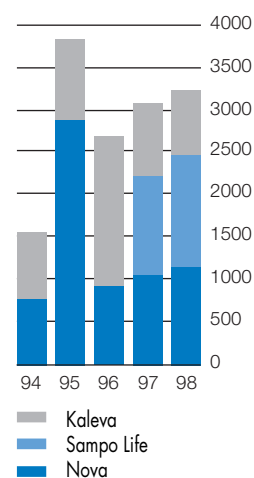
The structural reorganisation of earnings-related pension and life insurance businesses begun at the start of the '90s was completed last year. Restructuring between Sampo Pension and Pension-Varma, two companies both involved in earnings-related pension insurance business, established two new pension insurance companies from July 1st, 1998, named Varma-Sampo and Pension-Fennia. Sampo Insurance Company plc bought

up Enterprise-Fennia's 25 per cent holding in Nova Life Insurance Company Limited at the same time.

Sampo Life Insurance Company Limited was merged into Nova on December 31st, 1998, and Nova was renamed Sampo Life Insurance Company Limited. Enterprise-Fennia client policies formerly in Nova were conveyed in the transfer of part of the insurance portfolio to Fennia Life Insurance Company Limited on December 31st, 1998. Technical provisions for the transferred portfolio were slightly over FIM 1 billion, and premiums written totalled approximately FIM 150 million in 1998.

A FIM 20.4 million increase in share capital was offered to Sampo Life shareholders in the form of a new issue. After the payment of a

Premiums written by Sampo life insurers, FIM m



Nova's figures for 1998 comprise the portfolio transferred to Fennia Life, estimated at FIM 195 million in 1997 and FIM 154 million in 1998.

Nova*

FIM millions	1998	1997
Turnover	2,955.0	2,370.8
Gross premiums written	1,154.4	1,080.6
Single premiums	681.3	630.1
Regular premiums	473.1	450.1
Net investment income	1,126.9	998.8
Claims paid (net)	-832.4	-626.9
Change in technical provisions before bonuses and change in the equalisation provision	-646.1	-696.6
Net operating expenses	-52.2	-59.1
Technical result before bonuses and change in the equalisation provision	743.4	690.4
Other income and charges	-19.8	-2.4
Operating profit	723.6	688.0
Change in the equalisation provision	1.1	0.2
Bonuses and rebates	-659.0	-542.9
Profit before extraordinary items, untaxed reserves and tax	65.7	145.3
Expense ratio, %	93.5	89.8
Average no. of personnel	101	107
Technical provisions (on own account)	15,449.7 **	9,984.7
Balance Sheet total	16,609.8 **	10,686.9
Valuation differences	2,553.9 **	1,401.1
Solvency margin	3,229.1 **	1,897.9
Solvency margin ratio, %	514.5 **	465.5

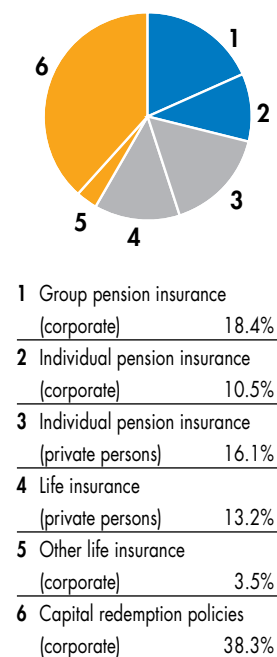
* includes the portfolio transferred to Fennia Life

** after the merger of Sampo Life and Nova

Kaleva

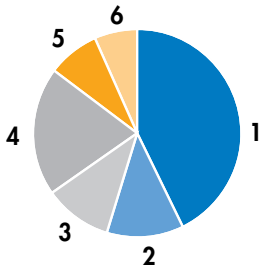
FIM millions	1998	1997
Turnover	1,234.0	1,206.6
Gross premiums written		
Single premiums	411.5	530.9
Regular premiums	294.5	283.8
Net investment income	354.5	270.5
Claims paid (net)	-539.7	-428.4
Change in technical provisions before bonuses and change in the equalisation provision	-145.1	-360.9
Net operating expenses	-52.4	-85.3
Technical result before bonuses and change in the equalisation provision	290.6	178.5
Other income and charges	0	0.2
Operating profit	290.6	178.7
Change in the equalisation provision	-4.8	-3.1
Bonuses and rebates	-210.0	-142.2
Profit before extraordinary items, untaxed reserves and tax	75.8	32.7
Expense ratio, %	66.8	102.1
Average no. of personnel	33	33
Technical provisions (on own account)	4,223.9	3,863.0
Balance Sheet total	4,501.0	4,076.9
Valuation differences	1,040.1	733.5
Solvency margin	1,226.5	878.4
Solvency margin ratio, %	469.9	355.0

Direct insurance premiums written by new Sampo Life (Total FIM 2,282 m)



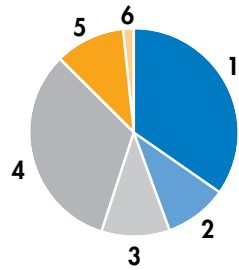
SAMPO LIFE INSURANCE

The new Sampo Life's investment portfolio, Dec. 31st, 1998
(at current values FIM 18,199 m)



1 Domestic money-market instruments	42.6%
2 Foreign money-market instruments	12.2%
3 Foreign shares	10.3%
4 Domestic shares	20.0%
5 Land and buildings	8.2%
6 Other investments	6.6%

Kaleva's investment portfolio, Dec. 31st, 1998
(at current values FIM 5,332 m)



1 Domestic money-market instruments	34.8%
2 Foreign money-market instruments	9.7%
3 Foreign shares	10.4%
4 Domestic shares	32.6%
5 Land and buildings	10.8%
6 Other investments	1.6%

merger consideration, ownership of the new Sampo Life is distributed so that Sampo and its subsidiaries own 57.5 per cent of the share capital, Varma-Sampo 37.7 per cent and Kaleva 4.8 per cent. The reorganisation also meant that Sampo Group's holding in Sampo Life will increase to 60 per cent through transactions between Varma-Sampo and Sampo plc.

The merged companies' operations complement each other well. Close co-operation with earnings-related pension companies has made Nova the leading group pension insurer in Finland. Sampo Life has solid expertise in providing insurance for private individuals and SMEs. The solvency of the two merged companies - both quite competitive in their own client segments - was considered excellent at the end of 1998, and this has created an extremely sound point of departure for new Sampo Life.

A Steady Footing in the Market

Gross premiums written by the new Sampo Life, excluding the portfolio transferred to Fennia Life, totalled FIM 2,339 million, FIM 1,000 million of which was attributable to Nova. Sampo's life insurance operations are complemented by Kaleva, which has not sold new endowment policies since the structural reorganisation of 1997. Despite this contraction in its business operations, Kaleva booked more than FIM 700 million in premiums written in 1998.

Sampo-Varma Group's share of the Finnish life insurance market stood at 23.4 per cent according to preliminary information, slightly down on the year before. The calculated market share of the new Sampo Life was 18.0 per cent and that of Kaleva 5.4 per cent. The portfolio transferred from Nova to Fennia Life decreased market share by approximately 1.1 percentage points.

Some two-thirds of premiums written by the new Sampo Life is estimated to accrue from corporate clients. This is due on the one hand to Nova's particular specialisation in additional pension solutions for business, and on the other to the increased success of capital redemption policies.

The higher guaranteed interest in force until the end of 1998 drew clients to subscribe to more single premium endowment policies. This pushed the proportion of single premium policies

written by Sampo Life and Nova to over half the total premiums written. The life insurance share of gross premiums written rose to approximately 60 per cent at the same time. Pension insurance premiums written by the new Sampo Life totalled slightly over FIM 1 billion for the year.

Contrary to the general trend in the life insurance business, Sampo Life's premiums written in unit-linked life and pension insurances remained modest. Sampo Life will therefore place particular emphasis on developing its unit-linked operations this year.

Assumed reinsurance totalling a little more than FIM 56 million accounted for a mere 2 per cent of premiums written. This was due to the underwriting policy pursued, characterised by a restricted renewal of contracts and of new business assumed. Technical provisions on Sampo Life's reinsurance portfolio amounted to approximately FIM 310 million and the current strategy guarantees that profitability will continue to be good.

Investments Directed Abroad

Sampo Life investments target a good real yield on invested assets in the long run. Further improvement in that yield is being sought by gradually increasing the proportion of investments in shares and other capital projects. In addition, more and more investments are being directed abroad to improve the risk/return ratio. Successful investments will enable Sampo Life to pay competitive bonuses to policyholders, maintain its solid solvency status, and ensure a satisfactory level of profit is distributed to the company's owners.

Sampo Life's post-merger investment portfolio was valued at FIM 18.2 billion; 50 per cent in bonds, 30 per cent in shares, 8 per cent in real estate and approximately 5 per cent each in client credits and deposits. Valuation differences on investments totalled more than FIM 2.5 billion. Kaleva's investment portfolio had a market value of FIM 5.3 billion at the end of the review year, and related valuation differences came to approximately FIM 1 billion.

Foreign investments accounted for 22 per cent of Sampo Life's portfolio at the end of 1998. The corresponding figure for Kaleva was 21 per cent.



*Armas Mikola, 1901–1983
Fishermen, 1969*

The expressive presentation of "Fishermen", achieved through the broad plaster-like surfaces, effectively projects the purposeful, concentrated movement of the work. This is further emphasised by the omission of detail in favour of the overall impression. The strokes and slashes of the knife keep the viewer alert. They give him the delight of finding the means by which the artist has created this hymn to human co-operation.

Sampo Life and Nova investments accrued total net investment income of over FIM 1.5 billion and must be considered a success. Investment income included slightly more than FIM 1 billion in realised gains; investment charges included approximately FIM 250 million in value adjustments, mainly from holdings in listed shares.

The impact of currency exchange rate changes on investment income and the market value of the investment portfolio was minor in the year under review.

Good Return for Insureds and Owners

All Sampo-Varma Group life insurance companies performed well in 1998. Profit before tax was FIM 64 million in Nova, FIM 54 million in Sampo Life and about FIM 75 million in Kaleva.

These good results enabled the companies to grant client bonuses that were among the highest in the industry, in addition to guaranteed interest payments of 4.25 – 4.5 per cent. Sampo

Life paid an average bonus of 1.8 per cent and all Kaleva endowment policies were granted a 2 per cent bonus.

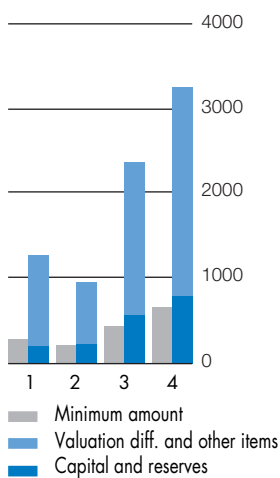
Nova set aside exceptionally large reserves for future bonuses in 1998. This was partly because the need to supplement the provision for group pension policies was largely covered in the 1998 final accounts. This requirement stemmed from the decrease in guaranteed interest. The provisions supplement can be spread over 15 years.

Kaleva will deploy a considerable part of its FIM 170 million reserve for future bonuses in various types of additional benefit granted as part of its 125th anniversary celebrations in 1999.

Sampo Life aims to decrease its expense ratio to 100 per cent in the next few years, so that operating expenses correspond to loading items charged to policies to cover these expenses. Loading items were clearly sufficient to cover Nova operating expenses for the review year. Given the overheads typical to a new company, Sampo Life

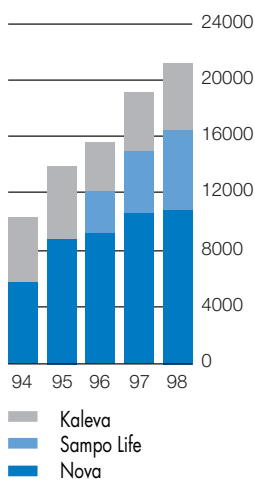
SAMPO LIFE INSURANCE

Solvency margin, FIM m
Dec. 31st, 1998



- 1 Kaleva
- 2 Old Sampo Life
- 3 Nova
- 4 New Sampo Life

Balance sheet, FIM m



Nova's figures for 1998 excluding the portfolio transferred to Fennia Life.

The figures for Sampo Life and Kaleva in 1996 according to the situation after the transfer of operations on Jan. 1st, 1997.

operating expenses also moved in the right direction in only its second year of operations.

Solid Solvency Status

Sampo Life's post-merger solvency margin was five times the required minimum. Solvency capital - the solvency margin plus the equalisation provision - was slightly over 21 per cent of technical provisions on own account at the end of 1998.

Investment operations are conducted at a risk level that ensures that company solvency meets long-term operational requirements. In practice, this has meant a target of an average four times the required minimum of four per cent of technical provisions stipulated by EU regulations.

Kaleva's solvency strengthened considerably in 1998 to a margin of slightly over FIM 1.2 billion, almost five times the required minimum. Solvency capital was approximately 32 per cent of own-account technical provisions. Sampo Life and Kaleva both met new solvency criteria outlined for domestic life insurance companies that clearly exceed the minimum EU level.

Looking to the Future

The merger of Sampo Life and Nova into a new and stronger Sampo Life significantly improves Sampo's competitive position in the growing Finnish life insurance market. New Sampo Life is in fact the largest life insurer in Finland measured by its balance sheet, which totalled slightly under FIM 17 billion with a solvency margin over FIM 3.2 billion at the start of the 1999 financial year.

Sampo Life's head office organisation will move to the fully renovated and historically important Sinebrychoff buildings in Helsinki during spring and early autumn this year. This will assist in the full-scale utilisation of the strengths and synergies of human and other resources in the company.

The current financial year is expected to show only average growth in the volume of life insurance premiums written. While the upward trend in individual and group pension insurances is expected to continue, major expectations focus on unit-linked business rapidly attracting a

broader clientele. This trend has been accelerated by the decrease in guaranteed interest granted on traditional insurances, which came into play at the start of 1999.

Total premiums written by Sampo Life are expected to follow the insurance industry trend that indicates no significant growth. The aim is nevertheless to compensate the loss in the premium base caused by the year-end portfolio transfer, and to increase market share.

A unit-linked alternative to Sampo Life's Sesam group pension insurance will be introduced to meet new and evolving client needs. Other unit-linked products will also be developed further. Internet-based insurance sales will be developed by expanding the range of products offered with pension insurance and unit-linked policies.

Insurance savings entrusted to Sampo Life will be invested according to the operating model pursued during the past few years. The birth of the euro area enables us to further increase the proportion of foreign investments in our portfolio in line with this model. Sampo Life intends to actively utilise the redistribution of assets triggered by structural information society changes, by allocating equity investments to different industry sectors.

Kaleva operations will place increasing emphasis on the provision of group life insurance for members of employee organisations. The company's strong solvency status already enables highly effective insurance portfolio management. Kaleva is further strengthened by significant holdings of approximately five per cent each in listed company Sampo plc and its subsidiary Sampo Life.

Kaleva and therefore the whole Finnish life insurance business celebrates its 125th anniversary in December 1999.

A Formula for the Principle of Fairness

The Finnish Insurance Companies Act states that a so-called Principle of Fairness must be applied to with-profit policies. A reasonable portion of the surplus must therefore be returned to these policies in the form of bonuses, if solvency requirements permit.

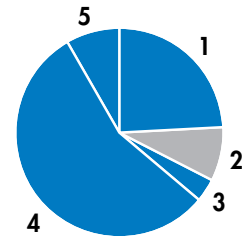
Sampo Life aims for a total return before charges and taxes on policyholders' with-profit savings, that at least matches Finnish treasury bond yields. The total return comprises the guaranteed interest plus bonuses determined annually on the basis of Sampo Life performance; we also actively pursue continuity in the level of total returns. Sampo Life wishes to maintain its solvency status at a level that does not limit the annual granting of bonuses to policyholders and distribution of profits to shareholders. The portion of the company's assets belonging to its owners has been defined in the final accounts for 1998.

One consequence of the Principle of Fairness and Sampo Life's bonus policy is that a significant part of the company's solvency capital is

required to safeguard the benefits insured. Restricted and non-restricted capital and reserves are considered to belong to the shareholders, as is eighty per cent of valuation differences not needed to ensure long-run solvency. This calculated distribution of valuation differences does not directly entitle individual shareholders or policyholders to these valuation differences.

The calculated Sampo Group holding in Sampo Life's 1998 group-level valuation differences of FIM 2,408 million is FIM 346 million. As a result of Sampo Life's solvency status on December 31st, 1998 - as stated in the company's final accounts - 25 per cent of the valuation differences were calculated to belong to the new company's shareholders, in accordance with the Principle of Fairness described above.

Households' financial assets in 1998 (FIM billion)



1	Shares	100
2	Insurance savings	35
3	Cash	15
4	Bank deposits	229
5	Bonds	35

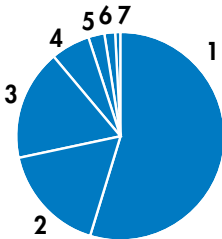
Aukusti Uotila, 1858–1886
Boys on the Croft Shore, the 1880's

Aukusti Uotila almost made a breakthrough in Paris, but returned to Finland after his short triumph. Being short of cash and suffering from tuberculosis, he was forced to paint commissioned works. "Boys on the Croft Shore" demonstrates with its beautiful composition the picturesqueness of Finnish seascape. It was painted at Pellinki, near the town of Porvoo on the south-eastern coast of Finland.



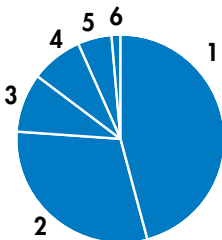
INVESTMENTS

Non-life insurance investment portfolio (at current values FIM 21.3 b)



1	Shares	54.6%
2	Bonds	17.2%
3	Land and buildings	17.0%
4	Money-market instruments and deposits	6.1%
5	Credits	2.5%
6	Holdings in real estate companies	1.9%
7	Deposits with ceding undertakings	0.7%

Life Group's investment portfolio (at current values FIM 18.2 b)



1	Bonds	45.8%
2	Shares	30.3%
3	Money-market instruments and deposits	9.1%
4	Land and buildings	8.2%
5	Credits	5.2%
6	Deposits with ceding undertakings	1.4%

Sampo Group investments stood at almost FIM 40 billion at current value on December 31st, 1998. The portfolio includes the assets of Nova Life Insurance Company.

Of the total Group investment portfolio, interest-bearing instruments accounted for 43 per cent, equities 44 per cent and real estate investments 13 per cent. The proportion of foreign investments was 21 per cent. Total valuation differences between the current and book values amounted to FIM 9.4 billion.

Securities

Securities investments concentrated on equities, accounting for 44 per cent of the Group investment portfolio, 56 per cent of the non-life portfolio and 30 per cent of the life investments. The market value of equity investments relative to the total investment portfolio increased, even though the net value of equity investments decreased by FIM 482 million. Some 24 per cent of new equity investments were made outside Finland.

Dividend income from investment equities amounted to FIM 415 million, including the avoir fiscal tax credit. FIM 1,731 million of realised gains on equities was entered as income, and value adjustments totalled FIM 411 million.

Interest-bearing instruments were valued at FIM 14,927 million at the turn of the year, of which non-life insurance accounted for FIM 4,949 million and the Life Group FIM 9,978 million. The euro area is considered the domestic market and accounted for 77 per cent of Sampo investment in interest-bearing instruments. FIM 43 million of realised gains on interest-bearing instruments was entered as income.

The direct yield from the securities portfolio was 5.2 per cent. The inclusion of valuation differences brings the total yield for the year under review to 27 per cent.

International investments accounted for 21 per cent of the total securities portfolio, and the goal is to increase this figure to at least 30 per cent. We are also attempting to direct half of foreign investments to the euro area, now seen as our domestic market. However, Finland is still considered the domestic market for equity invest-

ments. Foreign investments are made in selected sectors, since country and currency distributions are no longer seen as primary criteria for diversification. The goal in internationalising Sampo investments is to improve the risk/return ratio.

Client Financing

There were no significant changes in the demand for loans in 1998. Guarantee insurance and private equity investments were increasingly emphasised as core instruments for client financing. Sampo Group's loans and private equity investments in funds totalled FIM 1,292 million at the closing of the accounts.

Real Estate Income on the Increase

Net income from rents exceeded the realised value of 1997, despite a reduction in the real estate portfolio. The increase in net income is attributable to the higher market price that rents are commanding, and to more efficient real estate maintenance.

The vacancy rate continued to fall, standing as low as 3.7 per cent at year-end (5.2 per cent in 1997). The occupancy rate of residential real estate was virtually 100 per cent.

The effective net yield of Sampo Group's completed property portfolio at current values was 6.6 per cent (5.9 per cent) and the potential net yield 6.8 per cent (6.3 per cent).

The proportion of real estate investments to the total investment portfolio continued to fall, standing at 13 per cent (21 per cent in 1997; 24 per cent in 1996). Business premises accounted for 79 per cent of the real estate portfolio. The rapidly developing Helsinki area accounts for 53 per cent of the portfolio by location.

Sampo developed the structure of its real estate portfolio in 1998 by selling privately financed residential buildings, individual apartments, business and production premises, for a total value of FIM 350 million and accruing FIM 205 million in realised gains. The largest single

Group's Real Estate Portfolio, Dec. 31st, 1998

	Area '000 m ²	Current value FIM m	Distribution of portfolio %	Net yield/ effective %	Net yield/ potential %	Vacancy rate %	Owner occupied %
Business premises							
Offices and retail premises	421.0	3,614.4	70.4	6.4	6.5	1.8	25.5
Industrial buildings and warehouses	108.4	349.3	6.8	8.3	9.6	10.4	
Hotels	19.2	87.0	1.7	6.8	7.3	6.4	
Business premises in total	548.6	4,050.7	78.9	6.5	6.8	3.7	
Residential buildings	118.5	536.1	10.4	7.1	7.1	0.2	
Other buildings	3.5	57.8	1.1	6.2	6.2	0.0	
Completed property portfolio	670.6	4,644.6	90.5	6.6	6.8	3.0	
Sites and development projects	16.2	449.9	8.8				
Acquisitions during the year	9.8	38.0	0.7				
Total	696.5	5,132.5	100.0				

Net yield comprises FIM 5.2 million of interest subsidies paid on state-subsidised residential properties.

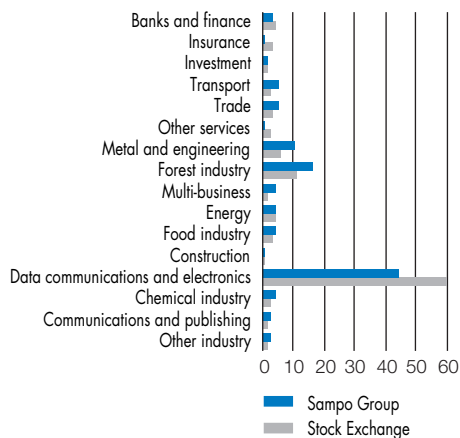
An independent authorised real estate surveyor has valued the rents for the retail premises and offices occupied by Sampo, at an average of FIM 68 per m² per month (gross).

The potential net yield ratio comprises the estimated rental income for vacant premises, at an average of FIM 37.50 per m² per month (gross).

The figures of Nova Life Insurance Company Ltd are included in their full amount in both the real estate portfolio and the income from real estate.

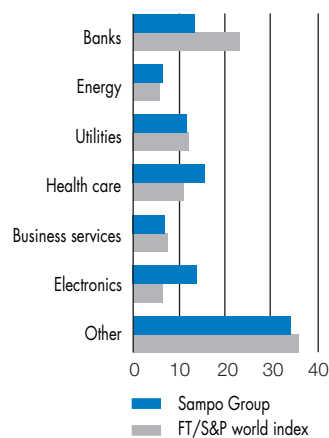
Investments in listed domestic shares by industry, %

(at current values FIM 12,455 m)



Investments in listed foreign shares by industry, %

(at current values FIM 2,450 m)



INVESTMENTS

transaction was the sale of 242 apartments in Espoo and Kauniainen, again in the Helsinki area.

Sampo Group associated undertaking Kansalliset Liikekiinteistöt Oy underwent a structural rearrangement and was renamed Dividum Oy; the new company specialises in real estate investment and focuses on hotel premises.

FIM 155 million was invested in new real estate, the most significant single item being the new headquarters of Sampo Life on Bulevardi in Helsinki.

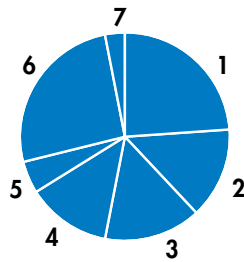
Value adjustments on real estate investments entered into the Profit and Loss Account totalled FIM 86 million; these were related to real estate

securitisation projects. The current value of Sampo real estate rose by FIM 89 million thanks to the investments made.

Two projects helped prepare for real estate investment securitisation during the financial year, both of which will be implemented in the main during 1999. In the first, work to establish a real estate investment company focused on shopping centre ownership is underway, and a letter of intent has been signed with Castrum Oyj for the second, concerning a real estate transaction. Real estate assets of more than FIM 500 million will be transferred to these projects from Sampo Group.

Real estate portfolio, regional distribution

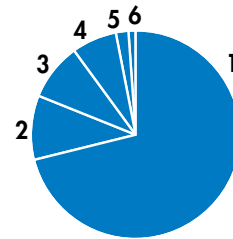
(at current values)



1	Central Helsinki	24%
2	Other parts of Helsinki	14%
3	Helsinki metropolitan area	15%
4	Turku	13%
5	Tampere	5%
6	Other parts of Finland	26%
7	Overseas	3%

Real estate portfolio, distribution by use

(at current values)



1	Offices and retail premises	71%
2	Residential buildings	10%
3	Industrial buildings and warehouses	9%
4	Undeveloped sites and development projects	7%
5	Hotels	2%
6	Other	1%

NEW FUNDS AND ASSET MANAGEMENT SERVICES

Investment company Sampo Finance Ltd, owned in equal parts by Sampo and Kaleva, bought the entire share capital of PCA Hansa Asset Management Oy and Rahastoyhtiö Baltic Belt Fund Management Oy in Autumn 1998. The companies were renamed Sampo Asset Management Ltd and Sampo Fund Management Ltd respectively.

Sampo Fund Management Ltd

Sampo Fund Management is introducing its first mutual fund products to the market in March-April, 1999. These funds have been planned so that they are compatible with Sampo Life unit-linked insurance solutions.

Target funds are initially balanced funds that turn into fixed-income funds as the target year approaches. The further away the target year is, the larger the proportion of equities in the fund. As the target year approaches, the share of equities is decreased and that of interest-bearing securities increased.

The investment principle behind Sector Funds is to utilise the integration of international capital markets. In these integrating markets, the

country in which the company's shares are quoted is not relevant, while the business sector in which the company operates is significant. Sampo Fund Management has selected six key sectors with good prospects, which together form a balanced entity. Sector funds invest in Finland, Europe and worldwide.

Sampo Euro Funds comprise both Sampo Euro Bond Fund and Sampo Euro Liquidity Fund. The Liquidity Fund invests in short-term instruments in the euro area, with average duration less than a year. The Bond Fund invests mainly in long-term bonds in the euro area.

A special investment fund focuses on the developing Baltic market. The fund is suitable for experienced risk investors who seek an investment alternative with a higher expected return.

Sampo Asset Management Ltd

The mission of Sampo Asset Management Ltd is to offer individual asset management contracts to private persons, companies and organisations. These management contracts are based on a similar investment philosophy to that which guides Sampo's fund products.

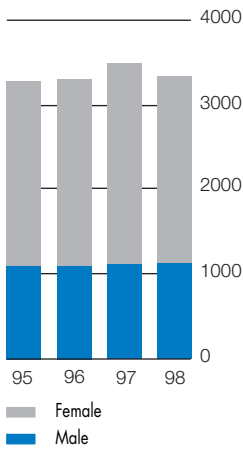


Ilmari Aalto, 1891–1934
Still-life, 1930

The last decade before the World War I was an age of revolution in painting which brought with it such new styles as Expressionism and Cubism. Ilmari Aalto was one of the first noteworthy Finns who took the new "isms" to heart. "Still-life" from 1930 exemplifies several of them: the Cubist idea of cubes and edges is illustrated with glowing colours, whereas the execution of the table and the cloth and their luminous, intoxicating colours represent the informal, carefree spirit of Expressionism. The jug and the fruit are painted using closed outlines and unmixed colours which, together with the dark, motionless background, can be regarded as classicist in spirit.

SAMPO PERSONNEL

Personnel*



* Year 1998 Sampo Group, years 1995-1997 Sampo Group plus Kaleva and Sampo Pension

Sampo personnel satisfaction and working capacity remain solid even under pressure and during extensive development work.

Our working climate and personnel well-being were surveyed for the third time in 1998. Personnel satisfaction remained at almost the same level as 1997, and staff themselves perceived working capacity to have improved slightly as it did in the previous year. Feelings of stress have decreased compared to previous surveys. This trend is particularly encouraging, given that the challenges presented are no smaller.

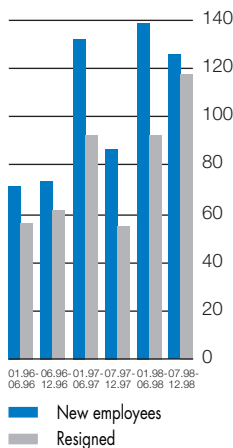
Climate survey statistics are average values that do not reflect any individual problems that might exist; securing personnel well-being thus remains a focus area. Well-being support groups have worked for staff's continued well-being, and other active prevention measures have also been employed in Sampo working communities.

staff leaving Sampo Group increased from 145 to 208 on the year, a net turnover of around 6.3 per cent. This is 2.1 percentage points higher than in 1997, reflecting the general trend in the Finnish labour market.

There were 190 part-time staff in 1998 or 5.8 per cent of total personnel. This is a rise of 16.6 per cent over 1997 or 163 extra part-time staff. There were 22 part-time pension retirees in the review year, making a total of 58 Sampo people on a part-time pension at the start of 1999. A growing number of Sampo staff will attain the right to a part-time pension retirement in the years to come. A study has been launched to examine interest in this type of retirement, to assist Sampo personnel planning in taking the necessary measures.

The standard of education amongst our personnel continues to improve albeit slowly, with a high 74.2 per cent of those employed during the first half of the year having at least a college degree.

Employee turnover



Personnel Structure

The 1998 structural reorganisations mean that data on our personnel numbers - that previously included figures for Kaleva and the former Sampo Pension - have now been replaced by Sampo Group figures that do not include Kaleva and new pension company Varma-Sampo. This makes comparisons harder and so we occasionally refer to data from the period prior to the reorganisation.

Sampo Group employed 3,296 permanent staff as at December 31st, 1998, of which slightly more than one third (34.7 per cent) is male. New employee recruitment continued to grow during the year - as many as 261 new people were taken on in 1998 (217 in 1997). The total number of

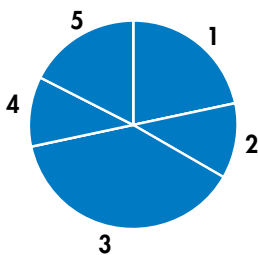
Professional Skills and Development

Sampo personnel are highly professional with a solid knowledge base. Staff faith in their own know-how and ability to develop remains high, despite the constant need to meet fresh challenges. Even with the introduction of new data systems and operating methods continuing apace in all business units, the climate survey nevertheless demonstrated that 86.9 per cent of personnel find their skills at least sufficient for the tasks at hand.

Core personnel development projects focused on the introduction and implementation of new customer service models and the data systems that support them. Long-term development programmes for management and supervision skills started both in the business units and at Group level, and continue this year.

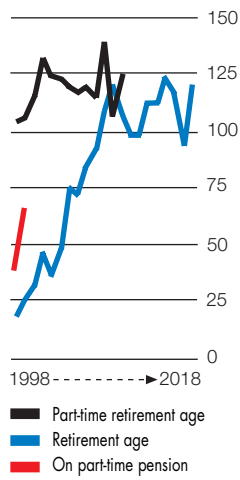
The apprenticeship training programme begun in 1997 expanded in the review year and continues to offer Sampo staff an opportunity to raise their level of education. Around 100 Sampo employees had commenced their training in business administration and entrepreneurship by the end of 1998.

Personnel by education

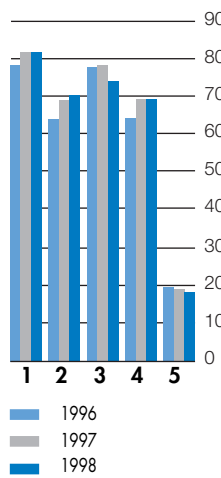


1	Comprehensive school	21.7%
2	Vocational school	11.7%
3	College	38.2%
4	Secondary school	11.0%
5	University	17.4%

Number of employees reaching retirement age/year



Main results of the corporate climate analysis, %



- 1 Satisfaction with Sampo
- 2 Satisfaction with supervisor
- 3 Satisfaction with work
- 4 Flow of information
- 5 Stress experienced



Alpo Jaakola, 1929–1997
Three in Nature, 1973

Alpo Jaakola’s works divide opinions into those for and those against: all in all their content and message tend to arouse strong emotions. The Naivist is easily misunderstood, and this was perhaps part of Jaakola’s tragedy as an artist. He himself characterised his art followingly: “It is either too crushing or it is crushed, to be reborn in a later age. Only after the maker has left the scene, does that ‘something’ emerge.”

SAMPO AND THE ENVIRONMENT

The environmental operations of Sampo offices were further upgraded in the year under review. An environmental balance sheet was drawn up for the largest offices and Sampo joined the Environmental Insurance Centre, founded in March, 1998. The EIC focuses on the handling of statutory environmental damage insurance. Sampo is also developing environmental operations for company owned real estate.

Sampo Environmental Strategy

Sampo's mission is to produce economic security and well-being and ensure the continuity of its operations. Our operations are guided by high

ethical values and the goal of safeguarding sustainable environmental development.

Sampo ratified the UNEP Statement of Environmental Commitment by the Insurance Industry¹ in November, 1997. The Environmental Programme approved by the Sampo Group Management Board in January, 1997 will be updated in Spring, 1999, to better correspond to the needs and opportunities found in Sampo's work to date.

Sampo business and service units carry responsibility for programme implementation in their own units. This is supervised by the Environmental Policy Steering Group, comprising unit representatives. Sampo's environmental

operations are to date concentrated in the largest Group non-life insurance companies.

Environmental Aspects in Sampo Operations

As part of Sampo's internal environmental operations, the Green Office environmental system² was built for our Lauttasaari offices in Helsinki. Environmental systems were in place at the Turku, Salo and Lauttasaari offices by the year-end, in which roughly half of Sampo personnel works.

External environmental operations are related to underwriting, claims, loss prevention and asset management. In the underwriting business, we focused on informing clients of the environmental liability insurance that became obligatory on January 1st, 1999. It covers cases where the party liable for environmental damage is either insolvent or unknown.

In co-operation with one of our clients, we carried out a detailed analysis of the environmental risks of a large industrial plant. The results will be utilised in environmental risk prevention, damage evaluation, and preparation for any financial consequences. Sampo's "Environment and

Safety" publication, drawn up to support the environmental operations of business enterprises, sold 84 copies during the review year.

Sampo paid out a total of FIM 1.3 million in compensation for environmental damage in approximately 30 cases in 1998. There were no large losses.

Sampo owned real estate constitutes 13 per cent of the investment portfolio, and was assessed for environmental issues under asset management. Sampo also mapped out the applicability to its own operations of an environmental programme being created for the real estate and construction industries. Four condition surveys and five energy inspections were carried out in Sampo owned premises, and the results were utilised in maintenance and repair activities.

Information Promotes

Environmental Working

An environmental balance sheet was drawn up for the largest premises occupied by Sampo, as shown in the table on the opposite page. This information will be utilised in defining objectives, targeting measures and monitoring development. The balance sheet will be attuned to the guidelines³ established in Germany for environmental operating models in banking and insurance companies.

Sampo utilised the environmental balance sheet data, and that provided by an environmental survey carried out in Lauttasaari, in its internal environmental operations. As a result, we upgraded wastepaper sorting, allowing for data security requirements, and intensified the collection of organic and toxic waste. Moreover, we revised our information policy to better utilise Sampo's intranet website.

Environmental Work Concerns Everyone

Information was provided and training organised to engender staff commitment to environmental issues. Sampo's environmental operations were presented to new staff members during recruit training courses, and pages designated for environmental issues were developed for our intranet website.

Exhibitions were arranged in the largest Sampo offices during Finland's National Energy Conservation Week in October, 1998, around material published by Motiva⁴, the Energy Information Center for Energy Efficiency and Renewable Energy Sources.

¹ For further information, please visit www.unep.ch

² For further information, please visit WWF Finland at www.wwf.fi

³ For further information, please visit der Verein für Umweltmanagement in Banken, Sparkassen und Versicherungen (VFU) at www.vfu.de

⁴ For further information, please visit www.motiva.fi.

Environmental Balance Sheet for 1998

Electricity consumption	20,024 MWh
Heat consumption	13,333 MWh
Water consumption	47,729 m ³
Total volume in buildings	505,544 m ³
Personnel at Dec. 31st, 1998	2,482

The figures, based on data provided by Suomen Talokeskus Oy, describe resource consumption, the buildings' volume, and personnel numbers, totalled for five Sampo premises in Turku, six in Helsinki, and the Tampere and Oulu offices. Four of the buildings also house tenants. The premises listed account for 69.6 per cent of all those occupied by Sampo.

Office paper consumption	54,336,240 pages (A4) or 272 t
Personnel at Dec. 31st, 1998	3,296
Consumption/person/day	72 A4s/person/day

The figures comprise white and coloured copying paper, plus laser and printout paper, bought by the Group's purchasing services in 1998. A major part of Sampo paper consumption is sent out to clients as policy documents, insurance terms and conditions, and other printed materials.

*Kari Cavén, 1954–
Growing Desire, 1984*

Recycling is a keyword of modern times. As early as in the 1980's Kari Cavén saw what the rest of us did not see. In "Growing Desire", made out of castaway pieces of plank, the material no longer grows naturally. The re-used wood has been integrated into the artistic process of growth, and thus the banal has become art.



YEAR 2000

The turn of the millennium is having a significant impact on Sampo Group insurance operations and information systems. Preparations for a possible growth in claims have resulted in the amendment of insurance terms and conditions, and the adjustment of reinsurance agreements. Modification work on Sampo IS critical to business operations has been completed.

Insurance and the Year 2000

Sampo Group has found it necessary to limit and specify insurance cover for Y2K risks, because of the potential cumulative effects. The insurance terms and conditions of domestic Group companies and Baltic subsidiaries were amended at the beginning of 1999, in those insurance classes where Y2K risks are feasible and likely to be substantial. Other overseas Sampo subsidiaries will adhere to local Y2K practices.

Sampo actively supports client Y2K loss prevention by providing information, arranging awareness raising events, and charting Y2K preparedness.

Y2K risks make higher than usual demands on the functionality of reinsurance

programmes. Sampo Group reinsurance terms and conditions fall uniformly in line with Group approved Y2K guidelines, and the contract period has been extended to two years in the major insurance classes. Reinsurer contracts thus cover all the critical dates.

Group claims incurred may nevertheless be considerably larger than normal due to Y2K losses, since ordinary reinsurance contracts do not cover heavy loss frequencies. Claims incurred will, if necessary, be covered by equalisation provisions especially reserved for years with exceptionally large numbers of losses, and by limited loss frequency covers bought on the reinsurance market.

Information Systems

Sampo continues to work actively to ensure smoothly functioning IS and EDP equipment before, during and after the year 2000. Critical Y2K systems already conform and testing of some less significant systems is being completed during the first half of 1999. Current estimates of the total workload are around 80 man-

years, of which 95 per cent had been completed by the end of 1998.

Year 2000 compatibility testing continues at the Sampo computer centre until the end of April 1999, and testing of system software, workstations, printers and other equipment is scheduled for completion by August 1999.

An inventory of embedded systems related to real estate management, office apparatus etc. has largely been compiled, and the required measures agreed on. Their year 2000 compatibility will be secured by October 1999 at the latest.

Common systems' year 2000 conformity is being examined together with Sampo interest groups and co-operation partners during the first half of this year. Work to ensure Y2K conformity in the IS environment continues in 1999 e.g. in drawing up continuity plans for critical areas.

Sampo will keep the public informed about Group Y2K preparedness via its website at www.sampo.fi and in the Sampo Interim Report published in August 1999.

EURO

Sampo Group has been preparing for transition to the euro ever since our EMU Steering Group was established in Spring, 1997. Sampo now has dozens of euro projects running or being initiated and the current estimated total workload is approximately 170 man-years.

Transition Plan

In December 1998, Sampo's Board of Directors approved a euro transition plan. Business units will adopt the new currency independently, when and to whatever extent their clientele needs.

Corporate clients have been offered euro-denominated services on request

since the beginning of 1999, and private clients will be offered a full euro service from the start of 2002. General ledger accounting and the financial statements will be drawn up in euro as of January 1st, 2002.

The fact that currency conversion risk will become history in "Euroland" will facilitate the spread of investments in that area. Investment plans will be specified so that the birth of the euro area is reflected in the allocation of different instruments and market divisions.

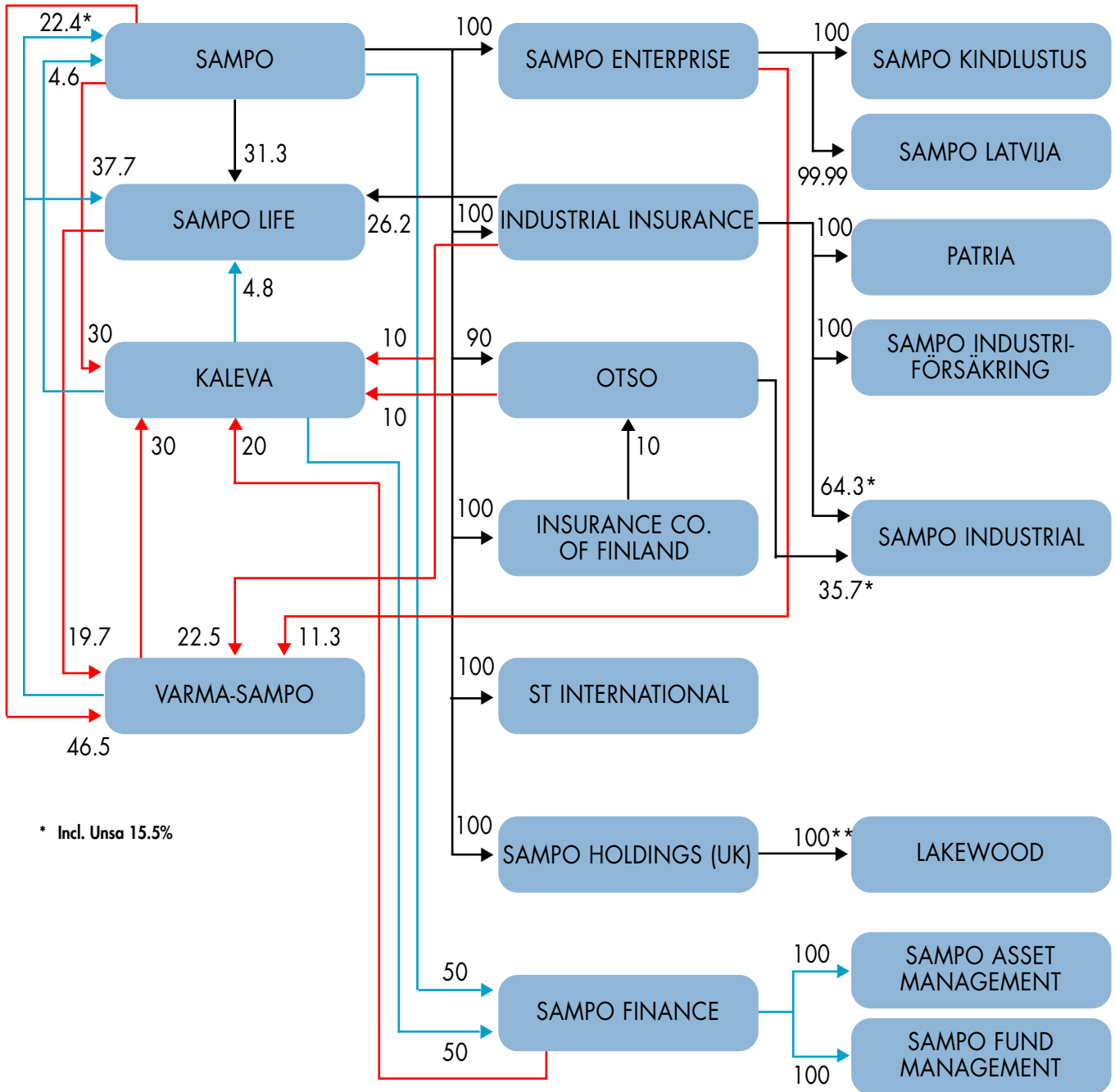
The core tasks of Sampo euro projects in 1998 were to collect basic information on the currency, offer training to project

organisation staff, draw up transition plans, and provide the entire personnel with sufficient training on issues coming into play in early 1999.

Euro Activities in 1999

We aim to proceed with investigation work, draw up specifications on necessary changes the euro will entail, and start work on the relevant systems according to these specifications. Related personnel training will continue as necessary, as will the provision of information to Sampo clientele.

THE SAMPO-VARMA GROUP: PRINCIPAL SHAREHOLDINGS DEC. 31, 1998



* Incl. Unsa 15.5%

- Interest in share capital, Sampo 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)

VARMA-SAMPO



Managing Director
Paavo Pitkänen

Varma-Sampo Mutual Pension Insurance Company commenced operations on July 1st, 1998. That day also marked the end of a lengthy preparatory stage, which resulted in a structural reorganisation, that helped clarify the competitive situation between Finnish insurance companies. The outcome was the Sampo-Varma Group, the largest co-operation grouping in the Finnish insurance industry, comprising Varma-Sampo Mutual Pension Insurance Company, Sampo Group and Kaleva Mutual Insurance Company.

The reorganisation was implemented by transferring approximately two-thirds of Pension-Varma Mutual Insurance Company's insurance portfolio to Sampo Pension, which became a mutual and was renamed Varma-Sampo. The rest of Pension-Varma's insurance portfolio remained in the old company, renamed Mutual Insurance Company Pension-Fennia. The structural reorganisation also involved the merger of Nova Life Insurance Company Ltd and Sampo Life Insurance Company Ltd at the end of 1998.

The reorganisation promoted the independence of insurance companies handling earnings-related pensions, and the importance of mutuality in their operations. It also provided the insured parties with the opportunity to participate in the decision-making of the insurance companies; they have a voting right at the Annual General Meeting that corresponds to the premium they have paid themselves for earnings-related pension insurance under the Finnish Employees Pensions Act TEL. In practice, this means that at the Varma-Sampo AGM, policyholders have 76 per cent of the votes, the insured 21 per cent, and the owner of the guarantee capital, i.e. Sampo Group, 3 per cent.

FIM 1 Billion of Pensions Every Month

Varma-Sampo is the largest insurer of earnings-related pensions in Finland. It handles some 25,500 policies under the Employees' Pensions Act and 35,000 policies for the self-employed, which means that the company is in charge of the earnings-related pension cover of over 400,000 working Finns. Nearly FIM 1 billion is paid out in pensions to some 260,000 pensioners every month.

Premiums written by Varma-Sampo amounted to FIM 8.5 billion and the balance sheet total was slightly over FIM 77 billion. The company's investment portfolio totalled approximately FIM 76 billion, half of which is in treasury bonds. Varma-Sampo held around a third of the Finnish earnings-related pension insurance market and employed some 580 persons at the year-end.

Varma-Sampo subsidiaries include Unsa Ltd (holding 100%), IS planning company Oy Eläkesysteemi Ab (65%), Pensionservice Ltd (84.6%) providing services for pension foundations and funds, Rahastopalvelu RP Oy (40%) specialising in personnel fund services, and real estate investment company Vasa-Sijoituskiinteistö Oy (100%).

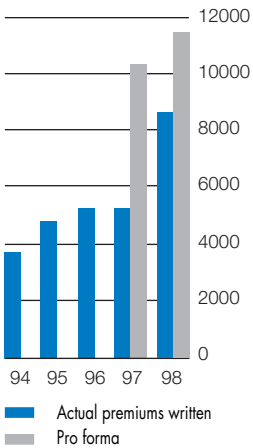
Varma-Sampo associated undertakings include Unsa Equity Research Oy (50%) providing investment analysis services, Kiinteistövarma Oy (49.6%) involved in real estate management, Octel Oy (47%) offering IS operating services, Sampo Life Insurance Company Limited (37.7%) and Sampo Insurance Company plc (22.3%).

Comprehensive Service through Co-Operation

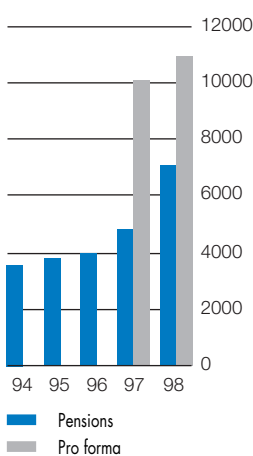
The insurance portfolio transferred to Varma-Sampo mainly consisted of the policies of those clients whose workers compensation insurance was at the Sampo Group. Varma-Sampo's clientele is thus already identical to that of Sampo Group.

Varma-Sampo clientele embraces a wide range of Finnish economic life. Varma-Sampo's mission is to assess the client's insurance cover as a whole. Close and direct co-operation with

Premiums written, FIM m



Pensions paid, FIM m



Risto Suomi, 1951–
Like an Angel, 1991

“Like an Angel” expresses a yearning for the higher and the unreachable, represented by the white oval floating in the sky. The deep blue of the painting tells of fear, a sense of menace and danger. The self-sacrificing hare-sphinx of ancient myths is assigned the task of alleviating these sentiments. It was not until much later that insurance took over for this function.



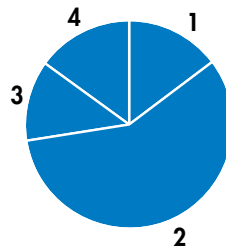
Sampo Group guarantees that all insurance services are readily available and tailor-made to client’s needs.

Varma-Sampo’s service skills are accentuated by the fact that the company combines Sampo Pension’s solid expertise in insuring SMEs and entrepreneurs on the one hand, and Pension-Varma’s major accounts service model built up over several decades on the other.

Varma-Sampo handles the pension insurance of major accounts itself, since it has professional staff exclusively trained and designated for this purpose. The special services offered are related e.g. to maintaining working capacity, working abroad, or the management of pension foundations. Small and medium-sized clients are also served via Sampo’s service points, in addition to Varma-Sampo’s own operations. Here the nationwide service network of 86 Sampo offices places Varma-Sampo in pole position.

Investment portfolio at current values, Dec. 31st, 1998

(Total FIM 76,620 m)



1	Loans	14.6%
2	Interest-bearing instruments	57.8%
3	Shares	12.5%
4	Land and buildings	15.1%

SAMPO GROUP MANAGEMENT BOARD

Jouko K. Leskinen

Born 1943, CEO, Managing Director of Sampo.



Jouko K. Leskinen



Hannu Kokkonen



Juha Toivola

Hannu Kokkonen

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

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



Kari Stadigh



Matti Rantanen

Juhani Vesterinen

Born 1953, Managing Director of Sampo Enterprise.

Kari Stadigh

Born 1955, Managing Director of Sampo Life.

Matti Rantanen

Born 1949, Managing Director of Kaleva, Deputy Managing Director of Sampo Life.

Martti Porkka

Born 1951, General Manager, Investments.

Kari Ola

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



Martti Porkka



Kari Ola



Juhani Kangas

Juhani Kangas

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

Eero Holma

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



Eero Holma



Matti Ruuhonen

Matti Ruuhonen

Born 1947, Managing Director of ST International and Patria.

SHAREHOLDER INFORMATION

Financial Information

The official final accounts can be inspected at the following Sampo offices:

- Aleksanterinkatu 11, Helsinki (Sampo Group's Legal Affairs)
- Puolalankatu 5, Turku (Financial Administration)

Sampo Annual Reports:

Sampo Insurance Company plc

- available in Finnish, Swedish and English

Industrial Insurance Company Ltd

- available in Finnish, Swedish and English

Sampo Industrial Insurance N.V.

- available in English

ST International Insurance Company Limited

- available in English

Patria Reinsurance Company Limited

- available in English

Sampo Life Insurance

Sampo Life Insurance Company Limited + Nova Life Insurance Company Limited

- available in Finnish, Swedish and English

Kaleva Mutual Insurance Company

- available in Finnish and Swedish

Sampo will publish an interim report for the period January 1st – June 30th, 1999.

The report will be published on August 24th, 1999.

Annual Reports and Interim Reports can be ordered from the Information Department:

Fax +358 10 514 1811

Internet www.sampo.fi

Information on the Internet

For financial information and bulletins, please visit www.sampo.fi

Annual General Meeting

The Annual General Meeting of Sampo Insurance Company plc will be held at the Helsinki Fair Centre, Congress Wing, Hall C1, at Rautatieäisenkatu 3, Helsinki, on Tuesday April 27th, 1999 at 3 p.m.

Payment of Dividend

The Sampo Board of Directors has proposed that a dividend of FIM 4.80 per share be paid for the financial year. Dividend will be paid to shareholders, who on the matching day of dividend payment, are registered in the Shareholders' Register held by the Finnish Central Securities Depository Ltd. In accordance with the proposal of the Board of Directors, the matching day of dividend payment is April 30th, 1999, and the dividend is payable on May 7th, 1999.

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.

SAMPO-VARMA GROUP OFFICES

Sampo Sampo Enterprise

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:
Bulevardi 56, Helsinki
Tel. +358 10 515 225
Telex 62242 sampo fi
Fax +358 10 514 7449

Varma-Sampo

Postal address:
FIN-00098 VARMA-SAMPO,
Finland
Visiting address:
Annankatu 18, Helsinki
Tel. +358 10 515 13
Fax +358 10 514 4752

Other offices in Finland

Alajärvi
Espoo
- Tapiola
Forssa
Hamina
Harjavalta
Heinola
Helsinki
- Alekski
- 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
Raahe
Raisio
Rauma
Riihimäki
Rovaniemi
Saarijärvi
Salo
Savonlinna
Seinäjoki
Somero
Suonenjoki
Tammisaari
Tampere
Toijala
Tornio
Turku
- Yliopistonkatu
- Hämeenkatu
Uusikaupunki
Vaasa
Valkeakoski
Vammala
Vantaa
- Tikkurila
- Myyrämäki
Varkaus
Virrat
Ylivieska
Ähtäri
Äänekoski

Service points

- Eura
- Ivalo
- Kitee
- Leppävaara
- Mäntyharju
- Orimattila
- Orivesi
- Siilinjärvi
- Sodankylä

SUBSIDIARIES AND OFFICES OUTSIDE FINLAND

Subsidiaries

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

Head Office
Postal address:
P.O. Box 8524
NL-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
NL-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 Offices in Germany
Rennbahnstrasse 72
D-60528 Frankfurt a.M.
Germany
Tel. +49 69 967 8050
Fax +49 69 670 1441

Rödingsmarkt 16
D-20459 Hamburg
Germany
Tel. +49 40 3613 010
Fax +49 40 3613 0125

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
SE-103 23 Stockholm
Sweden
Tel. +46 8 5661 0500
Fax +46 8 5661 0540
Matti Rattik,
Managing Director

Sampo Kindlustuse AS
Rävala 2
EE-0001 Tallinn
Estonia
Tel. +372 6 130 130
Fax +372 6 130 131
Olavi Laido,
Managing Director

AAS Sampo Latvija
Merkela Street 1 (5th floor)
Riga, LV-1050
Latvia
Tel. +371 750 3333
Fax +371 750 3555
Janis Teteris,
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
RU-191186 St Petersburg
Russia
Tel. +7 812 329 2540
Fax +7 812 329 2541
Pirjo Myyryläinen, Manager

**Sampo Group
Moscow Representative Office**
Postal address:
Sampo Group, Moscow
Representative Office,
c/o Leonia Bank,
P.O. Box 310
FIN-53501 Lappeenranta,
Finland
Visiting address:
Molochnyj pereulok 9/14
Building 3, 1st floor
RU-119034 Moscow
Russia
Tel. +7 095 937 4375
Fax +7 095 937 4376
Janis Abasins, Manager

INVESTMENT ANALYSES

These stockbrokers and investment analysts assessed Sampo as an exciting investment opportunity in 1998. Sampo does not answer for the assessments presented in the analyses.

		Telephone nos.
ABG Securities	Anders Brege	+44 171 905 5634
Alfred Berg Finland Oy Ab	Ronny Ruohomaa	+44 171 786 0811
Arctos Securities Ltd	Bengt Dahlström	+358 9 5499 3315
Aros Securities	Jesper Skriver Frandsen	+45 3333 1509
Carnegie	Martin Gottlob	+45 32 88 03 35
Deutsche Morgan Grenfell	Miguel Lainz	+44 171 545 1054
Enskilda Securities	Mika Koskinen	+358 9 616 28727
Evli Securities	Christian Kock	+358 9 4766 9202
Fox – Pitt, Kelton	Bob Yates	
	William Hawkins	+44 171 377 8929
Goldman Sachs International	Giovanni Govi	+44 171 774 2526
Handelsbanken	Mats Anderson	+46 8 701 4149
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	Ari Lampinen	+358 9 404 4494
Schroders	Richard Urwick	+44 171 658 3033
	Roberto Cervesi	+44 171 658 3137



SAMPO

www.sampo.fi

Sampo Insurance Company plc, registered domicile and address
Turku, Yliopistonkatu 27, FIN-20025 SAMPO, FINLAND. Trade reg. no. 46.425