POHJOLA

Information to shareholders

Annual General Meeting

The Annual General Meeting of Pohjola Group Insurance Corporation will be held on Monday, April 10, 2000 at 4 p.m. in the company's head office at Lapinmäentie 1, Helsinki. Shareholders are requested to give notice of attendance by Thursday, April 6, 2000 at 4 p.m. either in person at Lönnrotinkatu 5, Helsinki, by letter to Pohjola Group Insurance Corporation, Share Register, P.O. Box 1068, 00101 Helsinki, by telephone +358 10 559 6771 or +358 10 559 2946, or by e-mail: erja.ventomaa@pohjola.fi

Payment of dividend

The dividend confirmed by the Annual General Meeting will be paid to shareholders who, by the record date April 13, 2000, have been entered as shareholders in the shareholder register kept by the Finnish Central Securities Depository Ltd. The date of dividend payment is April 20, 2000.

Changes of address

Depending on where they have their book-entry account, shareholders are kindly requested to notify their bank or the Finnish Central Securities Depository Ltd of any changes in their address.

Quotation and trading codes

Pohjola's A share (code POHAS) has been quoted on the Helsinki Exchanges since 1912 and the B share (code POHBS) since 1984. The trading codes are Reuters: POHAS.HE, POHBS.HE and Bloomberg: POHAS FH, POHBS FH.

Indices

Pohjola's share is included in the following indices:
HEX general index, HEX portfolio index, HEX insurance business sector index, FOX index, MSCI Europe and MSCI Euro.

Financial information

Pohjola will publish interim reports as follows: an interim report for January 1 to March 31, 2000 on May 5, 2000, an interim report for January 1 to June 30, 2000 on August 8, 2000 and an interim report for January 1 to September 30, 2000 on November 1, 2000.

The reports will be published in Finnish and English and can be ordered from Pohjola/Investor Relations, 00013 Pohjola, tel. +358 10 559 2628, fax +358 10 559 3365, or by e-mail: inga.makinen@pohjola.fi

Information for investors available on the Internet

Pohjola publishes its annual reports, interim reports, stock exchange bulletins and other financial information on the Internet at www.pohjola.fi

CONTENTS

Pohjola Group Insurance Corporation is a holding company and the parent company of the Group. It underwrites reinsurance, provides inter-group investment services and transacts non-life, life and employment pension insurance business through its subsidiaries and associated undertakings.

Pohjola was established as a non-life insurance company in 1891. The company's shares have been quoted on the Helsinki stock exchange since 1912, the year in which the stock exchange was founded. Pohjola today has 7 099 registered shareholders.

Pohjola aims to produce maximum added value for all its shareholders and to act in the interest of all constituent groups.

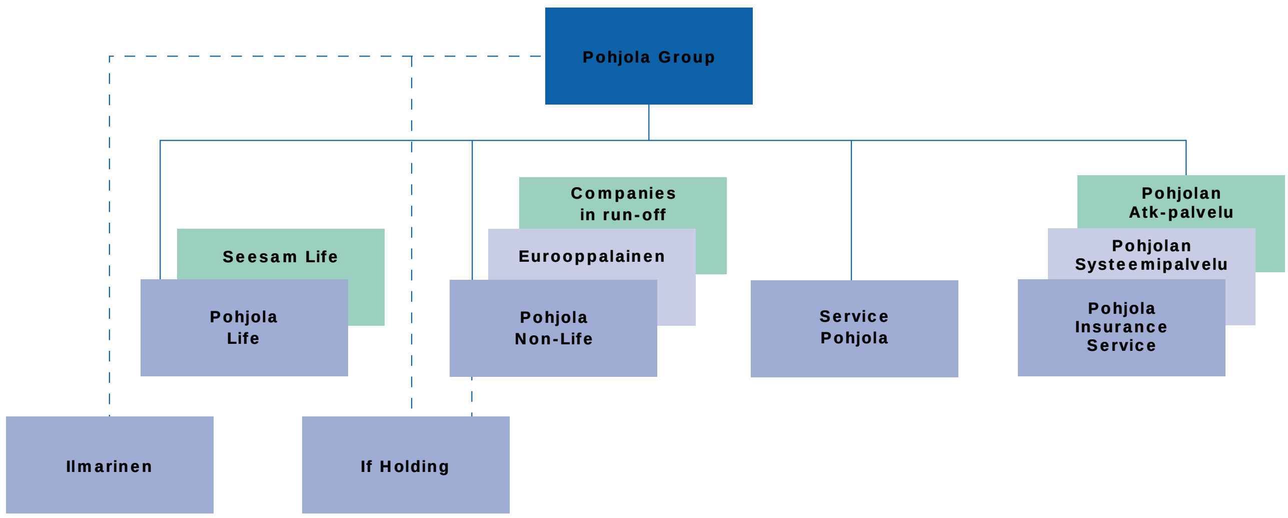
- The subsidiaries Pohjola Non-Life and Eurooppalainen underwrite non-life insurance. Plans are that non-life insurance will later be underwritten by Pohjola's pan-Nordic associated undertaking If and its future subsidiary Eurooppalainen. Likewise, the subsidiaries in charge of foreign insurance in run-off will be transferred to If.

- The field of operations of Pohjola Life, Pohjola's subsidiary, comprises risk life assurance, saving and investment through insurance, and group pension insurance.

- Pohjola's associated undertaking Ilmarinen Mutual Pension Insurance Company underwrites statutory employment pension insurance and self-employed persons' pension insurance.

- The subsidiary Service Pohjola is in charge of the customer service of Pohjola Group, If and Ilmarinen. Service Pohjola offices also provide services to the present customers of Suomi Mutual Life Assurance Company.

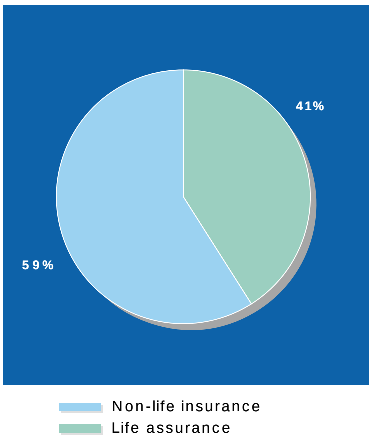
- The Group's administrative and IT services have been incorporated in subsidiaries.



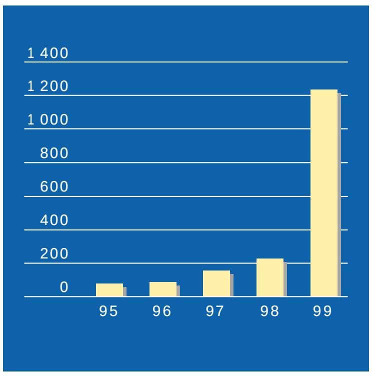
Pohjola with subsidiaries in brief		1998	1999		1998	1999
Gross premiums written						
Non-life insurance	FIM million	3 404	3 380	EUR million	573	569
Life assurance	FIM million	2 855	2 321	EUR million	480	390
Operating profit	FIM million	1 357	7 336	EUR million	228	1 234
Profit before extraordinary items and tax	FIM million	869	16 441	EUR million	146	2 765
Balance-sheet total	FIM million	22 679	39 339	EUR million	3 814	6 616
Solvency capital after distribution of profit	FIM million	12 039	21 034	EUR million	2 025	3 538
Average number of employees					2 745	2 720
Earnings/share	FIM	12.87	289.56	EUR	2.16	48.70
Dividend/share	FIM	30.00	130.81	EUR	5.05	22.00
Dividend/earnings				%	233.2	45.2
Net asset value/share at current values	FIM	295.03	623.53	EUR	49.62	104.87
Return on equity at current values				%	57.0	77.8
Market capitalization on Dec. 31	FIM million	11 192	15 537	EUR million	1 882	2 613

The amounts of money in the Annual Report are in euros.
EUR 1 = FIM 5.94573

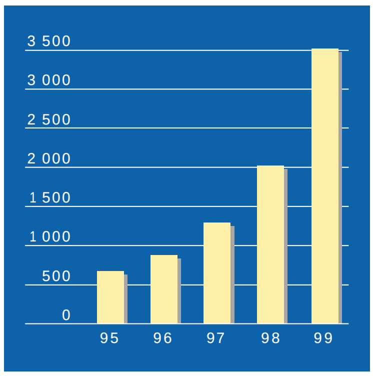
Premiums written
Group, EUR 959 million



Operating profit, EUR million
Group



Solvency capital, EUR million
Group



Proposed distribution of profit and deferred tax liability on difference between current and book values of investments have been deducted.

January

- Merita sold its Pohjola shareholding to Skandia.
- Pohjola and Finland Post Ltd signed a cooperation agreement covering motor and travel insurance and also covering an insurance product being developed for small and medium-sized companies and to be sold at post offices for business partners
- Pohjola adopted the euro in its securities operations, general ledger and financial information.

February

- Windows NT workstations were taken into use by Pohjola employees.
- In consequence of the prolongation of the statutory negotiations, launched in November, between Pohjola's employer and employee representatives concerning the adjustment of the number of staff, the office and sales staff left their work place for the afternoon of February 4.
- Pohjola acquired a 90% control in Russia Life Investment Ltd, owner of the Russian insurance company Principal.
- Skandia and Storebrand announced their intention to start cooperation in non-life insurance by establishing a new company in Stockholm.

March

- The number of Pohjola's Yieldsure funds was increased to 38 by introducing two new investment funds.
- Mika Myllylä, sponsored by Pohjola, won three gold medals and one silver medal at the Ramsau Ski World Championships.
- Pohjola disclosed its results for 1998. Operating profit was FIM 1 357 million. The proposed dividend was FIM 5 with an extra dividend of FIM 25 per share.
- Pohjola made public its dividend policy. The company aims to produce added value for its shareholders by transacting insurance business.
- Pohjola's senior management resigned from the Board of Directors of Suomi Mutual Life Assurance Company.

April

- Pohjola's Annual General Meeting was held on April 20. Mr Antti Potila and Mr Oiva Savela were elected new members of the Board of Directors. The meeting approved the conversion of the share capital into euros and the related bonus issue.
- Pohjola was the first insurance company in the world to introduce a WAP (Wireless Application Protocol) advisory service, which at the first stage was directed to customers with motor third party liability and comprehensive motor vehicle insurance cover.

May

- Euro-Center opened a service point in Istanbul and in Indianapolis, USA, to serve Eurooppalainen's travel insurance customers.

June

- Pohjola, OKOBANK Group Central Cooperative and the A-lehdet magazines established an Internet portal company called Virtuaalinen Suomi Oy, which will market network-based information services.
- Pohjola decided to join the non-life insurance company established by Skandia and Storebrand. The work name of the company was Newco. Pohjola's shareholding in the new company would be 25%, while all partners would have equal voting rights.

- A regulation took effect in Russia stating that anyone travelling to the country must have travel insurance in order to get a visa. Of Finnish insurance companies, only the Eurooppalainen travel insurance was at first accepted for the purpose.
- Pohjola and the OKOBANK group signed an agreement on sales of new home and forest insurance at the OKOBANK member banks.

August

- Pohjola's Interim Report for the first six months of the year were disclosed on August 10. Operating profit amounted to EUR 496 million.
- Internet browsers were installed for the entire Pohjola staff and most of the internal communication moved over to the Intranet.
- The staff participated in a physical exercise and sports event at Eerikkilä.

September

- Based on the cooperation offers made by Pohjola and three other insurance companies, the Supervisory Board of Suomi Mutual Life Assurance Company decided to continue negotiations and asked for more detailed offers from all parties.

October

- Pohjola sold its credit insurance operations to Gerling Nordic, which is the Nordic subsidiary of the German insurance company Gerling-Konzern Speziale Kreditversicherungs-AG.
- The pan-Nordic non-life insurance company came to be called if…
- Skandia sold its Pohjola shareholding to Sampo-Leonia.
- Pohjola launched a new motor insurance product, A1-Liikennekasko, which was taken into use by Merita Finance for its Internet customers.
- Pohjola Life introduced an online product comprising a capital redemption policy for private individuals.

November

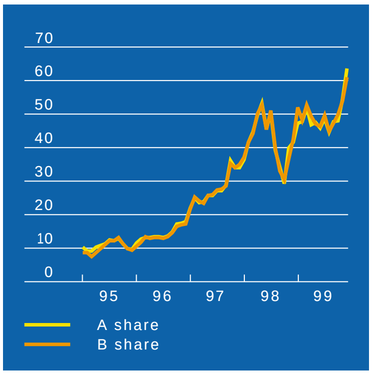
- The Supervisory Board of Suomi on November 23 rejected the cooperation offers made by Pohjola and three other insurance companies and decided to resume operations as an independent mutual life assurance company.

December

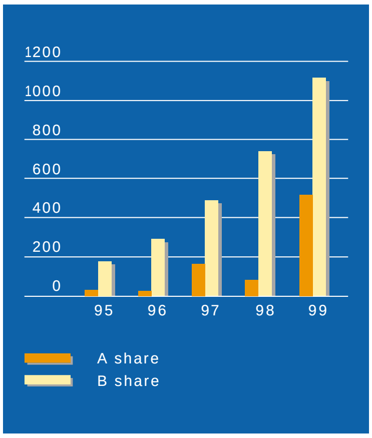
- SFS-Certification Ltd awarded the Division of Statutory Workers' Compensation Insurance of Pohjola a certificate of quality and the right to use the certified quality system logo.
- Pohjola Life launched a new insurance product, NewLife, under which both parents of a new-born baby are granted a 12-month insurance cover of FIM 50 000 free of charge.
- Pohjola issued a positive result notification because the Group's profit and solvency had increased substantially with the favourable trend in share prices. The company had EUR 2 600 million in capital not pertaining to insurance operations.
- Suomi Mutual Life Assurance Company on December 21 announced that it would sell its Pohjola stake to an alliance which, besides Suomi, included Ilmarinen and the OKOBANK group.
- Pohjola's President and his deputy handed in their resignations. The Board asked them to go on with their duties for the time being.
- The precautions taken over a period of several years to prepare for the millennium date change that posed a risk to IT systems culminated in a staff of 200 people being on emergency duty during the turn of the millennium.

The proposed dividend was EUR 22/share, or a total of EUR 896 million. Earnings per share rose to EUR 48.70 (EUR 2.16). Consolidated net asset value went up to EUR 4.3 billion (EUR 2.0 billion) and totalled EUR 104.87 (EUR 49.62) per share. The turnover of shares improved and was 82%. Pohjola had altogether 7 099 registered shareholders. Foreign shareholders represent 34% (61%) of the total shareholdings.

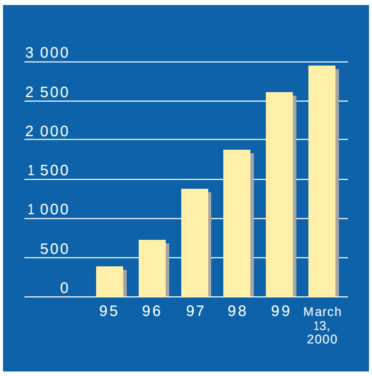
Price development of A and B share, EUR



Turnover of shares EUR million



Market capitalization of stock of shares, EUR million



Share capital

Pohjola's share capital totals EUR 35 000 000. In accordance with the Articles of Association, the company's minimum authorized capital is EUR 35 000 000 and the maximum authorized capital EUR 140 000 000.

Shares

The company's shares are divided into Series A and B, all shares providing equal rights to the company's assets and profits. The nominal value of the shares was abandoned when the share capital was converted into euros. The accounting par value of the shares is EUR 0.86/share.

Shares of series A have ten votes per share and shares of series B one vote at a shareholders' meeting. The minimum number of A shares is 0 and the maximum number 142 427 748. The minimum number of B shares is 20 412 252 and the maximum number 162 840 000.

A Series A share can be converted into a Series B share at the request of the owner of the A share or, where nominee-registered shares are concerned, at the request of the custodian entered in the shareholder register. In 1999, a total of 594 157 A shares, i.e. 3% of all Series A shares, were converted into B shares.

Voting restriction

At a shareholders' meeting, anyone may for himself or authorized by someone else vote with a maximum of one tenth of the total number of votes represented at the meeting. If several corporations of the same group are shareholders, the voting restriction applies to the total of the votes represented by these corporations.

Authorizations of the Board of Directors

The company's Board of Directors is not currently authorized to issue shares, convertible bonds or warrants. Nor are the Boards of the group companies authorized to redeem Pohjola's own shares.

Stock exchange quotation and turnover

Pohjola's shares are quoted on the Helsinki Exchanges, where the A share has been quoted since the establishment of the stock exchange in 1912. The round lot of the shares is 200 shares.

The price of the A share rose by 48% and that of the B share by 31%. At the same time, the HEX general index went up by 162%, the HEX portfolio index by 66% and the HEX insurance business sector index by 22%.

In 1999, a total of 33.3 million Pohjola shares (20.7 million shares) worth EUR 1.7 billion (EUR 0.8 billion) were traded on the Helsinki Exchanges. The turnover of shares was 82% (51%).

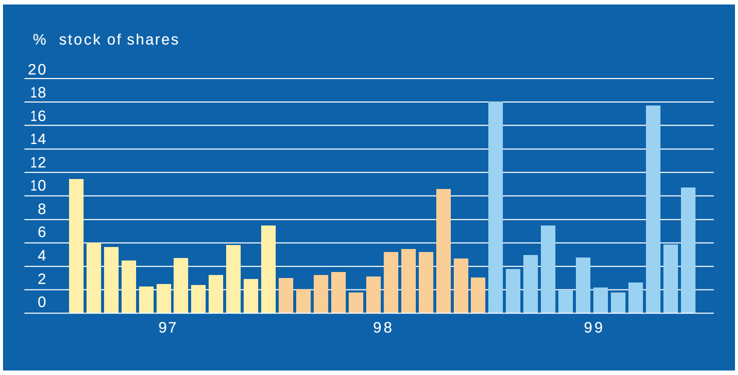
At year-end, the market capitalization of the Pohjola stock of shares totalled EUR 2.6 billion (EUR 1.9 billion). At that point, the company had, before distribution of dividend, EUR 3.4 billion in capital not pertaining to insurance operations.

Consolidated per-share data

		1995	1996	1997	1998	1999
Earnings/share	EUR	0.85	1.23	2.29	2.16	48.70
Capital and reserves/share	EUR	5.95	6.85	8.78	10.38	54.07
Net asset value/share at current values	EUR	18.12	24.26	33.75	61.19	120.05
after deduction of deferred tax liability	EUR				49.62	104.87
Dividend/share	EUR	0.25	0.34	0.50	5.05	22.00[1)]
Dividend/earnings	%	29.8	27.3	22.0	233.2	45.2
Effective dividend yield						
Series A	%	2.6	1.8	1.5	11.0	32.4
Series B	%	2.8	1.9	1.5	10.9	36.2
Price/earnings ratio						
Series A		11.7	14.9	14.8	21.3	1.4
Series B		10.9	14.2	14.7	21.5	1.3
Adjusted average share price						
Series A	EUR	10.34	16.14	28.75	38.38	48.21
Series B	EUR	10.77	13.86	26.79	39.95	51.77
Adjusted share price, lowest						
Series A	EUR	8.33	9.59	17.49	27.25	41.00
Series B	EUR	6.81	9.08	17.16	26.41	41.00
Adjusted share price, highest						
Series A	EUR	13.88	18.50	38.68	58.02	69.00
Series B	EUR	14.04	17.98	38.52	58.53	66.50
Adjusted share price on Dec. 31						
SeriesA	EUR	9.87	18.28	33.97	46.03	67.99
Series B	EUR	9.19	17.43	33.79	46.44	60.78
Market capitalization on Dec. 31						
Series A	EUR million	203.7	377.4	689.6	913.8	1 309.3
Series B	EUR million	184.3	349.8	689.6	968.6	1 303.9
Total	EUR million	388.0	727.2	1 379.1	1 882.4	2 613.2
Development of turnover						
Series A	1 000 shares	3 059	1 906	5 753	2 180	10 681
of average number	%	14.8	9.2	28.1	10.9	54.3
Series B	1 000 shares	16 600	20 902	18 258	18 526	22 606
of average number	%	82.7	104.2	90.6	89.6	107.4
Adjusted average number of shares						
Series A	1 000 shares	20 640	20 640	20 561	20 026	19 663
Series B	1 000 shares	20 070	20 070	20 149	20 684	21 047
Total	1 000 shares	40 710	40 710	40 710	40 710	40 710
Adjusted number on Dec. 31						
Series A	1 000 shares	20 640	20 640	20 298	19 851	19 257
Series B	1 000 shares	20 070	20 070	20 412	20 859	21 453
Total	1 000 shares	40 710	40 710	40 710	40 710	40 710

1) Proposed by the Board of Directors

Turnover of shares, %



Share capital on February 29, 2000

	Share capital EUR	Number of shares	Percentage of share capital	Percentage of votes
Series A	16 299 660	18 958 833	46.57	89.71
Series B	18 700 340	21 751 167	53.43	10.29
Total	35 000 000	40 710 000	100.00	100.00

The accounting par value of the shares is EUR 0.86/share

Breakdown of shareholdings by sector on February 29, 2000

	Shareholders				Shares						Votes
	Series A		Series B		Series A		Series B		Total		
	Number	%	Number	%	Number	%	Number	%	Number	%	%
Private enterprises	99	2.5	307	5.3	5 291 241	27.9	1 914 916	8.8	7 206 157	17.7	25.9
Financing and insurance institutions	22	0.5	74	1.3	9 261 606	48.8	5 360 539	24.7	14 622 145	35.9	46.4
Public corporations	12	0.3	34	0.6	2 670 004	14.1	1 008 926	4.6	3 678 930	9.0	13.1
Non-profit institutions	92	2.3	159	2.8	373 335	2.0	405 133	1.9	778 468	1.9	1.9
Households	3 771	93.6	5 135	89.1	653 087	3.4	999 408	4.6	1 652 495	4.1	3.6
Foreign owners incl. nominee registrations	34	0.8	54	0.9	696 031	3.7	12 055 550	55.4	12 751 581	31.3	9.0
Shares not yet transferred to book-entry system	-	-	-	-	13 529	0.1	6 695	0.0	20 224	0.1	0.1
Total	4 030	100.0	5 763	100.0	18 958 933	100.0	21 751 167	100.0	40 710 000	100.0	100.0

Breakdown of shareholdings by size of holding on February 29, 2000

	Shareholders				Shares						Votes
	Series A		Series B		Series A		Series B		Total		
	Number	%	Number	%	Number	%	Number	%	Number	%	%
1 - 50	2 041	50.7	2 793	48.5	55 790	0.3	55 400	0.3	57 542	0.1	0.2
51 - 100	690	17.1	873	15.2	57 063	0.3	73 113	0.3	126 346	0.3	0.3
101 - 500	952	23.6	1 416	24.6	214 907	1.1	352 519	1.6	542 448	1.3	1.1
501 - 1 000	187	4.6	323	5.6	139 439	0.7	257 834	1.2	373 920	0.9	0.7
1 001 - 5 000	116	2.9	226	3.9	234 259	1.2	496 296	2.3	752 460	1.9	1.4
5 001 - 10 000	14	0.4	53	0.9	105 049	0.6	413 814	1.9	462 814	1.1	0.5
10 001 - 50 000	10	0.2	54	0.9	238 461	1.3	1 086 893	5.0	1 322 223	3.3	1.7
50 001 - 100 000	2	0.1	8	0.1	139 461	0.7	545 909	2.5	692 211	1.7	1.1
100 001 - 1 000 000	9	0.2	14	0.2	3 387 456	17.9	4 431 350	20.4	4 957 240	12.2	14.0
1 000 001 -	9	0.2	3	0.1	14 373 419	75.8	14 031 344	64.5	31 402 572	77.1	78.9
Shares not yet transferred to book-entry system	-	-	-	-	13 529	0.1	6 695	0.0	20 224	0.1	0.1
Total	4 030	100.0	5 763	100.0	18 958 833	100.0	21 751 167	100.0	40 710 000	100.0	100.0

Earnings/share

Consolidated earnings/share rose to EUR 48.70 (EUR 2.16). Return on equity at current values was 78% (57%). Consolidated net asset value rose to EUR 4.3 billion (EUR 2.0 billion) and was EUR 104.87 (EUR 49.62) per share.

Taxable values

For the 1999 taxation, the following taxable values have been confirmed for the Pohjola shares:

Series A	EUR 47.60
Series B	EUR 42.53

Avoir fiscal tax credit system

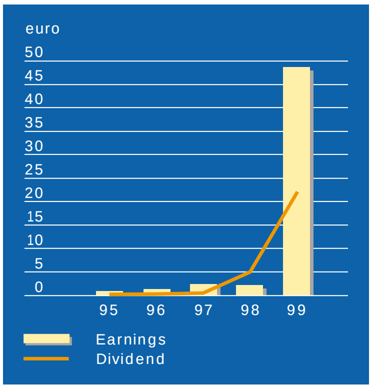
The dividend distributed on the Pohjola share is subject to the avoir fiscal system. Pohjola pays corporate tax totalling at least seven 18ths of the amount of dividend paid. Under Finnish legislation, taxpayers who receive dividend are, on account of the tax paid by the company, entitled to deduct in their own taxation an amount which corresponds to seven 18ths of the dividend. The credit corresponding to the dividend of EUR 22/share, proposed by the Board of Directors, amounts to EUR 8.56. The dividend recipient's taxable income totals EUR 30.56/share, which is capital income subject to a 29% tax rate in Finnish taxation in 2000.

Proposed dividend

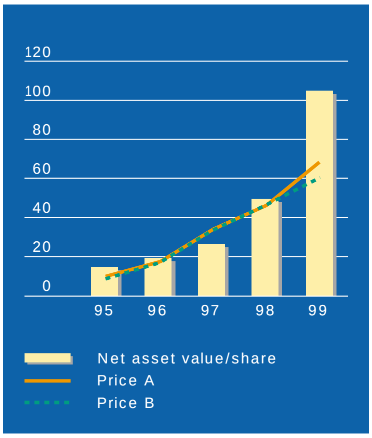
The company's Board of Directors proposes that EUR 22 per share, i.e. a total of EUR 896 million, be distributed in dividend.

According to the proposal of the Board, the dividend confirmed by the Annual General Meeting can be drawn by shareholders as of April 20, 2000, the date of dividend payment.

Earnings/share and dividend EUR



Net asset value/share EUR



Ten largest shareholders on February 29, 2000

As per the shareholder register kept by the Finnish Central Securities Depository Ltd

	Shares Series A	Shares Series B	Total	Percentage of shares	Percentage of votes
	Number	Number	Number		
Leonia plc	2 025 000	1 374 514	3 399 514	8.35	10.23
Sampo Life Insurance Company Limited	1 023 169	1 785 057	2 808 226	6.90	5.69
Ilmarinen Mutual Pension Insurance Company	1 865 689	521 295	2 386 984	5.86	9.07
Sampo Finance Ltd	2 109 158		2 109 158	5.18	9.98
Suomi Mutual Life Assurance Company	1 728 519	304 696	2 033 215	4.99	8.32
Sijoitusyhtiö Pohta Ky	1 728 519	304 695	2 033 214	4.99	8.32
Sijoitusyhtiö Ahva Ky	1 728 519	304 695	2 033 214	4.99	8.32
Industrial Insurance Company Ltd	1 012 500	687 257	1 699 757	4.18	5.12
OKOBANK Group Central Cooperative	1 152 346	203 130	1 355 476	3.33	5.55
Kaleva Mutual Insurance Company	745 000		745 000	1.83	3.53
Total	15 118 419	5 485 339	20 603 758	50.61	74.13
Nominee registrations	678 549	11 998 787	12 677 336	31.14	8.89

The largest shareholder groups on February 29, 2000

As per the shareholder register kept by the Finnish Central Securities Depository Ltd

	Shares Series A	Shares Series B	Total	Percentage of shares	Percentage of votes
	Number	Number	Number		
Ilmarinen Mutual Pension Insurance Company	1 865 689	521 295	2 386 984	5.86	9.07
OKOBANK Group Central Cooperative	1 152 346	203 130	1 355 476	3.33	5.55
OKOBANK Osuuspankkien Keskuspankki Oyj	583 109	149 565	732 674	1.80	2.83
Aurum Life Assurance Company Ltd		22 200	22 200	0.05	0.01
OP Fund Management Company Ltd		205 800	205 800	0.51	0.10
Group in total	1 735 455	580 695	2 316 150	5.69	8.49
Sijoitusyhtiö Ahva Ky	1 728 519	304 695	2 033 214	4.99	8.32
A-Vakuutus Mutual Insurance Company		11 000	11 000	0.03	0.01
Group in total	1 728 519	315 695	2 044 214	5.02	8.33
Suomi Mutual Life Assurance Company	1 728 519	304 696	2 033 215	4.99	8.32
Sijoitusyhtiö Pohta Ky	1 728 519	304 695	2 033 214	4.99	8.32
Corporations in total (cooperation agreement)	8 786 701	2 027 076	10 813 777	26.56	42.54
Sampo Insurance Company plc	4 891	355 200	360 091	0.88	0.19
Sampo Life Insurance Company Limited	1 023 169	1 785 057	2 808 226	6.90	5.69
Industrial Insurance Company Ltd	1 012 500	687 257	1 699 757	4.18	5.12
Leonia plc	2 025 000	1 374 514	3 399 514	8.35	10.23
Leonia MM Fund Management Company Ltd		6 400	6 400	0.02	0.00
Group in total	4 065 560	4 208 428	8 273 988	20.32	21.23

Shareholders

On February 29, 2000, Pohjola had altogether 7 099 shareholders.

Senior management's shareholdings

On December 31, 1999, members of the Board of Directors, the President and the deputy to the President owned a total of 2 915 shares and on February 29, 2000 a total of 0 shares. On December 31, 1999, the ownership proportions were 0.007% of all shares and 0.005% of the total number of votes.

Changes in ownership portions

Announcements as per Chapter 2, Section 10 of the Securities Market Act:

- On January 7, 1999, the Skandia group's holding in Pohjola exceeded 20% of the voting rights and share capital when the Merita group sold its Pohjola shareholding to Skandia.

- On October 13, 1999, the Sampo group, Sampo Finance and Kaleva bought the Pohjola shares held by the Skandia group. As a result, the holding of the Sampo group rose to over 15% and that of Sampo Finance to over 5% of the voting rights and share capital of Pohjola. On the same day, in consequence of share transactions between the Sampo group and Leonia plc, the proportion of voting rights and share capital held by the Sampo group in Pohjola fell to less than 10% and that of Leonia plc rose to over 5%.

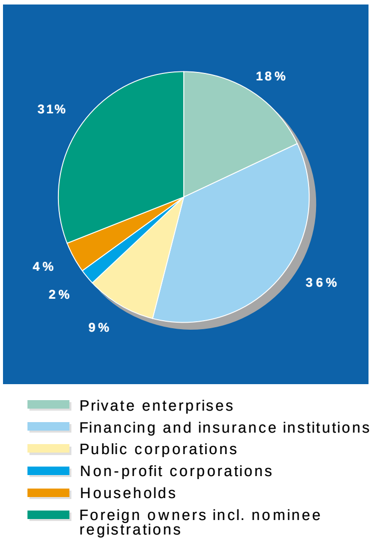
- Owing to the share class conversion of Pohjola A shares and following the change in the overall number of votes on October 27, 1999, the holdings of both the Leonia group and the Sampo group exceeded 10% of the voting rights in Pohjola.

- The holding of the Sampo group on December 22, 1999 rose to over 10% of Pohjola's share capital.

- After the contracts of sale reported to the company on December 21, 1999 and the transactions completed on January 19, 2000, Suomi Mutual Life Assurance Company's ownership in Pohjola fell to less than 10% of the voting rights and to less than 5% of the share capital; Ilmarinen Mutual Pension Insurance Company's ownership in Pohjola rose to over 5% of the voting rights and the share capital; OKOBANK Group Central Cooperative's, OKOBANK Osuuspankkien Keskuspankki Oyj's, Aurum Life Assurance Company Ltd's and OP Fund Management Company Ltd's ownership in Pohjola increased to over 5% of the voting rights and the share capital; Sijoitusyhtiö Ahva Ky's holding in Pohjola rose to over 5% of the voting rights and Sijoitusyhtiö Pohta Ky's holding to over 5% of the voting rights. According to a bulletin released on January 4, 2000, all the above are parties to a cooperation agreement and the parties' total ownership exceeds 33% of the voting rights and 25% of the share capital of Pohjola.

- As a consequence of the merger plan signed by Sampo Insurance Company plc and Leonia plc on February 2, 2000 and their merger to be completed on December 31, 2000, the new group's holding in Pohjola will exceed 20% of the voting rights and share capital. The control in the new group will be exercised by Sampo Insurance Company plc.

Shareholdings on February 29, 2000



Private households' purchasing power improved and, indirectly, boosted the market for private household insurance. Fierce competition for corporate insurance continued. Internet services were upgraded speedily to meet customers' increasing needs. The establishment of the new Nordic insurance company If P&C Insurance changed the competitive situation in a significant way.

Traditionally, Pohjola's operations have embraced all lines of non-life insurance: property, liability and accident insurance and insurance covering miscellaneous financial loss. In non-life insurance, high profitability is aimed at by risk management, appropriate rating corresponding to the claims expenditure, correctly dimensioned reinsurance cover and diversified investments.

Market driven by general upswing in the economy

The non-life insurance market mirrors the growth in the national economy. Gross premiums written in direct non-life insurance in 1999 are expected to remain on a par with those for the previous year, at EUR 2.1 billion. The figures for 1998 included a non-recurring premium increase in statutory workers' compensation insurance. Excluding this one-off item, premiums written in direct insurance would have increased by 7%. The growth originated largely from brisk construction, premium rises in certain lines of insurance, and also from an expansion of the fleet of cars.

Private households' purchasing power, resulting from pay rises and decreased unemployment, grew and boosted sales of housing and cars. Travelling abroad remained at the previous year's level. Fierce competition for corporate insurance continued. Deregulation of prices in statutory workers' compensation insurance at the beginning of the year made competition possible and lead many corporate clients to move over to another insurance company. Private households' increased price-consciousness, too, was a major cause for customers to change insurer.

The competitive situation in Finland changed markedly as Pohjola, in the summer of 1999, decided to join the pan-Nordic non-life insurance company If P&C Insurance. In future years, globalization, e-commerce, and the integration of insurance and banking services will alter the competitive situation significantly.

The number of motor third party liability and comprehensive motor vehicle claims increased, whereas the number of employment accident claims decreased over the previous year. The number of fatal accidents in motor third party liability insurance grew. In property insurance, too, the incidence of major losses gave cause for concern.

Premiums written in Pohjola's domestic direct insurance totalled EUR 539 million (EUR 540 million). The comparable amount of premiums written grew by 7%. According to preliminary figures, Pohjola's market share was 25% (26%).

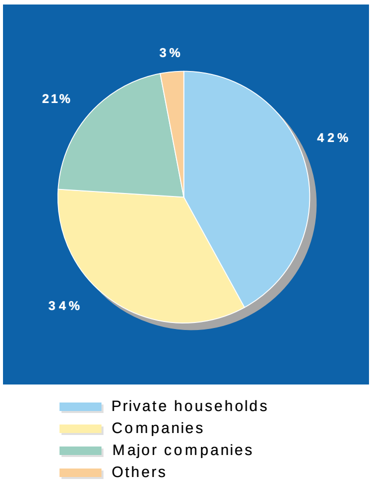
Extrasure cover for private household customers

Premiums written by Pohjola in insurance for private households rose to EUR 242 million (EUR 230 million). The growth originated mainly from motor insurance, fuelled by premium level increases and brisk car sales.

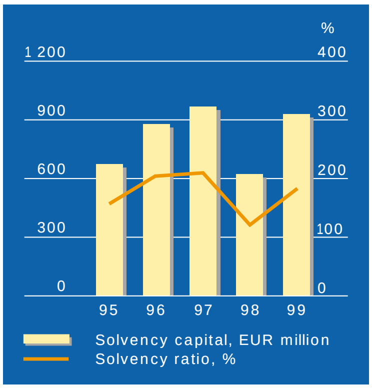
In private household insurance, the Extrasure service model introduced by Pohjola the previous autumn served as the basis for activities. At year-end, the number of Extrasure contracts exceeded 100 000.

In the course of the past year, motor insurance sales agreements were signed with several new distribution channels, thus enhancing the sales opportunities for

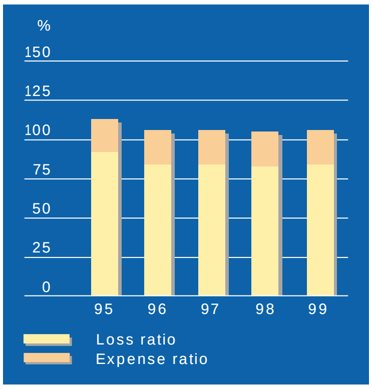
Premiums written by customer group EUR 569 million



Solvency capital, EUR million



Combined ratio



Before non-recurring items and foreign exchange rate changes

motor policies. Together with the OKOBANK Group member banks, home and forest insurance products were designed under the brand name of "Gold Protection". The banks started to sell these insurances at the beginning of 2000.

Pohjola's web pages with product descriptions were revamped and, among other things, a new facility was introduced which enables the printing of claims forms from the Net. Eurooppalainen started travel insurance sales at its web site. Likewise, a unique on-line service was developed for the Easy insurance package for young adults. Increasing resources will, in the future, be dedicated to finding new ways of utilizing the Internet.

The rate increases made in comprehensive motor vehicle insurance turned out to be insufficient, as the number of claims increased notably. In motor third party liability insurance, the number of claims fell, but not enough to improve the result for the line. Claims paid in private accident insurance went up following a substantial growth in medical treatment expenses.

The balance on technical account in insurance for private households went down somewhat compared to the previous year, mainly as a result of a poorer performance in other accident and motor vehicle insurance.

Corporate clients

Premiums written originating from small and medium-sized companies dropped to EUR 192 million (EUR 207 million). The reduction was due to the absence of the one-off premium increase made in the previous year. The comparable amount of premiums written grew by 6%. Around 5% of the premiums written originating from corporate clients were generated by brokers, whose share of the business was still slightly on the increase.

The number of claims reported to the company remained almost unchanged compared with the previous year. Water pipe leakage damage in housing and real estate companies increased to an alarming extent, whereas loss experience regarding major fires was favourable. The balance on technical account in insurance for corporate clients showed no change compared with 1998.

Major clients and international operations

Premiums written originating from major clients totalled EUR 118 million (EUR 116 million). The liability for credit insurance operations was transferred to the insurance company Gerling Nordic in early October. Pohjola serves as the company's distribution channel in Finland. Broker business increased again slightly over the previous year. The claims trend was favourable and there were only two claims that exceeded EUR 2 million. The company's reinsurance protection model has been revised and has proved to function well. The balance on technical account in insurance for major clients improved with a better performance in statutory workers' compensation insurance.

The adoption of the quality system highlighted the role of customer feedback in the improvement of business operations. Within the framework of the system, an annual inspection procedure was developed, which was favourably received by the clients. The survey involves assessment of the customer's overall insurance cover, and the risk management measures taken or to be taken.

Pohjola has underwritten domestic reinsurance for Finnish non-life insurance companies and pools, and foreign reinsurance for cooperating partners and associated undertakings, mainly in the Nordic countries and the Baltic states. Pohjola's subsidiary Principal launched operations in Russia in August. The transfer of the insurance business to If P&C Insurance, when materialized, will entail new operational models. Therefore, the bulk of the reinsurance business originating from Finnish insurance companies was not renewed for 2000.

Premiums written in domestic reinsurance amounted to EUR 15 million (EUR 15 million). Premiums written in foreign reinsurance generated by other than Finnish clients totalled EUR 2 million (EUR 3 million).

Foreign insurance in run-off

Commutations went on in foreign insurance in run-off. The remaining technical provisions totalled EUR 104 million (EUR 114 million). Impacted by the trends in foreign exchange rates, the technical provisions increased by EUR 10 million. According to outside expert opinions, the provisions had been set at a secure level. Commutations had a positive effect on the balance on technical account.

if...

Pohjola, the Swedish insurance company Skandia and the Norwegian insurance company Storebrand decided, in the summer, to combine their non-life insurance operations. The decision was based on the views that the companies shared: that growth in non-life insurance has been slow, that each company's know-how could better be put into use by joining forces, that the cost savings achieved would be sizeable and that new opportunities for the upgrading of services and products would open up.

Each company will bring in its own expertise and strengths, which will enhance the company's competitiveness. The company aims to be the leading non-life insurer in the Nordic countries and maintain a strong position in each national market. The company's calculated market share is 20% of the combined Finnish, Swedish, Norwegian and Danish non-life insurance markets. The company has, in total, some four million customers.

Private household customers are the largest customer group at If, like at Pohjola. In Finland, they are served by the familiar Pohjola staff. Customers can take advantage of the benefits of scale brought by If in the form of better service and competitive insurance products. With increasing globalization, many Finnish companies are already present in more than one Nordic country. Being an If client makes it easier for them to attend to insurance matters. As a leading Nordic insurer of large companies, If is in a position to offer its clientele outstanding Nordic non-life insurance service, supplemented by the services offered by an extensive international cooperation network.

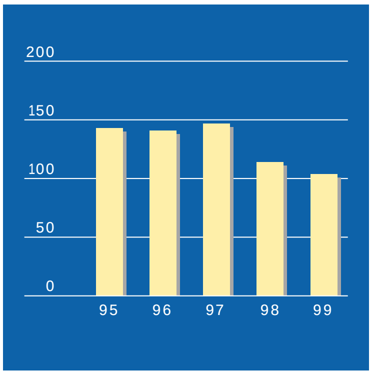
If's organization taking form

If P&C Insurance started to construct its organization last summer. The company's strategy is based on centres of excellence located in the respective Nordic countries, and on a cross-border organization. In addition to high professional skills, attention has, when recruiting staff, been paid to the candidate's aptitude for change management and his/her willingness to operate in an international environment. After the key positions had been filled, vacant posts were announced on the Intranet for all to apply for, irrespective of their company or nationality.

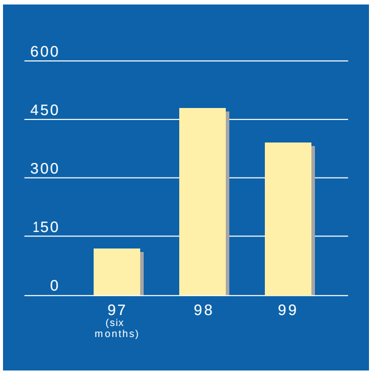
Plans are that the new pan-Nordic operating model will be adopted in the course of 2000. The consent of the Finnish Insurance Supervision Authority, required for the transfer of Pohjola's insurance portfolio, has not yet been obtained. The processing of the consent application has been delayed i.a. by issues related to the special nature of statutory workers' compensation insurance.

In connection with the business transfer, somewhat more than one thousand employees would transfer to If.

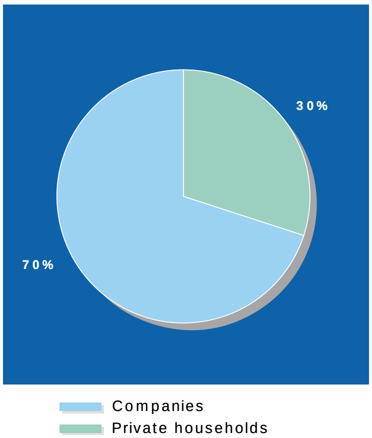
Technical provisions net of reinsurance, business in run-off, EUR million



Premiums written, EUR million



Premiums written by customer group
EUR 390 million



Life assurance is an expanding business sector, where Pohjola's aim is to establish an insurance portfolio focusing on long-term saving. Group pension insurance has, of tradition, been one of the most important areas. In 1999, new products were introduced, several of them now also available on the Internet. Customer bonuses were maintained at a high level.

Pohjola's life assurance operations comprise three business areas: risk life assurance; saving and investment through insurance; and group pension insurance. Risk life assurance provides cover for traditional risks of the person. In insurance focusing on saving or investment, the company offers savings products with varying yield and risk profiles. Group pension insurance involves collective schemes designed to supplement customers' statutory pension insurance cover.

In the area of insurance-related saving and investment, Pohjola's objective is to construct an insurance portfolio which will include especially periodic-premium policies focusing on long-term saving. This will, in the company's own investment operations, enable laying stress on investments in shares, which provide a better yield than other investment outlets. In unit-linked insurance, the company has sought to expand volumes in order to enhance the expense ratio. Pohjola has also had close cooperation with acknowledged domestic and foreign fund management companies.

In group pension insurance, the long-term nature of the business is even more marked than in individual pension insurance. Therefore, group pension insurance has been one of the focal areas in the company's operations. The line also sustains the sale of individual policies. Cooperating with Ilmarinen, in particular, we have been able to offer client companies a comprehensive insurance cover. Thus, for instance pension fund liabilities have been transferred to Pohjola on terms which are beneficial for all parties.

Market conditions and competition

Premiums written in Finnish life assurance grew by around 25%. Growth was fastest in savings life assurance and, in particular, in life assurance based on unit-linked insurance. In pension insurance, premiums written went up less than on the average. Premiums written for capital redemption policies contracted.

Owing to the low interest rate levels, private individuals preferred to invest their money in traditional insurance products with a savings component. The technical (guaranteed) interest commonly applied by insurance companies was reduced by one percentage point to 3.5% at the beginning of the year, but the resulting decrease in the total yield was avoided by granting higher customer bonuses based on the company's profits. By contrast, companies and corporations were not willing to invest in capital redemption policies to the same extent as in the previous year.

The sharp rise in share prices clearly added to the popularity of unit-linked insurance, in which premiums written rose by 80%. Continued uncertainty regarding the tax-deductibility of premiums continued to hamper sales of individual pension insurance. Nevertheless, premiums written in this line increased by 12%.

Pohjola's target customer groups

The target customer groups for risk insurance sales include private individuals and, in particular, families. Whenever customers' non-life insurance matters are being dealt with, their need of risk cover is examined using the Extrasure (Mittaturva) system. In the NewLife campaign launched towards the end of the year, young families with children formed a group of special attention.

As in previous years, marketing efforts in savings insurance were directed towards working-age people with savings potential or spare funds. Through our campaign "It's OK to make money" we aimed to bring out the suitability of insurance-related saving for different saving and investment needs and the potential for a high yield.

Sales in group pension insurance aimed, among other things, at replacing registered statutory employment pension schemes by more flexible products. Marketing efforts were also directed to pension funds by offering them group pension insurance alternatives.

Pohjola's Estonian subsidiary, Seesam Life, got off to a good start. Towards the end of the year, the company signed a portfolio transfer agreement, which will push up the company's premiums written. A life assurance company, Seesam Life Latvia, was established in Latvia. The company is likely to have its licence in the spring of 2000. In Poland, a life assurance consultancy and risk management company was founded.

Products and services

Pohjola's operations in the year under review were characterized by active upgrading work. In savings insurance, the range of Yieldsure (Tuottoturva) products and services was expanded. Further, a special product family, Profundia, was designed to provide customers with increasingly comprehensive service. In unit-linked insurance, the number of funds grew and, in addition to sector-specific funds, model portfolios with sub-funds were introduced.

A new product, eNet, was designed for the Internet. eNet is a guaranteed-yield capital redemption product for private individuals. Web services were further developed by introducing, for instance, a variety of premium calculators aimed at helping customers to select an insurance policy that best suits them. Pohjola is a partner in Virtuaalinen Suomi Oy, which will be utilizing portals in network and digital media. The NewLife insurance product for families with young children was designed to supplement the basic insurance cover and to increase the general awareness of life assurance.

At year-end, the marketing of unit-linked group pension insurance began. The product supplements the traditional collective pension schemes and provides a more diversified yield.

Business developments and customer bonuses

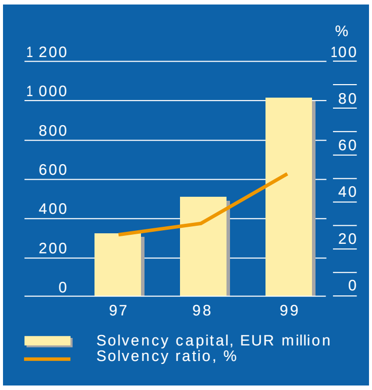
Pohjola's premiums written in life assurance amounted to EUR 390 million (EUR 480 million) and the market share was 14% (22%). The market share in individual and group pension insurance rose to 21% (14%), i.a. as a result of the transfers of certain pension fund liabilities.

Uncertainties due to the restructuring of Pohjola and the change of the major shareholders hampered insurance sales, although the company's products well satisfy the customers' needs and provide a competitive yield, and although the company's financial standing is excellent.

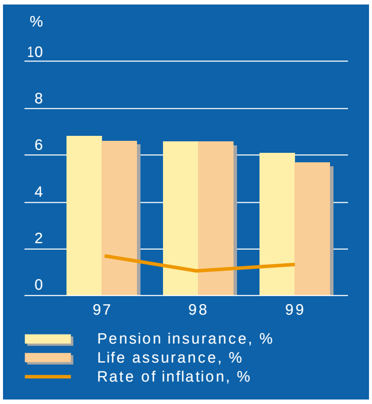
Operating profit in life assurance rose to EUR 89 million (EUR 31 million) largely thanks to the favourable trend in share prices. Balance on technical account, likewise, improved somewhat compared to the previous year.

Over the past five years, the level of customer bonuses granted by Pohjola has been high. The company aims to credit customers' insurance savings, on average, with a return which is 1 to 2 percentage points higher than the risk-free rate for a duration comparable to that of a policy term. In 1999, the total return received by customers exceeded the return of a comparable risk-free investment product by 1.2 to 1.6 percentage points, depending on the line of insurance. The average total yield was 5.9 to 6.1% on pension policies, 5.6 to 5.8% on life assurance policies and 5.4 to 5.8% on capital redemption policies, depending on the issue year of the contract.

Solvency capital, life assurance



Customer bonuses and technical (guaranteed) interest Life assurance



A growing number of customers wish to do business over the phone. In the past year, Pohjola's Call Centre services were subject to determined upgrading and are, according to various surveys, among the best in the country today. Internet services, too, were revamped, especially with young customers in mind.

Pohjola's customer service encompasses life and non-life insurance, savings insurance, and statutory employment pension insurance. The clientele includes private households, small and medium-sized companies, corporations and major companies. Pohjola's multi-channel service model brings services as close as possible to the customer.

Nearly one million households and farms have taken out their insurance cover from Pohjola. The number of regular customers is 178 000, while altogether 313 000 customers are included in different bonus systems in reward for pooling their insurance policies with Pohjola. The number of corporate clients is 95 000. Pohjola has a strong position as the insurer of major companies.

Services for private households are based on the Extrasure and Yieldsure service models, which make it possible to offer customers tailor-made non-life, life, savings and investment products. A newly designed customer management system adds to the efficiency of major client service and improves the availability of information.

Popularity of telephone service grew

Telephone service was increasingly popular among customers. So much so, that currently over one half of all customer service is performed over the phone. The Pohjola Call Centre takes more than one million customer calls a year. Measured by different standards, Pohjola's telephone service is among the best in the country, the response rate being 90% and the average response time only 15 seconds.

In major Finnish cities, Pohjola set up full-service offices whose staffs can offer special know-how for instance in saving and investment through insurance and in insurance for self-employed persons. Assistance is provided in complex loss cases.

PohjolaPartner operations were launched in the spring of 1999. The partners selected among the candidates will be trained at the PartnerAcademy established by Pohjola. The strengths of the partners will include an entrepreneurial spirit, presence near the customer, and flexible service hours.

Web pages revamped

An interactive service was developed on the Internet for young adults on the basis of the EASY insurance package. Towards the end of the year, Pohjola's first exclusively net-based product, eNet Guaranteed Yield, was launched. The product includes a capital redemption policy for private individuals. Eurooppalainen started to sell travel insurance on its web pages.

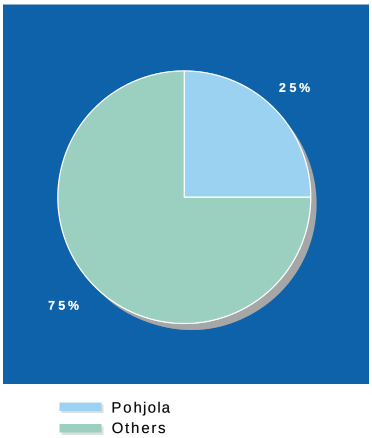
Pohjola was the first insurance company in the world to launch advisory services on the Net using the WAP (Wireless Application Protocol) technology.

International service networks

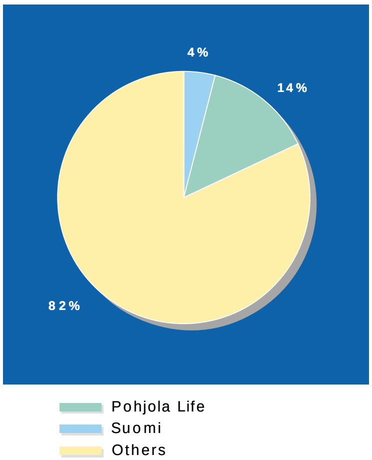
Pohjola has appointed a specific team for each major client. In addition, our service network offers insurance and risk management services in 130 countries to internationally operating clients. In Russia, customers are served by Pohjola's subsidiary Principal and in the Baltic countries by the Seesam companies.

Thanks to Eurooppalainen's world-wide service network, travel insurance customers receive claims settlement and other assistance immediately on the spot if a loss occurs during their trip.

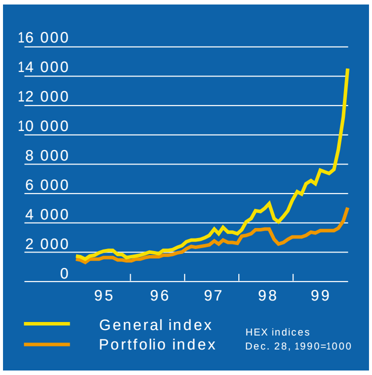
Market share, non-life insurance



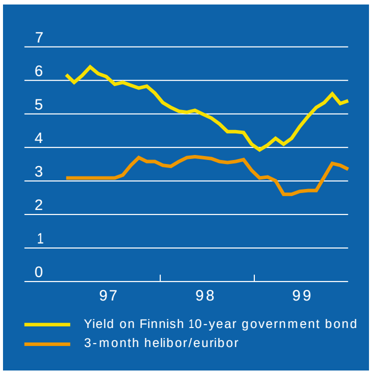
Market share, life assurance



Price development of listed shares



Interest rate
%



Trends in major stock exchanges in 1999

Country	Index	Change in basic currency
Finland	HEX	161.98%
	HEX portfolio	66.24%
Germany	Dax	39.10%
France	Cac 40	51.12%
Great Britain	FTSE 100	17.81%
USA	S&P 500	19.64%
Japan	Nikkei 225	36.79%
Hong Kong	Hang Seng	68.80%

The current value of the consolidated investment portfolio rose to nearly EUR 9 billion. The diversification of securities investments continued, with the focus on Europe. The disposal of investments in land and buildings totalled EUR 113 million. Securities accounted for 95% of the investment portfolio. Of securities investments, investments abroad went up to 31%

Objectives of investment operations

Pohjola's investment operations are based on an investment plan annually confirmed by the company's Board of Directors and on investment powers approved by the Board. The aim is to obtain a good long-term yield on the investment portfolio. The target allocation of the portfolio between interest-bearing instruments, shares, and investments in land and buildings depends on the structure and duration of the technical provisions and on the solvency of the company. Special attention is paid to the spread of investment risks, the liquidity of investments and the counterparty risk.

Investment environment

The world economy developed favourably in 1999, with the US again in the vanguard of economic growth. Despite the growth, there were no inflationary pressures. A clearly upward trend was evident in the economies of Southeast Asia. Japan, too, showed signs of revival. Expansion in the Finnish economy exceeded that of the core countries in the euro area.

The US Federal Reserve reacted on the strong economic growth by raising interest rates three times during the past year, whereas the European Central Bank first dropped the benchmark interest rate in late spring so as to sustain the economic recovery, but then restored the rate at the 3% level in November. Along with the accelerating pace of economic growth, the long-term interest rates rose towards the end of the year both in the euro area and the USA. The euro weakened substantially against the other major currencies in the course of the year.

Stock markets fared extremely well worldwide. A growing number of corporate mergers and acquisitions were announced. In the last months of the year, investors showed increasing interest in the shares of technology firms, which were valued at a record high. Contrary to expectations, the uncertainties related to the millennium changeover did not materially affect stock markets in the latter half of the year.

In the Finnish real estate market, great demand for office and housing premises continued especially in growth centres, pushing the level of prices and rents up again. On account of the shortage of vacant premises and the growing demand for them, several major construction projects were launched. Production of non-subsidized housing was also lively. The securitization of properties did not proceed as expected.

Pohjola investments

The current value of the consolidated investment portfolio at year-end totalled EUR 8.9 billion (EUR 5.5 billion).

Had the transfer of the non-life insurance portfolio to If P&C Insurance taken place at year-end, EUR 1.6 billion in non-life insurance investments had been transferred to If in accordance with a preliminary pro forma calculation. The portfolio of investments in land and buildings and part of the securities portfolio will be retained at Pohjola.

In order to improve the return/risk ratio, Pohjola continued the diversification of securities investments. Investments abroad increased and accounted for 31% (21%). Of the foreign investments, 85% are in Europe.

Investment portfolio

EUR million	Non-life insurance	%	Life assurance	%	Holding operations	%	Total	%
Current value								
Land and buildings	236.9	8	105.5	3	0.1	-	342.5	4
Shares	1 282.0	43	1 884.3	61	2 529.6	93	5 695.9	65
Fixed-income securities	812.2	28	1 028.7	34	172.7	6	2 013.6	23
Other debt securities	608.5	21	40.3	1	-		648.8	7
Loans	0.1	-	0.7	-	-		0.8	-
Other investments	13.7	-	15.0	1	25.3	1	54.0	1
	2 953.4	100	3 074.5	100	2 727.7	100	8 755.6	100
Investments based on unit-linked inusurance			149.8				149.8	
Difference between current and book values								
Land and buildings	45.9		16.6		-		62.5	
Shares	783.7		1 069.4		795.6		2 648.7	
Fixed-income securities	11.7		21.8		1.3		34.8	
	841.3		1 107.8		796.9		2 746.0	
Book value in total	2 112.1		2 116.5		1 930.8		6 159.4	

Net investment income

EUR million	Non-life insurance	Life assurance	Holding operations	Total
Continuous income				
Interest	49.4	61.5	6.8	117.7
Dividends	39.8	29.7	21.9	91.4
Income from land and buildings	5.1	6.9		12.0
Other income/charges	1.9	1.5	0.7	4.1
Total	96.2	99.6	29.4	225.2
Appreciation/depreciation in profit and loss account				
Gains/losses on realization	96.9	90.4	1 038.6	1 225.9
Value adjustments	-28.7	-40.7	-0.4	-69.8
Value re-adjustments	19.8	26.1	0.3	46.2
Depreciation on buildings	-9.9	-2.3		-12.2
Unrealized gains/losses	-0.8	39.3	1 565.4	1 603.9
Total	77.3	112.8	2 603.9	2 794.0
Interest on and charges for long-term loans	-1.2	-1.3	-0.2	-2.7
Investment management expenses	-1.6	-1.4	-0.6	-3.6
Total	170.7	209.7	2 632.5	3 012.9

Five-year development on pages 34 to 35.

The disposal of investments in land and buildings went on in the year under review. In non-life insurance, real estate holdings were sold to a total of EUR 76 million, while risk concentrations worth EUR 37 million were dissolved in the life assurance real estate portfolio. Most of the properties sold were located in the Helsinki metropolitan area. The number of housing properties sold was 244.

Investments in land and buildings represented 4% (8%) of the total investment portfolio. Of the objects of investment, 64% were located in the Helsinki metropolitan area and 36% elsewhere in Finland. The portfolio included 1 285 apartments, mostly located in the Helsinki metropolitan area.

Investments in shares Dec. 31, 1999[1)]

Current value	Non-life insurance EUR million	%	Life assurance EUR million	%	Group EUR million	%
Finland	1 049	81	1 392	73	4 270	75
Other Nordic countries	27	2	86	5	810	14
Rest of Europe	132	10	265	14	401	7
USA	41	3	70	4	112	2
Japan	19	2	43	2	63	1
Emerging markets	24	2	41	2	63	1
	1 292	100	1 897	100	5 719	100

1) Includes equity-linked investments

Fixed-income securities portfolio Dec. 31, 1999[1)]

Current value	Non-life insurance EUR million	%	Life assurance EUR million	%	Group EUR million	%
Currency						
EUR Finland	300	37	555	55	888	45
EUR other countries	378	47	409	40	917	46
SEK	20	3	41	4	63	3
GBP	43	5	11	1	55	3
USD	60	8	-	-	65	3
Other	1	0	-	-	2	0
	802	100	1 016	100	1 990	100
Rating						
AAA	620	77	843	83	1 633	82
AA+, AA, AA-	136	17	124	12	267	13
Other	46	6	49	5	90	5
	802	100	1 016	100	1 990	100

1) Excludes equity-linked investments

Sensitivity analysis of solvency (non-life insurance)

	Portfolio Dec. 31, 1999 at current values EUR million	Risk parameter	Change	Effect on solvency capital EUR million
Fixed-income securities	802	Interest	1%-pt	31
Shares[1)]	1 292	Market value	10%	129
Investments in land and buildingst [2)]				
Residential premises	65	Market value	10%	7
Business premises	69	Contin. income	+1 %-pt	-8
		requirement	-1 %-pt	11

Sensitivity analysis of solvency (life assurance)

	Portfolio Dec. 31, 1999 at current values EUR million	Risk parameter	Change	Effect on solvency capital EUR million
Fixed-income securities	1 016	Interest	1%-pt	45
Shares [1)]	1 897	Market value	10%	190
Investments in land and buildings [2)]				
Residential premises	38	Market value	10%	4
Business premises	33	Contin. income	+1 %-pt	-4
		requirement	- 1 %-pt	5

1) Includes equity-linked investments
2) Premises leased to outsiders as at December 31, 1999

Consolidated real estate portfolio

	Current value EUR million	Net yield %	Potential net yield % [1]	Leasable floor area m²	Vacancy rate %
Business premises					
Business and office premises	173	6.7 [2]	7.4 [2]	214 000	4.8
Industrial and warehouse premises	9	10.7	12.5	21 000	3.5
Business premises in total	182	6.9	7.6	235 000	4.4
Residential premises	107	4.3 [3]	4.3 [3]	100 000	
Power stations	26	6.6	6.6		
Completed property portfolio	315	6.0	6.4	335 000	
Sites and leisure premises	12				
Under renovation	4				
Real estate investment companies and minority interest	12				
Real estate portfolio in total	343				

[1] Includes calculated rent for vacant premises, on the average EUR 7.4/m²/month.
[2] Includes calculated rent for premises occupied by company and group of companies, on the average EUR 8.6/m²/month
Of business and office premises, 37.7% occupied by company and group of companies.
[3] Includes government interest subsidy totalling EUR 0.2 million.

Vacancy rate has been calculated for individual leasable areas. Other figures in the table have been calculated for individual real estate holdings.

Group's major shareholdings (listed companies)

	Current value EUR million	Number	Percentage of shares/votes
Nokia Corporation [1]	2 475	13 751 876	1.2
Skandia Insurance Company Limited (publ.)	696	23 200 000	4.5
UPM-Kymmene Corporation	395	9 887 098	3.7
Sonera Corporation	275	4 044 600	0.6
Merita Plc	104	17 816 750	2.1
Tietoenator Corporation	103	1 667 200	2.2
Kone Corporation	70	1 434 900	7.1/2.8
Sanoma-WSOY Oyj	53	1 047 019	2.9/1.7
Metso Corporation	47	3 652 279	2.7
Helsinki Telephone Corporation	44	530 110	1.0
YIT Corporation	40	3 710 000	12.6
Orion Corporation	40	1 770 684	2.5/3.6
Fortum Corporation	37	8 289 071	1.1
Huhtamäki Van Leer Oyj	36	1 070 146	3.4
Finnlines Plc	35	1 114 800	5.6
Instrumentarium Corporation	30	940 523	3.9
Lassila & Tikanoja plc	29	1 169 100	7.4
Kesko Corporation	29	2 302 600	2.6/0.6
Rautakirja Oyj	27	558 000	8.6/10.2
Alma Media Corporation	23	737 498	4.7/6.6
[1] February 29, 2000	*484*	*2 336 976*	*0.2*

Pohjola has adopted the Balanced Scorecard philosophy for its staff and, every year, a personal development plan is made for each employee. In 1999, special attention was focused on change management, language training and PC work.

At year-end, Pohjola had 2 663 employees, compared to 2 849 in the previous year. The reduction was mainly due to not replacing retiring and resigning staff. With a view to adjust the number of employees, the company conducted statutory negotiations with employee representatives, as a result of which 34 people resigned for production-related reasons. The part-time work and part-time pension arrangements pertaining to the adjustment corresponded to the workload of 15 employees. 36 employees took up new posts within the company. The mean age of the staff is 43 years.

Development of staff

Pohjola has adopted the Balanced Scorecard philosophy in order to root and implement the company's strategy among the entire staff. In response to the recent developments and rapid changes in the insurance industry, increasing resources have been invested in managerial skills. Participatory management, strategic skills and change management have been the subjects of training.

Career discussions are held with each employee and, on the basis of these, personal development plans are drawn up. Individual business areas' responsibility for their own improvement plans has been increased, thus making sure that training is provided where most needed. 300 Pohjola employees took part in language training to meet the challenges set by expanding Nordic cooperation. Tens of Pohjola employees have already obtained a computer driving licence facilitating PC work.

Work satisfaction and incentives

A work satisfaction survey is annually carried out among the staff. The survey provides a good opportunity for staff members to express an opinion on their own work, work community and immediate superior, on the quality of the company's products and on Pohjola as an enterprise. The survey makes it possible to give and receive work-community-specific feedback and to react on the areas which need improvement. The working climate surveys carried out also measure directly the skills of corporate management.

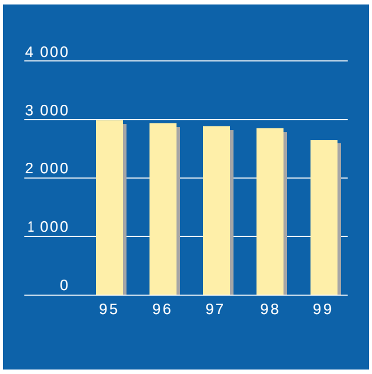
To enhance the incentive aspect of the salary system, Pohjola in 1999 introduced performance-based pay as part of the company's overall direction system covering the entire staff, with the exception of the sales people. Besides on a financial perspective, the objectives set and the rewards paid are based on a customer perspective, on improvement of processes and on learning and innovation.

More years and efficiency at work

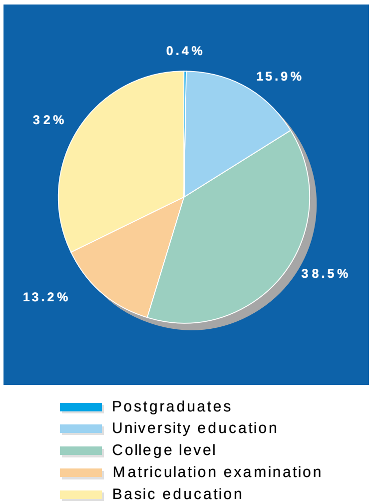
Pohjola management and supervisors with staff responsibility, in cooperation with the occupational safety and occupational health staff, have adopted the Motivo programme designed by Ilmarinen to sustain and improve the staff's working capacity. The activity focuses particularly on ageing employees and on maintaining and improving the staff's spiritual and physical capabilities in a rapidly changing IT environment.

The Motivo programme involves the follow-up of the staff's state of health, with regular checks on different age groups, targeted department-specific health checks, work stress surveys and monitoring of absenteeism due to illness. Physical and ergonomic working conditions are checked by visits to individual workplaces.

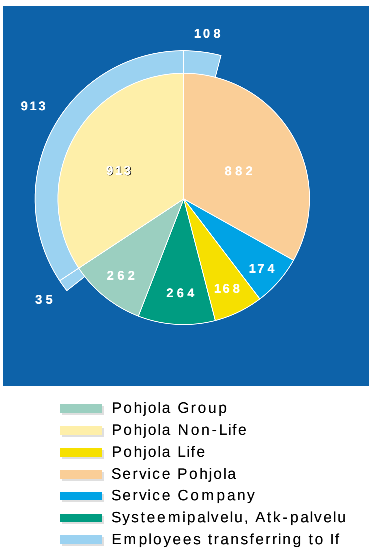
Number of employees Group



Educational background of staff



Staff by company



POHJOLA

Consolidated operating profit for 1999 totalled EUR 1 234 million, an increase of EUR 1 006 million over the previous year. The increase was due to investment income which rose to EUR 1 448 million (EUR 327 million). Of the operating profit, non-life insurance accounted for EUR 109 million (EUR 155 million), life assurance for EUR 89 million (EUR 31 million) and holding operations for EUR 1 036 million (EUR 42 million).

In addition to investment income included in operating profit, a total of EUR 1 565 million in unrealized gains on shares classified as investments was released to income.

The transfer of Pohjola's non-life insurance business to the Nordic insurance company If P&C Insurance has not been entered in the annual accounts, among other things, because the approval of the Insurance Supervision Authority, required for the business transfer, has not yet been obtained.

Gross premiums written in non-life insurance in 1999 amounted to EUR 569 million (EUR 573 million). In life assurance, premiums written were EUR 390 million (EUR 480 million). Public debate around Pohjola created an uncertain atmosphere and hampered sales. Pohjola's market share decreased.

Earnings per share went up to EUR 48.70 (EUR 2.16). Net asset value per share at current values was EUR 104.87 (EUR 49.62). Consolidated return on equity at current values was 78% (57%). Return on assets was 46% (27%).

For 1998, Pohjola distributed a dividend of EUR 5.05 per share, or a total of EUR 205 million. At the end of 1999, the company had, at its disposal, a calculated amount of around EUR 3.4 billion in capital not pertaining to insurance operations. The calculation is based, in life assurance, on a 30% solvency ratio and, in non-life insurance, on the solvency capital to be transferred to If P&C Insurance as per the agreements. The above amount increased particularly as a result of rising share prices. The Board of Directors proposes to the Annual General Meeting that EUR 22 per share or a total of EUR 896 million be distributed in dividend for 1999.

After the proposed distribution of profit, solvency capital will total EUR 3.5 billion (EUR 2.0 billion), of which non-life insurance will represent EUR 0.9 billion (EUR 0.6 billion), life assurance EUR 1.0 billion (EUR 0.5 billion) and holding operations EUR 1.6 billion (EUR 0.9 billion).

Nordic non-life insurance company If

Pohjola in June agreed on the transfer of its non-life insurance operations to If P&C Insurance, a Nordic company formed by Skandia and Storebrand. With a market share of around 20%, the company would be a leading non-life insurer in the Nordic market. The strategy of the company includes taking advantage of business opportunities, economies of scale and shared know-how by being present in all Nordic countries. Pohjola would, on the completion of the transfer, have a 25%, Skandia a 42% and Storebrand a 33% stake in If Holding, the parent company of the If group. The parties would have equal voting rights.

According to the shareholders' agreement, the intention is to prepare If Holding for a stock market listing by 2001, at the latest. Should this plan materialize, the partners' shareholdings are presumed to drop to 60 per cent, or less, of the original ownership. At the same time, the voting rights would be reduced to correspond to the respective shareholdings.

As per agreement, Pohjola would transfer to If P&C Insurance its entire non-life insurance business, excluding medical expenses insurance. Likewise, solvency capital corresponding to a 65% solvency ratio as at July 1, 1999 would be transferred to If. If is considered to have assumed the business risk and result as of July 1, 1999.

Financial development of Group

		1995	1996	1997	1998	1999
General ratios						
Turnover	EUR million	742.2	711.6	1 016.9	1 530.7	2 548.2
Gross premiums written	EUR million	507.1	497.5	635.9	1 052.7	958.8
Operating profit	EUR million	77.5	88.5	156.2	228.2	1 233.8
of turnover	%	10.5	12.4	15.4	14.9	48.4
Profit before extraordinary items, untaxed reserves and tax	EUR million	45.9	64.8	133.0	146.2	2 765.1
of turnover	%	6.2	9.1	13.1	9.6	108.5
Profit before untaxed reserves and tax	EUR million	29.8	60.7	133.0	146.2	2 765.1
of turnover	%	4.0	8.5	13.1	9.6	108.5
Return on equity at current values	%	-13.4	30.2	28.4	58.6	70.2
after deduction of deferred tax liability	%				57.0	77.8
Return on assets at current values	%	-1.5	14.5	13.6	27.0	46.3
Equity to balance sheet total at current values	%	35.0	40.7	34.4	43.5	52.6
after deduction of deferred tax liability	%				35.4	46.0
Average number of employees [1]		2 359	2 255	2 816	2 745	2 720
Ratios for non-life insurance						
Turnover	EUR million	742.2	711.6	854.6	802.6	799.3
Gross premiums written	EUR million	507.1	497.5	517.3	572.5	568.5
Loss ratio	%	88.1	95.0	93.8	80.0	90.8
excluding exchange gains/losses	%		92.0	89.9	81.3	88.1
Expense ratio	%	20.2	22.0	21.3	21.1	21.9
Combined ratio	%	108.3	117.0	115.2	101.0	112.6
excluding exchange gains/losses	%		114.0	111.3	102.3	109.9
Solvency margin [2]	EUR million	584.1	765.4	833.5	424.3	724.4
Equalization provision	EUR million	86.8	110.5	132.0	196.9	203.3
Solvency capital [2]	EUR million	674.9	880.3	968.9	624.6	930.5
Solvency capital as percentage of technical provisions	%	73.8	94.3	100.7	60.2	88.8
after deduction of deferred tax liability	%				49.6	70.4
Solvency ratio	%	188.9	251.1	267.4	147.8	230.6
after deduction of deferred tax liability	%				121.7	182.7
Average number of employees				2 640	1 023	984
Ratios for life assurance						
Turnover	EUR million			162.3	642.6	670.8
Gross premiums written	EUR million			118.6	480.2	390.3
Expense ratio	%			236.8	169.4	121.3
Solvency margin	EUR million			314.2	498.5	1 004.7
Equalization provision	EUR million			7.9	8.7	9.8
Solvency capital	EUR million			322.6	507.8	1 015.0
Solvency ratio	%			26.2	30.8	52.1
Average number of employees				176	168	172

[1] *1995-96: in proportion to workloads; 1997-99: based on employment contracts.*

[2] *For reasons of comparability, deferred tax liability has been deducted from difference between current and book values of investments for 1995-1998.*

Consolidated profit

EUR million	1995	1996	1997	1998	1999
Non-life insurance					
Earned premiums	433.3	431.9	463.4	513.1	509.3
Claims incurred	-381.6	-410.4	-434.8	-410.4	-462.3
Operating expenses	-87.6	-95.0	-98.9	-108.0	-111.2
Balance on technical account before change in equalization provision	-35.9	-73.5	-70.3	-5.3	-64.2
Investment income and charges	113.0	161.8	241.0	161.0	171.5
Other income and charges	-	0.2	0.7	-0.3	1.4
Share of associated undertakings' profit/loss	0.5	-	0.2	-0.2	0.4
Operating profit	77.6	88.5	171.6	155.2	109.1
Change in equalization provision	-32.1	-23.7	-29.4	-64.9	-6.4
Unrealized gains and losses on investments	0.5	-	0.2	0.5	-0.8
Profit before extraordinary items,untaxed reserves and tax	46.0	64.8	142.4	90.8	101.9
			July to Dec.1997		
Life assurance					
Premiums written			117.6	478.5	388.2
Investment income and charges; unrealized gains and losses			24.7	97.7	209.7
Claims paid			-39.7	-93.5	-161.6
Change in technical provisions before bonuses and rebates and change in equalization provision			-92.3	-430.1	-324.5
Operating expenses			-12.8	-20.5	-22.3
Depreciation on goodwill			-0.5	-0.9	-0.9
Operating loss/profit			-3.0	31.2	88.6
Change in equalization provision			-0.7	-0.8	-1.0
Bonuses and rebates			6.7	-16.8	-26.0
Profit before extraordinary items, untaxed reserves and tax			3.0	13.6	61.6
Holding operations					
Investment income and charges				67.6	1 067.1
Depreciation on unallocated consolidation difference			-12.3	-24.7	-24.7
Other income and charges				-1.7	-7.3
Share of associated undertakings' profit/loss				0.7	1.1
Operating profit			-12.3	41.9	1 036.2
Unrealized gains on investments				-	1 565.4
Profit before extraordinary items,untaxed reserves and tax			-12.3	41.9	2 601.6
Group in total	**1995**	**1996**	**1997**	**1998**	**1999**
Operating profit	77.6	88.5	156.2	228.2	1 233.8
Profit before extraordinary items,untaxed reserves and tax	46.0	64.8	133.0	146.2	2 765.1
Extraordinary income	-	-	22.4	-	-
Extraordinary charges	-16.2	-4.0	-22.4	-	-
Profit before untaxed reserves and tax	29.8	60.8	133.0	146.2	2 765.1
Tax on profit	-11.6	-13.5	-39.7	-58.1	-781.9
Minority interest	1.0	-	-	-	-0.5
Profit for financial year	19.2	47.3	93.3	88.1	1 982.7
To be transferred to reserves:					
Voluntary provisions and accelerated depreciation	-2.0	1.7	-3.5	-3.0	-4.0
Profit for financial year	21.2	45.6	96.8	91.1	1 986.7
	19.2	47.3	93.3	88.1	1 982.7

The formation of the new company requires the regulatory approvals of the insurance supervision and competition authorities. The approvals have already been obtained regarding the non-life insurance operations of Skandia and Storebrand, as have the approvals by the competition authorities concerning the overall arrangement. The transfer of Pohjola's non-life insurance operations is subject to the consent of the Finnish Insurance Supervision Authority. The processing of the application has been delayed i.a. by issues related to the special nature of statutory workers' compensation insurance.

Had the transfer taken place on December 31, 1999, the net assets transferred to If would have amounted to some EUR 222 million in accordance with a preliminary pro forma calculation. The figure will be fixed once the opinions of the authorities, the outcome of the due diligence audit, the factors pertaining to the implementation and interpretation of the agreement, and the result for the transitional period are available. In consideration for the transfer, Pohjola would receive shares in If P&C Insurance, which would be exchanged for shares in If Holding.

The realized pro forma Group operating profit reported by If for March-December 1999 totalled EUR 226 million and extraordinary profit EUR 140 million. The operating profit included EUR 82 million in Skandia's and Storebrand's operating profit for March-December and EUR 144 million in Pohjola's operating profit for July-December. The If group also disclosed a pro forma operating loss of EUR –30 million for the whole of 1999. If's result was considerably poorer than expected at Pohjola. The result has been calculated in accordance with Swedish accounting principles, under which shares have been stated at current value and debt securities at acquisition cost. The figures reported by Pohjola to If were based on preliminary pro forma calculations.

Non-life insurance

Gross premiums written in non-life insurance contracted by one per cent to EUR 569 million (EUR 573 million). Premiums written grew by 6% if the one-off premium increase made in statutory workers' compensation insurance in 1998 is not taken into account. As of the beginning of 1999, deregulation took effect in statutory workers' compensation insurance, which made competition possible. Owing to the poor loss experience, premiums in motor third party liability and comprehensive motor vehicle insurance were raised. Pohjola's market share was 25% (26%).

Operating profit in non-life insurance totalled EUR 109 million (EUR 155 million) and balance on technical account EUR -64 million (EUR -5 million). Balance on technical account before exchange rate changes and non-recurring items deteriorated slightly and was EUR -28 million (EUR -25 million). Adjusted into comparable figures, the loss ratio was 84% (83%) and the combined ratio 106% (105%).

The trends in foreign exchange rates impaired the balance on technical account by EUR 14 million; in the previous year, they improved the result by EUR 7 million. The adjustment of the provision for claims outstanding in motor third party liability insurance reduced the result for 1999 by EUR 22 million. In 1998, the result had been favourably impacted by the EUR 13 million in adjustments of premiums written and technical provisions of statutory lines of insurance.

The balance on technical account of domestic direct insurance, adjusted by the one-off items and fluctuations in foreign exchange rates, rose to EUR -29 million (EUR -39 million). The comparable combined ratio was 106% (108%). Earned premiums in statutory workers' compensation insurance went up as the rise in wages and salaries in 1998 turned out to exceed what had been anticipated in the previous annual accounts. Performance in motor third party liability insurance remained on a par with that for 1998. In comprehensive motor vehicle insurance, claims incurred

Gross premiums written (non-life insurance)

EUR million	1998	1999	Change %
Domestic direct insurance			
Statutory workers' compensation	161.0	145.0	-10
Other accident and health	42.2	43.8	4
Motor, third party liability	82.9	91.7	11
Motor, other classes	66.1	70.8	7
Marine, aviation and transport	31.1	30.3	-3
Fire and other damage to property	108.8	108.1	-1
Third party liability	31.3	29.4	-6
Statutory environmental	-	0.6	
Credit and suretyship	2.7	3.3	19
Legal expenses	2.7	3.5	26
Miscellaneous	11.6	12.1	5
Total	540.4	538.6	0
Domestic reinsurance	14.3	14.7	3
Retained foreign insurance	17.8	14.6	-16
Total	572.5	567.9	-1
Foreign insurance in run-off	-	0.6	
Total	572.5	568.5	-1

Balance on technical account, loss ratio and combined ratio (non-life insurance)

	1998			1999		
	EUR million	%	%	EUR million	%	%
Domestic direct insurance						
Statutory workers' compensation	13.9	86	91	4.1	91	96
Other accident and health	-4.7	83	112	-4.9	80	111
Motor, third party liability	-27.9	115	136	-43.2	129	150
Motor, other classes	5.0	73	92	1.7	76	98
Marine, aviation and transport	1.7	56	93	0.3	59	98
Fire and other damage to property	-7.2	73	107	-5.1	73	105
Third party liability	-4.7	100	121	-4.3	97	122
Statutory environmental				0.5	2	10
Credit and suretyship	-0.7	-15	153	0.7	-57	64
Legal expenses	-0.8	92	133	-0.5	96	114
Miscellaneous	0.5	62	91	-1.4	84	132
Total	-24.9	85	105	-52.1	89	110
Domestic reinsurance	1.3	55	86	0.4	68	96
Retained foreign insurance	6.2	-4	37	-5.8	136	168
Total	-17.4	81	102	-57.5	90	112
Foreign insurance in run-off	12.1			-6.7		
Total	-5.3	80	101	-64.2	91	113

Effect of foreign exchange rates on non-life business

EUR million	1996	1997	1998	1999
Balance on technical account	-13.1	-18.2	6.9	-13.6
Net investment income	5.6	15.0	-0.8	19.3
Total effect on profit	-7.5	-3.2	6.1	5.7
Change in difference between current and book values of investments	9.1	20.4	-7,7	11.4
Total effect	1.6	17.2	-1.6	17.1

Gross premiums written (life assurance)			
EUR million	1998	1999	Change %
Life assurance	130.2	103.7	-20
Capital redemption policy	247.2	122.8	-50
Employees´ group life assurance	2.2	2.6	21
Pension insurance	100.6	161.2	60
Total	480.2	390.3	-19
Share of unit-linked insurance	44.1	62.2	41

Claims incurred (life assurance)			
EUR million	1998	1999	Change %
Claims paid			
Life assurance	34.6	83.1	140
Employees´ group life assurance	1.5	1.8	24
Pension insurance	34.9	42.7	22
Surrenders	22.6	34.0	50
Claims settlement expenses	1.1	1.4	30
Total	94.7	163.0	72
Change in provision for claims outstanding (incl. equalization provision)	28.9	13.1	-54
Claims incurred in total	123.6	176.1	43

were up more than expected. In other lines of insurance, no major changes occurred. At the beginning of October, the business risk of credit insurance operations was transferred to the Nordic insurance company Gerling Nordic Kredittforsikring AS. The corresponding technical provisions, net of reinsurance, were at that point EUR 0.4 million. The transfer of the Finnish insurance portfolio took place at year-end but the transfer of foreign liabilities will be effected in the course of the current year.

Adjusted by fluctuations in foreign exchange rates, the balance on technical account of domestic reinsurance and retained foreign insurance went down to EUR 3 million (EUR 7 million) as a result of annual fluctuations in claim amounts. Pohjola in February acquired a controlling interest in a British holding company group, which includes a Russian insurance company, Principal. The insurance company was in June licensed to transact non-life insurance business.
The balance on technical account of foreign insurance in run-off, before foreign exchange changes, totalled EUR 4 million (EUR 7 million). The provisions made proved to be sufficient. As a result of commutations and claims paid, the currency-denominated technical provisions decreased. On the other hand, foreign exchange rates had an increasing effect on the amount of the technical provisions. At year-end, the technical provisions, net of reinsurance, totalled EUR 104 million (EUR 114 million).

Life assurance

Operating profit in life assurance rose to EUR 89 million (EUR 31 million) thanks to the favourable trend in investment income.

Gross premiums written went down to EUR 390 million (EUR 480 million). At the end of the previous year, a forthcoming drop in the technical (guaranteed) interest had been announced, which had boosted the sales of single-premium policies in particular. In 1999, fewer of these policies were sold. On the other hand, premiums written were favourably impacted by the signing of some contracts of insurance of major pension fund liabilities. In the first half of the year, the planned

Investment portfolio on December 31 (non-life insurance)

EUR million	1995	1996	1997	1998	1999	1999 %
Current value						
Land and buildings	504.9	491.6	405.3	314.2	236.9	8
Shares	727.4	1 021.1	1 337.4	751.6	1 282.0	43
Fixed-income securities	323.8	484.2	508.6	733.5	812.2	28
Other debt securities	104.8	37.5	51.0	71.6	608.5	21
Loans	167.2	125.6	92.2	0.7	0.1	-
Other investments	34.0	30.1	33.5	13.0	13.7	-
	1 862.1	2 190.1	2 428.0	1 884.6	2 953.4	100
Difference between current and book values						
Land and buildings	121.1	121.3	93.3	61.2	45.9	
Shares	369.5	573.9	832.2	375.2	783.7	
Fixed-income securities	10.9	20.2	30.8	40.9	11.7	
	501.5	715.4	956.3	477.3	841.3	
Book value in total	1 360.6	1 474.7	1 471.7	1 407.3	2 112.1	

Investment portfolio on December 31 (life assurance)

EUR million	1997	1998	1999	1999 %
Current value				
Land and buildings	133.7	144.1	105.5	3
Shares	426.9	795.0	1 884.3	61
Fixed-income securities	875.1	1 037.2	1 028.7	34
Other debt securities	40.5	65.9	40.3	1
Loans	4.2	1.5	0.7	-
Other investments	31.6	33.5	15.0	1
	1 512.0	2 077.2	3 074.5	100
Investments based on unit-linked insurance	22.9	59.7	149.8	
Difference between current and book values				
Land and buildings	18.5	18.8	16.6	
Shares	102.3	289.6	1 069.4	
Fixed-income securities	48.1	76.5	21.8	
	168.9	384.9	1 107.8	
Book value in total	1 366.0	1 752.0	2 116.5	

Investment portfolio on December 31 (holding operations)

EUR million	1998	1999	1999 %
Current value			
Land and buildings	0.5	0.1	-
Shares	1 469.1	2 529.6	93
Fixed-income securities	9.9	172.7	6
Other investments	5.0	25.3	1
	1 484.5	2 727.7	100
Difference between current and book values			
Shares	1 292.4	795.6	
Fixed-income securities	0.5	1.3	
	1 292.9	796.9	
Book value in total	191.6	1 930.8	

Net investment income (non-life insurance)

EUR million	1995	1996	1997	1998	1999
Continuous income					
Interest	47.1	55.2	51.3	49.3	49.4
Dividends	20.2	28.6	39.0	28.9	39.8
Income from land and buildings	19.7	19.0	15.5	10.4	5.1
Other income/charges	-2.7	1.2	2.9	-0.7	1.9
Total	84.3	104.0	108.7	87.9	96.2
Appreciation/depreciation in profit and loss account					
Gains/losses on realization	115.4	60.4	131.9	111.7	96.9
Value adjustments	-41.5	-7.2	-15.8	-36.5	-28.7
Value re-adjustments	4.9	22.9	35.5	9.9	19.8
Depreciation on buildings	-43.4	-11.8	-13.5	-8.6	-9.9
Unrealized gains/losses	0.5	-	0.2	0.5	-0.8
Total	35.9	64.3	138.3	77.0	77.3
Interest on and charges for long-term loans	-3.9	-3.0	-2.5	-1.5	-1.2
Investment management expenses	-2.7	-3.4	-3.2	-2.0	-1.6
Total	113.6	161.9	241.3	161.4	170.7

Net investment income (life assurance)

EUR million	1997/ July to Dec.	1998	1999
Continuous income			
Interest	29.6	57.3	61.5
Dividends	0.5	16.8	29.7
Income from land and buildings	4.2	8.6	6.9
Other income/charges	0.2	-	1.5
Total	34.5	82.7	99.6
Appreciation/depreciation in profit and loss account			
Gains/losses on realization	3.4	60.5	90.4
Value adjustments	-8.6	-41.2	-40.7
Value re-adjustments	0.2	2.9	26.1
Depreciation on buildings	-1.0	-2.0	-2.3
Unrealized gains/losses	-	2.2	39.3
Total	-6.0	22.4	112.8
Interest on and charges for long-term loans	-3.4	-6.4	-1.3
Investment management expenses	-0.3	-1.0	-1.4
Total	24.8	97.7	209.7

Net investment income (holding operations)

EUR million	1998	1999
Continuous income		
Interest	0.3	6.8
Dividends	19.7	21.9
Other income/charges	-0.3	0.7
Total	19.7	29.4
Appreciation/depreciation in profit and loss account		
Gains/losses on realization	48.6	1 038.6
Value adjustments	-	-0.4
Value re-adjustments	-	0.3
Unrealized gains	-	1 565.4
Total	48.6	2 603.9
Interest on and charges for long-term loans	-	-0.2
Investment management expenses	-0.7	-0.6
Total	67.6	2 632.5

Consolidated solvency

EUR million	1995	1996	1997	1998	1999
Non-life insurance					
Solvency margin					
Capital and reserves after proposed distribution of profit	231.9	265.1	273.0	96.7	141.4
Difference between current and book values of investments	501.5	715.3	956.3	477.3	841.3
Deferred tax liability [1)]	-140.4	-200.3	-267.8	-133.6	-244.0
Intangible assets	-8.9	-11.3	-125.1	-13.6	-11.2
Other	-	-3.4	-2.9	-2.5	-3.1
	584.1	765.4	833.5	424.3	724.4
Equalization provision	86.8	110.5	132.0	196.9	203.3
Minority interest	4.0	4.4	3.4	3.4	2.8
Solvency capital	674.9	880.3	968.9	624.6	930.5
Life assurance					
Solvency margin					
Capital and reserves after proposed distribution of profit			64.1	63.9	64.9
Difference between current and book values of investments			168.9	385.0	1 107.8
Deferred tax liability			0.3	0.3	-159.9
Subordinated liabilities			92.5	58.9	-
Intangible assets			-11.6	-9.6	-8.1
			314.2	498.5	1 004.7
Equalization provision			7.9	8.7	9.8
Minority interest			0.5	0.5	0.5
Solvency capital			322.6	507.7	1 015.0
Holding operations					
Solvency margin					
Capital and reserves after proposed distribution of profit				56.5	1 099.3
Difference between current and book values of investments				1 292.9	796.9
Deferred tax liability [1)]				-362.0	-231.1
Intangible assets				-94.9	-73.5
				892.5	1 591.6
Minority interest				-	0.5
Solvency capital				892.5	1 592.1
Group in total	674.9	880.3	1 291.5	2 024.8	3 537.6

1) For reasons of comparability, deferred tax liability has been deducted from difference between current and book values of investments for 1995-1998.

changes in the tax-deductibility of pension insurance premiums caused many customers to postpone their decision on taking out a new policy or on supplementing their existing insurance cover. Unit-linked insurance was increasingly popular. Uncertainties related to the restructuring of the Pohjola organization and the change of main shareholders affected sales, although the company's products are highly competitive. According to preliminary figures, Pohjola's market share went down to 14% (22%).

There was a slight risk surplus and the balance was somewhat better than in the previous year. Operating expenses, however, continued to exceed the share earmarked for them in premiums. The expense ratio, however, improved over the previous year. Most of the large investments in IT systems have been completed. The technical interest dropped to 3.5% for policies granted after January 1, 1999. Because of the gradual decrease in the technical interest of group pension insurance, the technical provisions were increased by EUR 4 million. In the first half of the year, a considerable number of savings sums under capital redemption policies became payable, resulting in increased claims paid.

In addition to the technical (guaranteed) interest, with-profits policies were in 1999 credited with customer bonuses and rebates of 1.0 to 2.6%, depending on the line of insurance and the technical interest used. Following decisions on customer bonuses and rebates, the provision for bonuses was increased by EUR 26 million (EUR 17 million). In the previous year, part of the provision for future bonuses which had accrued earlier was used for new customer bonuses. The provision for future bonuses can, in exceptional circumstances, be used to maintain the technical interest in accordance with separately confirmed bases.

The medical expenses insurance portfolio, which was earlier included in non-life insurance, was transferred to life assurance at year-end. The transferred technical provisions and the corresponding assets totalled EUR 13 million.

The figures for 1999 also cover the Estonian subsidiary Seesam Life (shareholding of 90%), but the company did not have any major effect in general despite the vigorous growth in its premiums written. In December, the company signed a contract on acquiring an insurance portfolio, as a result of which premiums written in 2000 will amount to some EUR 2 million. Life assurance operations are also being launched in Latvia and Poland.

Investments

At the end of 1999, the current value of the consolidated investment portfolio was EUR 8.9 billion (EUR 5.5 billion). The growth was mainly due to rising share prices.

Net investment income before the parent's unrealized gains totalled EUR 1 448 million (EUR 327 million). Increased dividend income boosted continuous income. Net realization of shares amounted to EUR 741 million, while net acquisitions of fixed-income securities totalled EUR 366 million. Gains on realization of shares amounted to EUR 1 180 million (EUR 142 million), of which Nokia shares accounted for EUR 1 090 million. Gains on realization of fixed-income securities amounted to EUR 26 million (EUR 40 million). In January-February of the current year, gains on realization of shares totalled EUR 644 million.

In the parent company, unrealized gains of EUR 1 565 million on the Nokia shares were entered in the profit and loss account. The raised value corresponds to the market price at year-end. The shares were sold in the current year at a price exceeding the raised value of the shares.

Disposal of investments in land and buildings continued. In non-life insurance, the realization of investments in land and buildings totalled EUR 76 million. Risk concentrations in the real estate portfolio of life assurance were reduced through realizations amounting to EUR 37 million. Gains on realization were in total EUR 20 million (EUR 39 million).

Solvency

At the end of the year, consolidated solvency capital after deduction of deferred tax liability and proposed distribution of profit totalled EUR 3.5 billion (EUR 2.0 billion). The solvency capital increased with rising share prices and growing investment income.

The solvency capital of non-life insurance at year-end amounted to EUR 0.9 billion (EUR 0.6 billion). The solvency ratio was 183% (122%).

In life assurance, solvency capital totalled EUR 1.0 billion (EUR 0.5 billion) and the solvency ratio was 52% (31%). The subordinated loan of EUR 59 million included in the solvency capital of life assurance was repaid. At year-end, the solvency capital corresponding to a 30% target solvency ratio totalled EUR 0.6 billion.

The solvency capital related to holding operations amounted to EUR 1.6 billion (EUR 0.9 billion).

Other operations

At the beginning of 2000, the administrative services provided by the different companies of the Group were incorporated into Pohjola Insurance Service Ltd, a wholly-owned subsidiary of Pohjola. 174 employees transferred to the company. The aim is to later transform the company into a so-called Shared Services company.

Plans are that If will, for the purpose of its operations in Finland, buy services from Pohjola companies and rent office premises from Pohjola. Pohjola continues to sell services also to Suomi Mutual Life Assurance Company and, to some extent, to Ilmarinen Mutual Pension Insurance Company.

Thanks to the precautions taken, transition to the year 2000 went smoothly at Pohjola. However, monitoring of the data systems continues. The direct IT costs incurred by the Group from the Year 2000 compliance project totalled around EUR 7 million, of which EUR 0.3 million was incurred in 1999.

In corporate insurance contracts, millennium risks have, as a rule, been excluded from cover by endorsements to policy terms and conditions. No major millennium claims have been reported by private households.

Changeover to the euro is progressing according to plan. At the initial stage, the work focuses on business areas and only later on IT systems. The amount of work related to IT systems is expected to correspond to the amount of work required by the Year 2000 changes. In 1999, the total expenses incurred were EUR 1.8 million (EUR 0.7 million). The euro was adopted in the general ledger, annual accounts and securities operations on January 1, 1999.

Staff

At the end of 1999, the Group had 2 663 employees (2 849 employees). The average number of employees was 2 720 people (2 745 people). Somewhat over 1 000 employees would transfer to If on the completion of the business transfer.

At year-end, the parent company employed 387 people (423 people), of whom 125 people transferred to the administrative services company at the beginning of 2000. Around 35 people would transfer to If.

Shareholders and share capital

Pohjola's major shareholders changed within a year. In January 1999, Merita sold its Pohjola shareholding to Skandia, which in turn, in October, sold both the shares bought from Merita and the Pohjola shares it had acquired earlier to the Sampo-Leonia group. In January 2000, the largest shareholder of Pohjola, Suomi Mutual Life Assurance Company, sold the bulk of its Pohjola shares to a new cooperation alliance which, besides Suomi, includes Ilmarinen, the OKOBANK group and some smaller cooperating partners.

The Insurance Supervision Authority gave its consent to the share transactions of both groupings in January 2000 on certain restrictive conditions pertaining to the membership in the Pohjola Board of Directors.

Based on an amendment, effective as of July 26, 1999, of the Articles of Association, the nominal value of shares was given up and the share capital was converted into euros. In this connection, the share capital was increased to EUR 35 million through a bonus issue by transferring EUR 0.8 million from the legal reserve.

Corporate management

Elected by an extraordinary shareholders' meeting, the members of the Board of Directors as of February 1, 2000 are Mr Heikki Hakala (Chairman), Mr Mikael Silvennoinen (Deputy Chairman), Mr Martin Granholm, Mr Eero Heliövaara, Mr Timo Salonen, Mr Oiva Savela and Mr Matti Vuoria.

Before that date, the Board included Mr Tauno Matomäki (Chairman), Mr Lars-Eric Petersson (Deputy Chairman as of April 20, 1999), Mr Aatto Prihti (Deputy Chairman until April 20, 1999), Mr Jaakko Ihamuotila and, as of April 20,1999, Mr Antti Potila and Mr Oiva Savela, who were elected to replace Mr Edward Andersson and Mr Olavi Nevanlinna due to resign.

The President and CEO as of February 2, 2000 is Mr Matti Kavetvuo. At that date, the former President and CEO, Mr Iiro Viinanen, and his deputy, Ms Pirkko Alitalo, resigned from their posts.

Outlook

The Board of Directors elected at the beginning of February will focus on preparing a corporate strategy. The Board's operations are based on the principle that all shareholders are treated fairly and on equal terms. Furthermore, the company's objective is to produce maximum added value for the benefit of all shareholders, and to take the interests of all constituent groups into account. The main content of the company's strategy will be disclosed later in the spring.

Proposal by the Board of Directors for distribution of retained profits

In addition to the solvency capital corresponding to the 30% target solvency ratio in life assurance and the solvency capital intended to be transferred to If in accordance with the agreements, Pohjola at year-end had around EUR 3.4 billion in capital not pertaining to insurance operations.

According to the annual accounts of December 31, 1999, the Group's distributable funds totalled EUR 1 998 million and those of the parent company EUR 1 974 million. When assessing the distributable funds, it must be taken into consideration, as regards If, that the authorities' opinions, the outcome of the due diligence audit and the factors pertaining to the implementation and interpretation of the agreement may entail adjustments impacting the result.

The Board of Directors proposes to the Annual General Meeting that EUR 22 per share, or a total of EUR 895 620 000, be distributed in dividend and that EUR 35 000 be reserved for donations for worthy causes. The rest of the distributable funds will be transferred to the contingency reserve.

Statement of source and application of funds

EUR million	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Source of funds				
From operations				
Profit before interest on loans, extraordinary items, untaxed reserves and tax	2 767.8	154.1	2 673.5	177.1
Adjustments:				
Changes in technical provisions	432.3	542.0	-1.0	172.0
Value adjustments and unrealized gains	-1 580.3	62.1	-1 571.1	-5.1
Depreciation	52.7	48.0	6.2	11.5
Adjustments pertaining to associated undertakings	-1.3	-0.2	-	-
	1 671.2	806.0	1 107.6	355.5
From other sources				
Increase in long-term loans	13.3	-	-	-
Increase in subordinated loans	2.0	-	-	-
Increase in capital and reserves	1.8	-	-	-
	17.1	-	-	-
Source of funds in total	1 688.3	806.0	1 107.6	355.5
Application of funds				
Profit distribution				
Interest on long-term loans	2.8	7.9	-	0.9
Tax	781.8	58.1	752.0	50.8
Dividends paid	205.4	20.6	205.4	20.6
	990.0	86.6	957.4	72.3
Investments				
Business transfer, investments and technical provisions	-	-	-	89.2
Increase in investments (net)	1 239.4	587.9	712.1	266.3
Increase in intangible and tangible assets (net)	14.5	20.5	8.7	11.0
	1 253.9	608.4	720.8	366.5
Repayment of capital and loans				
Decrease in long-term loans	-	23.1	0.1	40.2
Decrease in subordinated loans	58.9	33.6	-	-
Decrease in capital and reserves	-	0.5	-	-
Decrease in minority interest	0.5	-	-	-
	59.4	57.2	0.1	40.2
Application of funds in total	2 303.3	752.2	1 678.3	479.0
Difference(-)	-615.0	53.8	-570.7	-123.5
Increase/decrease in:				
Business transfer July 1, 1998	-	-	-	-166.1
Debtors	-5.3	7.4	-4.4	82.3
Cash at bank and in hand	18.7	25.2	20.6	5.0
Prepayments and accrued income	6.0	14.3	4.4	-2.3
Deposits received from reinsurers	0.2	-	-	-
Creditors	-0.3	-2.9	35.5	-17.7
Accruals and deferred income	-634.3	9.8	-626.8	-24.7
Total(-)	-615.0	53.8	-570.7	-123.5

Profit and loss account

EUR million	Notes	Group Jan.1-Dec.31, 1999	Group Jan.1-Dec.31, 1998	Parent company Jan.1-Dec.31, 1999	Parent company Jan.1-Dec.31, 1998
TECHNICAL ACCOUNT	2				
NON-LIFE INSURANCE					
Earned premiums					
Premiums written	3, 10	563.6	568.5	21.6	404.4
Outward reinsurance premiums		-48.7	-44.5	-11.3	-38.8
		514.9	524.0	10.3	365.6
Change in provision for unearned premiums					
Total change		-9.7	-13.6	3.9	158.1
Share of transferred portfolio		-3.7	-	-	-264.1
Reinsurers' share					
Total change		7.6	2.7	-0.2	-13.6
Share of transferred portfolio		0.2	-	-	26.6
		-5.6	-10.9	3.7	-93.0
Earned premiums in total		509.3	513.1	14.0	272.6
Claims incurred					
Claims paid	10	-423.3	-426.2	-19.7	-205.3
Reinsurers' share		30.0	34.3	10.4	20.1
		-393.3	-391.9	-9.3	-185.2
Change in provision for claims	10				
Total change		-65.0	-11.3	-7.2	901.8
Share of transferred portfolio		-9.5	-	-	-926.9
Reinsurers' share					
Total change		6.1	-6.2	1.9	-39.3
Share of transferred portfolio		0.3	-	-	26.5
		-68.1	-17.5	-5.3	-37.9
Claims incurred in total		-461.4	-409.4	-14.6	-223.1
Change in collective guarantee item					
Total change		-0.9	-0.9	-	22.4
Share of transferred portfolio		-	-	-	-22.8
		-0.9	-0.9	-	-0.4
Operating expenses	7, 8	-111.2	-109.4	-5.3	-54.3
Balance on technical account before change in equalization provision		-64.2	-6.6	-5.9	-5.2
Change in equalization provision					
Total change		-6.4	-64.9	2.7	102.2
Share of transferred portfolio		-		-	-142.7
		-6.4	-64.9	2.7	-40.5
Balance on technical account		-70.6	-71.5	-3.2	-45.7

Profit and loss acoount

EUR million	Notes	Group Jan.1-Dec.31, 1999	Jan.1-Dec.31, 1998
TECHNICAL ACCOUNT LIFE ASSURANCE			
Premiums written			
Premiums written	4	390.3	480.2
Outward reinsurance premiums		-2.2	-1.7
		388.1	478.5
Allocated investment return transferred from non-technical account	9	209.7	97.7
Claims incurred			
Claims paid			
Claims paid	5	-163.0	-94.7
Reinsurers' share		1.4	1.2
		-161.6	-93.5
Change in provision for claims			
Change in provision for claims			
Total change		-22.2	-28.8
Share of transferred portfolio		9.0	-
Reinsurers' share		0.1	-
		-13.1	-28.8
Claims incurred in total		-174.7	-122.3
Change in life assurance provision			
Change in life assurance provision	6, 7		
Total change		-342.0	-419.1
Share of transferred portfolio		3.5	-
Reinsurers' share		0.2	0.1
		-338.3	-419.0
Operating expenses	7, 8, 10	-22.3	-20.7
Balance on technical account		62.5	14.2

Profit and loss acoount

EUR million	Notes	Group Jan.1-Dec.31, 1999	Group Jan.1-Dec.31, 1998	Parent company Jan.1-Dec.31, 1999	Parent company Jan.1-Dec.31, 1998
NON-TECHNICAL ACCOUNT					
Balance on technical account of non-life insurance		-70.6	-71.5	-3.2	-45.7
Balance on technical account of life assurance		62.5	14.2		
Investment income	9	1 539.1	459.8	1 123.6	253.6
Unrealized gains on investments	9, 10	1 604.9	2.9	1 565.4	-
Investment charges	9	-130.2	-135.7	-3.2	-30.1
Unrealized losses on investments	9	-0.9	-	-	-
		3 012.9	327.0	2 685.8	223.5
Allocated investment return transferred to life assurance technical account	9	-209.7	-97.7	-	-
Other income		22.2	23.6	43.0	45.7
Other charges					
Depreciation on unallocated consolidation difference		-24.7	-24.7	-	-
Depreciation on goodwill		-0.9	-0.9	-	-
Other		-28.1	-24.2	-52.1	-47.3
		-53.7	-49.8	-52.1	-47.3
Tax on profit on ordinary activities					
Tax for financial year		-780.6	-59.2	-749.1	-50.7
Tax for previous financial years		-2.8	-0.1	-2.9	-0.1
Change in deferred tax liability		1.6	1.2	-	-
		-781.8	-58.1	-752.0	-50.8
Share of associated undertakings' profit/loss after tax		1.4	0.4	-	-
Profit on ordinary activities after tax		1 983.2	88.1	1 921.5	125.4
Extraordinary loss		-	-	-	-0.1
Profit after extraordinary items		1 983.2	88.1	1 921.5	125.3
Decrease in accelerated depreciation				-	4.1
Decrease in voluntary provisions				0.5	0.8
Minority interest		-0.5	-		
Profit for financial year		1 982.7	88.1	1 922.0	130.3
To be transferred to reserves:					
Voluntary provisions and accelerated depreciation		-4.1	-3.0		
Profit for financial year		1 986.8	91.1		
		1 982.7	88.1		

Balance sheet

EUR million	Notes	Group Dec. 31, 1999	Group Dec. 31, 1998	Parent company Dec. 31, 1999	Parent company Dec. 31, 1998
Assets					
Intangible assets	12				
Development expenses		9.1	10.1	0.2	0.2
Intangible rights		13.7	11.0	7.3	4.3
Goodwill		8.4	10.1	-	-
Unallocated consolidation difference		61.6	86.5	-	-
Other long-term expenses		0.1	0.3	-	-
		92.9	118.0	7.5	4.5
Investments	13				
Land and buildings	14				
Land and buildings and shares therein	16	280.0	378.7	0.1	0.5
Investments in affiliated and associated undertakings					
Shares in affiliated undertakings	15, 16	1.1	1.8	307.3	298.7
Shares in associated undertakings	15, 16	11.7	9.3	8.9	7.6
		12.8	11.1	316.2	306.3
Other financial investments					
Shares	16	3 034.4	1 047.6	1 727.3	172.9
Debt securities	17	2 627.5	1 800.3	758.1	52.8
Loans guaranteed by mortgages	18	-	0.7	-	-
Other loans	18	0.8	1.6	0.1	0.1
Deposits with credit institutions		47.0	43.9	18.9	5.0
		5 709.7	2 894.1	2 504.4	230.8
Deposits with ceding undertakings		7.1	7.4	0.4	0.3
Investments in total		6 009.6	3 291.3	2 821.1	537.9
Investments for the benefit of life assurance policyholders who bear the investment risk	19	149.8	59.7		
Debtors	20				
Direct insurance debtors					
Policyholders		110.1	110.9	-	0.1
Intermediaries		1.5	1.4	-	-
		111.6	112.3	-	0.1
Reinsurance debtors		21.6	18.0	10.1	8.9
Other debtors		39.0	47.1	11.4	16.9
		172.2	177.4	21.5	25.9
Other assets					
Tangible assets and stocks					
Equipment	21	19.9	20.6	9.0	9.3
Stocks		2.3	2.5	1.3	1.6
		22.2	23.1	10.3	10.9
Cash at bank and in hand		71.7	53.0	25.7	5.1
Other		2.2	2.1	2.2	2.1
		96.1	78.2	38.2	18.1
Prepayments and accrued income					
Interest and rent		69.8	62.9	6.1	1.7
Deferred acquisition costs		4.7	4.4	-	-
Other		21.2	22.4	5.1	5.1
		95.7	89.7	11.2	6.8
Assets in total		6 616.3	3 814.3	2 899.5	593.2

Balance sheet

EUR million	Notes	Group Dec.31, 1999	Group Dec. 31, 1998	Parent company Dec.31, 1999	Parent company Dec.31, 1998
Liabilities					
Capital and reserves	22				
Restricted					
Share capital		35.0	34.2	35.0	34.2
Legal reserve		158.3	159.1	158.2	159.0
Revaluation reserve		4.8	5.1	-	-
Translation differences		3.7	1.4	-	-
		201.8	199.8	193.2	193.2
Non-restricted					
Contingency reserve		82.1	138.4	52.2	127.3
Accelerated depreciation and voluntary provisions, net of tax	23	1.0	5.1	-	-
Profit/loss brought forward		-70.4	-11.8	-	-
Profit for financial year		1 986.8	91.1	1 922.0	130.3
		1 999.5	222.8	1 974.2	257.6
Capital and reserves in total		2 201.3	422.6	2 167.4	450.8
Minority interest		3.9	3.8		
Untaxed reserves	23				
Voluntary provisions				-	0.5
Subordinated loans	24	2.0	58.9		
Technical provisions					
Provision for unearned premiums of non-life insurance		192.4	182.7	2.7	6.6
Reinsurance amount		-24.4	-16.7	-0.1	-0.3
		168.0	166.0	2.6	6.3
Life assurance provision	25	1 674.2	1 418.1	-	-
Reinsurance amount		-1.4	-1.2	-	-
		1 672.8	1 416.9	-	-
Provision for claims outstanding of non-life insurance	26	1 199.4	1 134.4	70.6	63.4
Reinsurance amount		-69.3	-63.3	-25.8	-23.9
		1 130.1	1 071.1	44.8	39.5
Provision for claims outstanding of life assurance		249.0	226.0	-	-
Reinsurance amount		-0.4	-0.3	-	-
		248.6	225.7		
Equalization provision of non-life insurance		203.3	196.9	12.9	15.6
Collective guarantee item of non-life insurance		24.2	23.3	-	-
Technical provisions in total		3 447.0	3 099.9	60.3	61.4
Technical provisions for life assurance policies where the investment risk is borne by the policyholders		143.7	58.3		
Deposits received from reinsurers		0.1	0.4		
Creditors	27				
Direct insurance creditors		2.0	2.4	-	-
Reinsurance creditors		26.5	26.3	6.3	6.2
Amounts owed to credit institutions		35.8	22.5	-	0.1
Deferred tax liability	23	0.3	1.8	-	-
Other creditors		35.1	33.1	21.6	57.2
		99.7	86.1	27.9	63.5
Accruals and deferred income		718.6	84.3	643.9	17.0
Liabilities in total		6 616.3	3 814.3	2 899.5	593.2

1. Accounting principles

a) Changes in accounting principles and comparability of data

Pohjola Group annual accounts are drawn up in euros as of January 1, 1999. Former years' figures in Finnish marks have been converted into euros by the conversion rate of EUR 1 = FIM 5.94573. The annual accounts have been drawn up in accordance with the accounting rules applied in the previous year.

The 1999 figures for the parent company are not comparable with those for the previous financial year. During the first six months of 1998, the parent also transacted direct non-life insurance, but became a holding company after the incorporation of business operations on July 1, 1998. Apart from providing group services, the holding company only underwrites reinsurance. However, in connection with the incorporation, information by segment was altered retroactively as of the beginning of 1998. In earlier years' figures, the information pertaining to the holding operations segment is included in the non-life insurance segment. Life assurance is included in consolidated figures as of July 1, 1997.

When calculating the solvency margin, solvency capital and key ratios, the difference between current and book values of investments has been reduced by deferred tax liability to the extent that this liability is deemed likely to become payable.

b) Transfer of non-life insurance business to If P&C Insurance

In 1999, a decision was made to transfer the Group's non-life insurance business to If P&C Insurance. The transfer is subject to the approval of the insurance and competition supervision authorities. Therefore, non-life insurance is still included in the 1999 annual accounts. The intention is that Pohjola will, in consideration of the transfer, receive shares in If P&C Insurance, which will be exchanged for shares in If Holding, the parent company of If.

The amount of the net assets to be transferred and the purchase price of the If Holding shares will depend on the amount of the solvency capital to be transferred. On July 1, 1999, the solvency capital to be transferred as per agreement totalled 65% of the premiums written by the Pohjola group in non-life insurance over the 12 preceding months. This solvency capital amount will be adjusted by the profit or loss and by the unrealized gains or losses on investments for the period between the above date and the completion date of the transfer.

c) Consolidated accounts

Those corporations in which the parent company either directly or indirectly has a controlling interest are consolidated. In all Pohjola Group subsidiaries, the control is based on the majority of voting rights.

All subsidiaries are consolidated, item by item, excluding Varma Mutual Insurance Company (in liquidation) and Russia Life Investment Ltd with its subsidiaries. Varma was placed in voluntary liquidation after acquisition and the total acquisition cost of shares was entered as a charge. The holding in both companies is a short-term one because the companies will be transferred to If in connection with the transfer of non-life insurance business. The effect of non-inclusion in the consolidated accounts is insignificant.

The consolidated accounts are combinations of the profit and loss accounts, balance sheets and notes on the accounts of the parent company and subsidiaries. In this consolidation, inter-group receivables and debts, income and charges, profit distribution, internal gains and losses entered in the balance sheets and mutual share ownership are eliminated. Subsidiaries acquired during the year are consolidated as of the moment of acquisition, while undertakings sold during the year are consolidated up to the moment of sale. Before consolidation, the essential items of the subsidiaries' accounts are changed to conform to the parent company's accounting principles. Eliminated internal gains and losses are released to income along with scheduled depreciation or value adjustments. Minority interest is shown as an item separate from profit and loss and capital and reserves.

The book value of shares in undertakings included in consolidation is eliminated by the acquisition method. The consolidation difference is entered directly against the subsidiaries' asset items and is depreciated in accordance with their depreciation schedule. The unallocated consolidation difference is shown as a separate item in the consolidated balance sheet and is written off as scheduled over a period of five years. The total consolidation difference for the acquisition of Pohjola Life is entered as an unallocated item in the consolidated balance sheet as it pertains mostly to investments.

The figures for foreign subsidiaries are translated into euros at the rate quoted by the Bank of Finland on December 31. The translation differences resulting from the elimination of shares in subsidiaries are stated partly under restricted and partly non-restricted capital and reserves. Other differences due to changes in exchange rates, primarily those of internal receivables and liabilities, are entered into the profit and loss account.

Associated undertakings, i.e. undertakings in which the Group holds from 20% to 50% of the voting rights, are included in the consolidated accounts mainly by the equity method. The profit and loss account includes the Group's share of associated undertakings' profit or loss. In the balance sheet, the Group's share of associated undertakings' profit or loss which has accrued after acquisition is added to or deducted from associated undertakings' acquisition cost, and profit brought forward. Internal gains/losses entered in the balance sheet and originating from transactions between the Group and associated undertakings are eliminated in proportion to the Group's shareholding. Consolidation difference and eliminated internal gains/losses are entered in the profit and loss account in accordance with the principles applied to the consolidation of subsidiaries.

Asunto Oy Helsingin Korppaanmäki is included by proportional consolidation, item by item, in proportion to the holding (50%), otherwise applying the same principles as those used in the consolidation of subsidiaries. Other holdings (20% to 50%) in mutual housing and real estate companies are stated at cost. Since the expenses for these companies are covered by shareholders, the effect on consolidated profit and profit brought forward is insignificant.

Likewise, Ilmarinen Mutual Pension Insurance Company is stated at cost since the act on employment pension insurance companies provides that a company carrying on statutory pension insurance may not be included in the consolidated accounts of another company by the equity method. The prohibition is based on restrictions pertaining to employment pension insurance. There are some transactions between the Group and Ilmarinen in the ordinary course of their insurance or insurance-related activities. The companies share, for instance, expenses for the partly joint marketing organization. Cooperation is based on agreements and is monitored by the Insurance Supervision Authority.

d) Book value of investments

Buildings and constructions are shown in the balance sheet at acquisition cost reduced by scheduled depreciation. Acquisition cost includes purchase price and production cost directly attributable to the item in question. Shares in land and buildings as well as land and water areas are shown in the balance sheet at purchase price or at current value, whichever is lower. The book value of certain land and buildings or shares therein has been written up. Write-ups of buildings released to income are depreciated according to schedule.

Other shares as well as debt securities classified as investments are shown in the balance sheet at purchase price or at current value, whichever is lower. The difference between the amount repayable at maturity and purchase price of debt securities is released to interest income or charged to that income in instalments during the period remaining until repayment. The counter-item is shown as an increase or a decrease in acquisition cost. Acquisition cost is calculated on the basis of the average price method. The book values of certain securities have been written up.

Shares subject to stock lending are valued in the same manner and their amount is stated in the notes on the accounts.

Shares and debt securities classified as fixed assets are shown in the balance sheet at acquisition cost reduced by permanent value adjustments. Acquisition cost is calculated in accordance with the FIFO-method.

Investments classified as receivables are shown in the balance sheet at nominal value or at permanently lower likely realizable value.

Previously made value adjustments on investments are entered in the profit and loss account as value re-adjustments insofar as the current value rises.

Investments acquired for the benefit of life assurance policyholders who bear the investment risk are shown in the balance sheet at current value and the change in current value is entered in the profit and loss account as unrealized gains/losses or value adjustments/re-adjustments.

Derivative contracts are used to hedge the fixed-income securities portfolio against interest and exchange rate risks and the share portfolio against price and exchange rate risks. The volume of the derivatives business is not material compared to the market values of the portfolios.

e) Book value of other assets than investments

Intangible assets and equipment are shown in the balance sheet at acquisition cost reduced by scheduled depreciation. Acquisition cost includes purchase price and directly attributable production costs.

Premium receivables are shown in the balance sheet at likely realizable value; other receivables at nominal value or at permanently lower likely realizable value.

f) Grounds for scheduled depreciation

Depreciation has been determined in accordance with a depreciation schedule.

Scheduled depreciation on buildings and constructions is calculated, per building, on acquisition cost and on write-up released to income as unrealized gains, in accordance with the straight-line depreciation method applying the following estimated useful lives of buildings. The depreciation periods and corresponding annual depreciation percentages are on the average:

Housing	50 years	2%
Offices and hotels	30-50 years	2-3.3%
Business and industrial premises	20-50 years	2-5%
Building fixtures	10-15 years	6.7-10%
Repair and renovation	10-20 years	5-10%
Other assets	10 years	10%
Write-up through unrealized gains	As for buildings	
Revaluation entered in revaluation reserve	No depreciation	

Where necessary, decrease in current value is taken into account as additional scheduled depreciation on buildings.

Scheduled depreciation on intangible assets and equipment is calculated on the acquisition cost per group of commodities, in accordance with the straight-line depreciation method applying the following estimated useful lives of groups of commodities. The depreciation periods and corresponding annual depreciation percentages are:

Intangible rights (software)	5 years	20%
Goodwill	10 years	10%
Unallocated consolidation difference	5 years	20%
IT systems work expenses	5 years	20%
Long-term expenses pertaining to investments in land and buildings	10 years	10%
IT workstations	3 years	33.3%
Transport facilities and other hardware	5 years	20%
Other equipment	10 years	10%

g) Unrealized gains on and revaluation of investments

The book values of land and water areas, buildings and securities can be written up. Write-ups of items classified as investments are entered in the profit and loss account as unrealized gains, and write-ups of items classified as fixed assets are entered in the revaluation reserve. The revaluation reserve may be used for bonus issues to the extent that the reserve, at the time of the bonus issue, pertains to investments classified as fixed assets.

If a previous write-up becomes unjustified, unrealized gains are entered as unrealized losses in the profit and loss account, and the revaluation is withdrawn from the revaluation reserve or, in the event that the revaluation reserve has been used for a bonus issue, from non-restricted reserves.

Unrealized gains on buildings are depreciated according to schedule.

h) Current value of investments and difference between current and book values

The notes on the accounts indicate, by balance sheet item, the remaining acquisition cost, book value and current value of investments. The difference between the two first-mentioned values consists of write-ups of book values as well as of equity-method adjustments related to associated undertakings. The difference between the two last-mentioned values indicates the difference between current and book values not entered in the balance sheet.

The individual current values of land and buildings and shares therein are annually defined by in-house experts. Current values are defined primarily by the yield value method. A parallel assessment method applied to housing real estate and sites is that based on local market price statistics, while the current technical value is applied to buildings. The current values are defined individually, observing the principle of prudence.

The current value of listed securities and of securities for which there is a market is the last quoted trading price of the year or, where this is not available, the bid price. The current value of other securities is the likely realizable value, the remaining acquisition cost or the net asset value.

The current value of receivables is the nominal value or the likely realizable value, whichever is lower.

i) Technical provisions of non-life insurance

The provision for unearned premiums includes that part of premiums written which is attributable to the period after the balance-sheet date.

The provision for claims outstanding includes unpaid items for losses which have occurred and their claims settlement expenses. For annuities and some other long-term liabilities, the provision for claims outstanding is calculated in accordance with the present value method. In discounting, the interest rate is chosen prudently on the basis of investment income from company assets. The claims settlement period is based on company statistics.

The provision for claims outstanding includes a collective guarantee item which pertains to the guarantee system of statutory non-life insurance and has to be shown separately in the balance sheet. By means of the guarantee item companies provide for their joint liability should one of the companies granting these policies end up in liquidation or go bankrupt.

The provision for claims outstanding includes the equalization provision, which, too, has to be shown separately in the balance sheet. The purpose of the equalization provision is to balance the annual fluctuations of claims incurred and to maintain the insurance undertaking's solvency. The size of the equalization provision is determined on the bases of calculation prescribed by the Insurace Supervision Authority. Confirmation of new bases of calculation has to be sought in advance. The equalization provision increases if the loss ratio is less than the average for previous years, and decreases if the loss ratio exceeds that average. Moreover, an amount calculated in accordance with confirmed bases must be transferred to the equalization provision. This amount can, for the class of insurance concerned, be 0% to 15% of earned premiums, net of reinsurance. In addition, the equalization provision must always be raised by an interest of four per cent calculated on the opening balance of the equalization provision.

Technical provisions are entered in the balance sheet in accordance with the net principle whereby reinsurance amounts are shown as debt deduction items. The debt and the receivable by which it is reduced cannot be set off against each other, since the creditor and debtor involved are different parties.

j) Technical provisions of life assurance and deferred policy acquisition costs

Technical provisions are calculated separately for each life assurance contract. The rates of interest for the different types of insurance are chosen prudently on the basis of investment income from company assets. The interest rates used meet the requirements set by the Ministry of Social Affairs and Health.

Policy acquisition costs are shown under operating expenses in the profit and loss account. Part of the policy acquisition costs are deferred over future years by deducting them from the life assurance provision (so-called zillmerization) or by entering a deferred acquisition cost item in the balance sheet under prepayments and accrued income. The period of amortization in zillmerization is a maximum of ten years and that of the deferred acquisition cost item a maximum of four years.

The technical provisions include a provision for bonuses. In accordance with the regulations by the Insurance Supervision Authority, bonuses comprise all benefits which are not included in the insurance company's liability on the basis of the insurance contract, such as premium rebates, additional sums insured, customer bonuses and the provision for future bonuses. The impact which the bonuses declared during the financial year have on the technical account of life assurance is determined by calculating the amount of technical provisions corresponding to these bonuses.

Technical provisions are entered in the balance sheet net of reinsurance, as in non-life insurance.

k) Principle of equity in life assurance

Chapter 13, §3 of the Insurance Companies Act provides that the so-called principle of equity has to be applied in life assurance to policies which, in accordance with the insurance contract, are entitled to bonuses granted on the basis of any surplus the portfolio may generate. According to this principle, a reasonable part of the surplus from the policies is returned as bonuses to these policies, provided that the solvency requirements do not prevent such a procedure. As to the level of bonuses, continuity is aimed at. The principle of equity has an impact on how the difference between current and book values of investments shown in the notes on the accounts is, in the long term, divided between owners and policyholders; however, without giving the individual persons in either group the right to claim these funds.

Pohjola Life applies the principle of equity as follows:

- The company aims at crediting with-profits policies, on average, with a return (gross return before deduction of expenses) which is 1 to 2 percentage points higher than the risk-free rate for a duration comparable to that of a policy term. This is the basis on which the level and continuity of annual bonuses are determined.
- The structure of the company's investment portfolio is developed in such a manner that the target return set for individual insurance products is obtained on insurance savings. This means that, in the long run, at least 50% of the company's assets will be invested in shares and, to a lesser extent, in land and buildings, depending on insurance products.
- To provide for the fluctuation of asset values, the company's relative solvency, measured by the company's average solvency ratio, is kept at 20% to 30%, depending on the phase of the economic cycle at any given time (excluding life assurance policies where the investment risk is borne by the policyholders).

l) Solvency margin and solvency capital

The Insurance Supervision Authority monitors the solvency of insurance companies. The main indicator used is solvency margin which refers to the difference between assets and liabilities assessed at current value applying the principle of prudence, the difference being increased by subordinated loans which meet certain criteria. Solvency margin and capital and reserves have to meet the requirements set in the Insurance Companies Act. Moreover, there are requirements on the total amount of solvency margin and equalization provision, i.e. solvency capital, of non-life insurance companies, depending on investment and underwriting risks involved. Solvency margin and solvency capital are shown in the notes on the accounts.

m) Deferred tax liabilities and assets

Under Finnish accounting and tax legislation, voluntary provisions and depreciation in excess of schedule (accelerated depreciation) can be included in the annual accounts. These items are tax-deductible only if deducted also in the books. In the consolidated accounts, voluntary provisions and accelerated depreciation are included partly in profit for financial year and reserves and partly in deferred tax charge and deferred tax liability. According to old accounting principles, other deferred tax liabilities and assets are not entered in the balance sheet.

Deferred tax liability is included in voluntary provisions and accelerated depreciation in the parent company, and in the revaluation reserve and the difference between current and book values of investments shown in the notes on the accounts. No tax liability is included in unrealized gains on investments entered in the profit and loss account because these are accounted for as taxable income for the write-up year and the depreciation and value adjustment made on them are correspondingly deducted from the taxable income. Long-term deferred tax assets pertain to certain value adjustments made previously by the parent company and subsidiaries.

As of 1999, deferred tax liability is deducted from the difference between current and book values of investments included in solvency margin and solvency capital, to the extent that this liability is deemed likely to become payable. For the holding and non-life insurance operations, deferred tax liability is deducted in full. In life assurance, the deduction is made to the extent that solvency capital exceeds the target solvency (see section k). The key ratios are presented in the same manner, while the previous mode of presentation is also maintained for reasons of comparability.

The deferred tax liability is shown in accordance with the tax rate valid at the time of preparing the annual accounts. The tax rate applied is 29% (28% in the annual accounts for 1995 to 1998).

n) Items in foreign currencies

Transactions in foreign currencies are entered at the rate quoted on the date of the transaction. Receivables and liabilities unsettled at the end of the financial year and current values of investments denominated in foreign currencies are translated into euros at the rates quoted by the Bank of Finland on December 31. Exchange gains and losses arising during the financial year and at year-end are entered in the profit and loss account as adjustments of the income and charges concerned or as investment income or charges, provided that the exchange gains/losses pertain to financing transactions. Claims paid are adjusted by the amount of exchange gains/losses of opening technical provisions of foreign subsidiaries.

o) Pension arrangements for staff

Pension coverage for the employees working for the parent company and the domestic subsidiaries is arranged through pension insurance taken out from Ilmarinen Mutual Pension Insurance Company and Pohjola Life Assurance Company Ltd.

The pension premiums have been entered in the profit and loss account on an accrual basis.

p) Activity-based profit and loss account

Insurance undertakings' profit and loss account layout requires activity-based cost accounting. Operating expenses and depreciation on intangible assets and equipment are included, by activity, in the profit and loss account items. Claims management expenses are included in claims paid; investment management expenses in investment charges. Only expenses for policy acquisition and portfolio administration as well as general administrative expenses are shown under operating expenses. Commissions received in ceded reinsurance are deducted from operating expenses. Expenses corresponding to services sold to other companies and holding operations expenses are included in other charges. Scheduled depreciation on buildings is shown as investment charges.

In the consolidated profit and loss account, all items are shown after inter-group eliminations. The Pohjola Life sub-group's and Seesam Life's share of the net investment income calculated in this manner is transferred from the non-technical account to the technical account of life assurance.

q) Information by segment

In the analyses by segment, the subsidiaries transacting non-life insurance and their sub-groups, the parent's non-life insurance operations and foreign associated undertakings are included in the non-life insurance segment. The life assurance segment is composed of the Pohjola Life sub-group and Seesam Life. The rest pertains to the holding operations segment. In the figures for 1995 to 1997, the holding operations are included in the non-life insurance segment.

Internal interest, dividends, rents and gains on inter-group services are eliminated from transactions between segments.

Of the consolidated solvency capital, the solvency capital shown in the accounts of the Pohjola Life sub-group and Seesam Life is stated separately as pertaining to the life assurance segment. The solvency capital of the non-life insurance segment equals the solvency capital as stated in the accounts of the non-life subsidiaries, increased by the minimum solvency margin of the reinsurance business of the parent company. The rest of the Group's solvency capital pertains to the holding operations segment.

r) Exceptional permission by The Finnish Accounting Standards Board

On December 22, 1997, The Finnish Accounting Standards Board gave insurance companies permission to deviate from the regulations of the decision by the Ministry of Finance, in respect of the following:

- The market values of securities subject to public trading are not specified by balance-sheet item since the total current value of each balance-sheet item is shown in the notes on the accounts.
- Volume of orders, research and development costs and gross investments in fixed assets are not indicated owing to the special nature of insurance.
- Return on invested capital is replaced by return on assets.

Exceptional permission was granted for 1997 to 2000.

s) Definition of key ratios

General

The key ratios are consolidated data and comply with the directives of the Ministry of Social Affairs and Health.

The accounting of deferred tax liability is described in section m.

Turnover =

Non-life insurance
\+ Gross premiums earned before credit loss and reinsurers' share
\+ Investment income
\+ Other income
\+ Unrealized gains insofar as materialized in connection with realizations

Life assurance
\+ Gross premiums written before credit loss and reinsurers' share
\+ Investment income and unrealized gains/losses
\+ Other income

Gross premiums written =

Premiums written before credit loss and reinsurers' share

Operating profit or loss =

Non-life insurance
± Profit or loss before change in equalization provision, unrealized gains or losses on investments, extraordinary items and tax

Life assurance
± Profit or loss before change in equalization provision, bonuses and rebates, extraordinary items and tax

Return on equity at current values (%) =

± Profit or loss before extraordinary items and tax
± Revaluation entered in/withdrawn from revaluation reserve
± Change in difference between current and book values of investments (incl. consolidation difference)
\- Tax
± Change in deferred tax liability on difference between current and book values of investments

divided by (x 100)

\+ Capital and reserves
\+ Minority interest
± Difference between current and book values of investments (incl. consolidation difference)
\- Deferred tax liability on difference between current and book values of investments
(average of Jan. 1 and Dec. 31)

The bonuses provided in life assurance in accordance with the company's target are included in the technical provisions. Any amounts attributable to policyholders and pertaining to the capital and reserves and difference between current and book values of investments of Pohjola Life have not been separated in the calculation (see item k 'Principle of equity').

Return on assets at current values (%) =

± Operating profit or loss
\+ Interest on and charges for loans
\+ Interest assumption of technical provisions
± Unrealized gains and losses of investments (non-life insurance)
± Revaluation entered in/withdrawn from revaluation reserve
± Change in difference between current and book values of investments (incl. consolidation difference)

divided by (x 100)

\+ Balance-sheet total
± Difference between current and book values of investments (incl. consolidation difference)
(average of Jan. 1 and Dec. 31)

Equity to balance-sheet total at current values (%) =

\+ Capital and reserves
\+ Minority interest
± Difference between current and book values of investments (incl. consolidation difference)
\+ Subordinated loans
\- Deferred tax liability on difference between current and book values of investments

divided by (x 100)

\+ Balance-sheet total
± Difference between current and book values of investments (incl. consolidation difference)

Solvency capital as percentage of technical provisions (Group) =

Solvency capital

divided by (x 100)

\+ Technical provisions
\- Equalization provision
\- 75% of technical provisions for life assurance policies where the investment risk is borne by the policyholders

Average number of employees =

Average of number of employees at the end of each month. The figure is adjusted by the number of employees working on a part-time basis only.

Loss ratio (%) (non-life insurance) =

$$\frac{\text{Claims incurred}}{\text{Earned premiums}} \times 100$$

Expense ratio (%) (non-life insurance) =

$$\frac{\text{Operating expenses}}{\text{Earned premiums}} \times 100$$

Combined ratio (%) (non-life insurance) =

Loss ratio + expense ratio

Expense ratio (%) (life assurance) =

+ Operating expenses before change in deferred policy acquisition costs
+ Claims settlement expenses

Expense loading

x 100

Expense loading is an item covering expenses as per the bases of calculation.

Solvency margin =

+ Capital and reserves after deduction of proposed distribution of profit
+ Deferred tax liability on voluntary provisions and accelerated depreciation
± Difference between current and book values of investments
- Deferred tax liability on difference between current and book values of investments
+ Subordinated loans
- Intangible assets
± Other items required by ordinance

Solvency capital =

Solvency margin + equalization provision + minority interest

Solvency capital as percentage of technical provisions (non-life insurance) =

Solvency capital

+ Technical provisions
- Equalization provision

x 100

Solvency ratio (%) (non-life insurance) =

$$\frac{\text{Solvency capital}}{\text{Earned premiums for 12 months}} \times 100$$

Solvency ratio (%) (life assurance) =

Solvency capital

+ Technical provisions
- Equalization provision
- 75% of technical provisions for life assurance policies where the investment risk is borne by the policyholders

x 100

Earnings/share =

± Profit or loss before extraordinary items and tax
- Tax
- Minority shares of above items

Adjusted average number of shares

Capital and reserves/share =

$$\frac{\text{Capital and reserves}}{\text{Adjusted number of shares Dec. 31}}$$

The bonuses provided in life assurance in accordance with the company's target are included in the technical provisions. Any amounts attributable to policyholders and pertaining to the capital and reserves of Pohjola Life have not been separated in the calculation (see item k 'Principle of equity').

Net asset value/share at current values =

+ Capital and reserves
± Difference between current and book values of investments (incl. consolidation difference)
- Deferred tax liability on difference between current and book values of investments
- Minority share of difference between current and book values of investments

Adjusted number of shares Dec. 31

The bonuses provided in life assurance in accordance with the company's target are included in the technical provisions. Any amounts attributable to policyholders and pertaining to the capital and reserves and difference between current and book values of investments of Pohjola Life have not been separated in the calculation (see item k 'Principle of equity').

Dividend/share =

$$\frac{\text{Dividend for financial year}}{\text{Adjusted number of shares Dec. 31}}$$

Dividend/earnings (%) =

$$\frac{\text{Dividend/share}}{\text{Earnings/share}} \times 100$$

Effective dividend yield (%) =

$$\frac{\text{Dividend/share}}{\text{Adjusted average share price weighted by trading volumes of last trading day of financial year}} \times 100$$

Price/earnings ratio =

$$\frac{\text{Adjusted average share price weighted by trading volumes of last trading day of financial year}}{\text{Earnings/share}}$$

Adjusted average share price =

$$\frac{\text{Total turnover of shares in euros}}{\text{Adjusted average number of traded shares}}$$

Adjusted share price, lowest and highest =

Lowest and highest share price in public trading

Adjusted share price on Dec. 31 =

Average share price weighted by trading volumes of last trading day of financial year

Market capitalization =

Number of shares on Dec. 31 x average share price weighted by trading volumes of last trading day of financial year

Development of turnover =

Number of shares traded during financial year and their percentage of average number of all shares in the series

2. Balance on technical account by group of insurance classes (non-life insurance)

Group	Gross premiums written (before credit loss and reinsurers` share)	Gross premiums earned (before reinsurers´ share)	Gross claims incurred (before reinsurers´ share)	Gross operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Balance on technical account before change in collective guarantee item and equalization provision						
Direct insurance						
Statutory workers' compensation						
1999	145.0	143.9	-131.3	-7.9	-	4.7
1998	161.0	159.9	-137.5	-8.0	-	14.4
1997	126.5	124.8	-141.5	-8.0	-	-24.7
Other accident and health						
1999	43.8	42.9	-33.9	-13.4	-0.5	-4.9
1998	42.1	40.6	-31.3	-11.8	-2.3	-4.8
1997	39.3	38.3	-27.6	-11.2	-0.9	-1.4
Motor, third party liability						
1999	91.7	84.9	-109.5	-18.2	-	-42.8
1998	82.9	76.8	-88.1	-16.7	0.1	-27.9
1997	75.2	70.3	-73.2	-15.8	-	-18.7
Motor, other classes						
1999	70.8	68.5	-51.9	-14.9	-	1.7
1998	66.0	64.6	-47.1	-12.6	-	4.9
1997	63.2	62.5	-43.4	-12.2	-0.1	6.8
Marine, aviation and transport						
1999	30.3	30.1	-16.1	-9.5	-4.2	0.3
1998	31.2	31.1	-16.4	-9.4	-3.2	2.1
1997	32.1	32.5	-14.7	-8.2	-4.0	5.6
Fire and other damage to property						
1999	108.2	106.1	-81.5	-32.4	3.3	-4.5
1998	108.9	107.3	-84.7	-35.8	5.8	-7.4
1997	107.9	109.1	-85.3	-32.4	-4.7	-13.3
Third party liability						
1999	29.4	22.8	-21.2	-5.4	-0.2	-4.0
1998	31.4	28.2	-23.8	-5.3	-2.9	-3.8
1997	25.6	20.8	-16.6	-4.6	2.3	1.9
Credit and suretyship						
1999	3.4	3.7	0.6	-2.9	-0.8	0.6
1998	2.8	2.8	0.1	-2.7	-0.9	-0.7
1997	3.7	4.2	-1.4	-1.5	-0.5	0.8
Legal expenses						
1999	3.5	3.2	-3.1	-0.6	-	-0.5
1998	2.8	2.5	-2.3	-1.0	-	-0.8
1997	2.1	2.0	-2.4	-0.7	-	-1.1
Miscellaneous						
1999	12.9	12.7	-14.6	-3.1	4.6	-0.4
1998	11.6	11.4	-10.1	-2.4	2.2	1.1
1997	11.2	11.7	-10.0	-2.5	-2.7	-3.5
Direct insurance in total						
1999	539.0	518.8	-462.5	-108.3	2.2	-49.8
1998	540.7	525.2	-441.2	-105.7	-1.2	-22.9
1997	486.8	476.2	-416.1	-97.1	-10.6	-47.6

Balance on technical account by group of insurance classes (non-life insurance)

	Gross premiums written (before credit loss and reinsurers` share)	Gross premiums earned (before reinsurers´ share)	Group Gross claims incurred (before reinsurers´ share)	Gross operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Reinsurance						
1999	29.5	31.3	-35.3	-9.2	-0.3	-13.5
1998	31.8	29.7	3.7	-9.9	-6.3	17.2
1997	30.5	29.9	-46.7	-7.8	1.9	-22.7
Total						
1999	568.5	550.1	-497.8	-117.5	1.9	-63.3
1998	572.5	554.9	-437.5	-115.6	-7.5	-5.7
1997	517.3	506.1	-462.8	-104.9	-8.7	-70.3
Change in collective guarantee item						
1999						-0.9
1998						-0.9
Change in equalization provision						
1999						-6.4
1998						-64.9
1997						-29.4
Total						
1999						-70.6
1998						-71.5
1997						-99.7

Balance on technical account by group of insurance classes (non-life insurance)

	Parent company					
	Gross premiums written (before credit loss and reinsurers` share)	Gross premiums earned (before reinsurers´ share)	Gross claims incurred (before reinsurers´ share)	Gross operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Balance on technical account before change in collective guarantee item and equalization provision						
Direct insurance						
Statutory workers' compensation						
1999	-	-	-	-	-	-
1998	155.5	94.5	-81.4	-3.4	-	9.7
1997	126.5	124.8	-141.5	-8.0	-	-24.7
Other accident and health						
1999	-	-	-	-	-	-
1998	11.8	11.1	-10.8	-2.9	-	-2.6
1997	21.9	20.9	-16.1	-5.4	-0.7	-1.3
Motor, third party liability						
1999	-	-	-	-	-	-
1998	46.3	38.8	-50.2	-8.5	-	-19.9
1997	75.2	70.3	-73.2	-15.8	-	-18.7
Motor, other classes						
1999	-	-	-	-	-	-
1998	35.8	31.5	-23.9	-6.6	-	1.0
1997	63.2	62.5	-43.4	-12.2	-0.2	6.7
Marine, aviation and transport						
1999	-	-	-	-	-	-
1998	15.1	12.2	-5.4	-2.4	-2.6	1.8
1997	23.2	23.6	-9.6	-4.1	-3.9	6.0
Fire and other damage to property						
1999	-	-	-0.3	-	0.3	0.0
1998	64.4	53.4	-34.5	-17.6	-3.1	-1.8
1997	107.8	109.0	-85.6	-32.5	-4.7	-13.8
Third party liability						
1999	-	-	-	-	-	-
1998	22.1	10.2	-8.6	-2.5	-0.6	-1.5
1997	25.6	20.8	-16.6	-4.6	2.3	1.9
Credit and suretyship						
1999	-	-	-	-	-	0.0
1998	2.6	1.8	1.0	-1.2	-0.9	0.7
1997	3.7	4.2	-1.4	-1.5	-0.5	0.8
Legal expenses						
1999	-	-	-	-	-	-
1998	1.6	1.3	-1.3	-0.4	-	-0.4
1997	2.1	2.0	-2.4	-0.7	-	-1.1
Miscellaneous						
1999	-	-	-	-	-	-
1998	10.5	6.3	-2.5	-1.2	-1.8	0.8
1997	11.3	11.7	-9.7	-2.5	-2.7	-3.2
Direct insurance in total						
1999	-	-	-0.3	-	0.3	-
1998	365.7	261.1	-217.6	-46.7	-9.0	-12.2
1997	460.5	449.8	-399.5	-87.3	-10.4	-47.4

Balance on technical account by group of insurance classes(non-life insurance)

	Parent company					
	Gross premiums written (before credit loss and reinsurers` share)	Gross premiums earned (before reinsurers´ share)	Gross claims incurred (before reinsurers´ share)	Gross operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Reinsurance						
1999	21.6	25.5	-26.7	-7.5	2.8	-5.9
1998	40.3	37.3	-12.9	-11.5	-5.5	7.4
1997	38.4	38.4	-30.5	-9.4	-1.2	-2.7
Total						
1999	21.6	25.5	-27.0	-7.5	3.1	-5.9
1998	406.0	298.4	-230.5	-58.2	-14.5	-4.8
1997	498.9	488.2	-430.0	-96.7	-11.6	-50.1
Change in collective guarantee item						
1999						-
1998						-0.4
Change in equalization provision						
1999						2.7
1998						-40.5
1997						-25.6
Total						
1999						-3.2
1998						-45.7
1997						-75.7

3. Premiums written of non-life insurance

	Group		Parent company	
	1999	1998	1999	1998
Direct insurance				
In Finland	538.6	540.4	-	365.6
In EEA countries	0.4	0.3	-	0.2
In other countries	-	-0.1	-	-0.1
Total	539.0	540.6	-	365.7
Reinsurance				
Non-life insurance	24.4	27.0	21.6	39.5
Life assurance	5.1	4.9	-	0.8
Total	29.5	31.9	21.6	40.3
Gross premiums written	568.5	572.5	21.6	406.0
Credit loss on premiums	-4.9	-4.0	-	-1.6
Premiums written before reinsurers' share	563.6	568.5	21.6	404.4
Premium tax and other levies				
Before entered in the profit and loss account, premiums written have been reduced by the following items				
Premium tax	67.2	64.6	-	34.8
Fire brigade charge	1.1	1.2	-	0.7
Road safety charge	1.1	1.1	-	0.5
Occupational safety charge	2.7	2.3	-	2.3
Medical treatment fee forwarded to the State	13.3	11.9	-	9.2
	85.4	81.1	-	47.5

4. Premiums written of life assurance

	Group	
	1999	1998
Direct insurance		
In Finland	389.3	480.2
In other countries	0.9	-
Total	390.2	480.2
Reinsurance		
Life assurance	0.1	-
Gross premiums written	390.3	480.2
Specification of gross premiums written, direct insurance		
Life assurance		
Individual life assurance	99.1	126.5
Capital redemption policy	122.8	247.2
Employees' group life assurance	2.6	2.2
Other group life assurance	4.5	3.7
Total	229.0	379.6
Pension insurance		
Individual pension insurance	66.2	58.1
Optional employment pension insurance	95.0	42.5
Total	161.2	100.6
Total	390.2	480.2
Periodic premiums	117.0	99.1
Single premiums	273.2	381.1
Total	390.2	480.2
Premiums from non-bonus contracts	0.5	-
Premiums from bonus contracts	327.5	436.1
Premiums from contracts where the investment risk is borne by policyholders	62.2	44.1
Total	390.2	480.2

5. Claims paid of life assurance

	Group	
	1999	1998
Direct insurance		
Claims paid		
Life assurance	84.9	36.1
Pension insurance	42.7	34.9
Total	127.6	71.0
Surrenders		
Life assurance	28.1	17.1
Pension insurance	5.9	5.5
Total	34.0	22.6
Direct insurance in total	161.6	93.6
Claims settlement expenses	1.4	1.1
Total	163.0	94.7

6. Bonuses and rebates of life assurance

	Group	
	1999	1998
Effect of bonuses and rebates on balance on technical account	-26.0	-16.8

7. Specification of expenses

	Group		Parent company	
	1999	1998	1999	1998
EXPENSES BY ACTIVITY				
(profit and loss account item in brackets)				
Non-life insurance				
Claims settlement expenses (Claims paid)				
Directly allocated	5.2	5.0	0.4	2.2
Share of fixed costs	34.6	34.7	0.4	14.7
Total	39.8	39.7	0.8	16.9
Operating expenses (Operating expenses)				
Acquisition costs (includes commissions)	45.7	48.7	5.5	27.6
Portfolio administration expenses	57.4	50.5	1.0	21.6
Other administrative expenses	14.4	16.4	1.1	9.1
Commissions and profit participation, ceded reinsurance	-6.3	-6.2	-2.3	-4.0
Total	111.2	109.4	5.3	54.3
Investment management expenses (Investment charges)				
Directly allocated [1)]	12.2	14.7	-	11.4
Share of fixed costs	2.9	3.4	-	2.1
Total	15.1	18.1	-	13.5
Expenses for services to other companies (Other charges)	7.7	13.2	43.2	45.8
Total in profit and loss account	173.8	180.4	49.3	130.5

Specification of expenses

	Group 1999	Group 1998
Life assurance		
Claims settlement expenses (Claims paid)		
Share of fixed costs	1.4	1.1
Operating expenses (Operating expenses)		
Acquisition costs (includes commissions)	12.7	15.3
Change in deferred acquisition costs	-0.3	-4.4
Portfolio administration expenses	7.5	6.9
Other administrative expenses	2.4	2.9
Total	22.3	20.7
Investment management expenses (Investment charges)		
Directly allocated [1]	4.6	3.6
Share of fixed costs	1.8	1.4
Total	6.4	5.0
Expenses for services to other companies (Other charges)	4.3	6.2
Total in profit and loss account	34.4	33.0

	Group 1999	Group July 1-Dec. 31,1998	Parent company 1999	Parent company July 1-Dec. 31,1998
Holding operations				
Investment management expenses (Investment charges)				
Share of fixed costs	0.6	0.3	0.6	0.3
Administrative expenses (Other charges)	8.7	1.4	8.7	1.4
Expenses for services to other companies (Other charges)	7.5	3.3	0.3	0.1
Total in profit and loss account	16.8	5.0	9.6	1.8
All in total	225.0	218.4	58.9	132.3

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
EXPENSES BY TYPE OF EXPENSE				
Staff expenses	114.7	111.5	18.2	59.3
Direct insurance commissions	7.0	5.8	-	3.2
Commissions and profit participation, assumed reinsurance	5.2	6.1	5.1	8.8
Commissions and profit participation, ceded reinsurance	-6.3	-6.2	-2.3	-3.9
Scheduled depreciation by profit and loss account item				
Claims paid	2.3	1.4	-	0.5
Operating expenses	10.8	8.6	0.1	3.4
Investment charges	0.3	0.4	-	0.2
Other	1.6	1.5	6.2	4.8
Total	15.0	11.9	6.3	8.9
Other expenses [1]	97.3	97.2	31.8	58.9
Gains(-)/losses (+) on realization of tangible and intangible assets	0.1	-	-	-0.1
Expense transfers	-8.0	-7.9	-0.2	-2.8
Total in profit and loss account	225.0	218.4	58.9	132.3
Scheduled depreciation includes				
Depreciation on goodwill	0.6	0.6	-	0.4

1) Includes real estate management expenses and maintenance charges

Specification of expenses

	Group	
	1999	1998
Change in deferred acquisition costs included in provision for unearned premiums		
Life assurance		
Change in life assurance provision includes		
New deferral	-	-1.3
Previous deferrals		
- amortization (regular)	1.9	1.6
Charge/income (-) in profit and loss account	1.9	0.3
Total amount of deferred acquisition costs (zillmerization) is shown in notes on the accounts. No. 25.		

8. Specification of staff expenses, staff and members of corporate organs

	Group		Parent company	
	1999	1998	1999	1998
Staff expenses				
Salaries and remunerations	86.6	83.0	13.1	43.9
Monetary value of fringe benefits	1.0	2.9	0.2	1.6
Pension expenses	17.6	16.3	2.8	8.2
Other social expenses	9.5	9.3	2.1	5.6
Total	114.7	111.5	18.2	59.3
Average number of employees during financial year	2 720	2 745	407	1 503
Salaries and remunerations paid to the Board of Directors and the President by reason of their responsibilities	2.2	1.0	1.5	0.6
No bonuses were paid				
Pension commitments made for the benefit of Board members and the President by reason of their responsibilities				
The President of the parent company and his deputy have the right to retire on a full 60% TEL pension (TEL= Employees' Pensions Act) once they have reached the age of 58. The Presidents and Managing Directors of the Group's domestic insurance and service companies have the right to retire on a full 60% TEL pension once they have reached the age of 60.				

9. Net investment income

	Group		Parent company	
	1999	1998	1999	1998
Investment income				
Income from affiliated undertakings				
Dividends	-	1.1	44.7	6.9
Interest	-	-	0.3	0.1
Total	-	1.1	45.0	7.0
Income from associated undertakings				
Dividends	-	-	1.4	0.3
Interest	0.2	-	-	-
Total	0.2	-	1.4	0.3
Income from land and buildings				
Dividends				
Other	0.3	-	-	-
Interest				
Affiliated undertakings	-	-	-	0.6
Rents etc.				
Affiliated undertakings	-	0.1	0.1	0.1
Other	29.9	38.5	-	13.2
Total	30.2	38.6	0.1	13.9
Income from other investments				
Dividends	91.5	64.3	22.5	46.6
Interest				
Affiliated undertakings	-	-	0.7	0.8
Other	119.2	109.3	7.9	21.5
Other	5.0	2.9	1.0	1.1
Total	215.7	176.5	32.1	70.0
Total	246.1	216.2	78.6	91.2
Value re-adjustments on investments	46.2	12.8	6.2	9.8
Gains on realization of investments	1 246.8	230.8	1 038.8	152.6
Investment income in total	1 539.1	459.8	1 123.6	253.6
Investment charges				
Charges for land and buildings	18.4	19.5	0.1	12.0
Charges for other investments	4.5	7.6	0.9	3.0
Interest and other financing charges				
Affiliated undertakings	-	1.1	0.7	1.1
Other	4.3	9.1	0.8	1.7
Total	27.2	37.3	2.5	17.8
Value adjustments on investments	69.8	77.8	0.5	4.6
Scheduled depreciation on buildings	12.2	10.6	-	2.6
Losses on realization of investments	21.0	10.0	0.2	5.1
Investment charges in total	130.2	135.7	3.2	30.1
Net investment income before unrealized gains	1 408.9	324.1	1 120.4	223.5
Unrealized gains on investments	1 604.9	2.9	1 565.4	-
Unrealized losses on investments	-0.9	-	-	-
Net investment income	3 012.9	327.0	2 685.8	223.5
Dividends include avoir fiscal tax credit	22.1	16.0	18.6	14.1
Allocated investment return transferred to life assurance technical account	209.7	97.7	-	-
The above includes return on investments for the benefit of life assurance policyholders who bear the investment risk	37.3	0.8	-	-

10. Income and charge items affecting comparability of profit/loss

	Group		Parent company	
	1999	1998	1999	1998
Non-life insurance				
Premiums written				
Non-recurring rate increase	-	36.8	-	36.8
Claims paid				
Credit pertaining to change in technical provisions bases	-	3.2	-	-
Change in provision for claims outstanding (after reinsurers' share)				
Change in bases of technical provisions	-22.1	-27.0	-	-27.0
Life assurance				
Operating expenses				
Deferral of acquisition costs	0.3	4.4	-	-
Holding operations				
Unrealized gains on investments (other than due to valuation principle)	1 565.4	-	1 565.4	-

11. Other extraordinary charges

	Group		Parent company	
	1999	1998	1999	1998
Solvency margin transferred on December 1, 1998 in connection with portfolio transfer, i.e. amount by which current value of transferred assets exceeded current value of transferred liabilities	-	-	-	0.1

12. Intangible assets

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Development costs, intangible rights and other long-term expenses				
Acquisition cost Jan. 1	25.6	15.9	4.3	12.3
Fully depreciated in previous year	-4.3	-1.2	-0.3	-0.8
New affiliated undertakings	0.1	3.9	-	-
Other acquisitions	10.7	7.5	4.9	6.0
Business transfer July 1, 1998	-	-	-	-12.8
Other realizations	-0.4	-0.5	-	-0.4
Acquisition cost Dec. 31	31.7	25.6	8.9	4.3
Accumulated scheduled depreciation Jan. 1	8.8	5.2	1.4	4.2
Fully depreciated in previous year	-4.3	-1.2	-0.3	-0.8
New affiliated undertakings	-	1.3	-	-
Scheduled depreciation	6.1	3.7	1.4	1.9
Business transfer July 1, 1998	-	-	-	-3.7
Other realizations	-0.2	-0.2	-	-0.2
Accumulated scheduled depreciation Dec. 31	10.4	8.8	2.5	1.4
Payments on account and unfinished work Dec. 31	1.6	4.6	1.1	1.6
Acquisition cost after scheduled depreciation Dec. 31	22.9	21.4	7.5	4.5
Goodwill and unallocated consolidation difference				
Acquisition cost Jan. 1	151.2	150.4	-	17.4
Increase	0.1	0.7	-	1.1
Business transfer July 1, 1998	-	-	-	-18.5
Decrease	-0.4	-	-	-
Transfers	0.1	0.1	-	-
Acquisition cost Dec. 31	151.0	151.2	-	-
Accumulated scheduled depreciation Jan. 1	54.6	28.4	-	15.1
Scheduled depreciation	26.4	26.2	-	0.3
Business transfer July 1, 1998	-	-	-	-15.4
Accumulated scheduled depreciation Dec. 31	81.0	54.6	-	-
Acquisition cost after scheduled depreciation Dec. 31	70.0	96.6	-	-
Intangible assets in total	92.9	118.0	7.5	4.5

13. Investments: current value, book value and their difference

	Group			Group		
	Remaining acquisition cost 1999	Book value 1999	Current value 1999	Remaining acquisition cost 1998	Book value 1998	Current value 1998
Investments in land and buildings						
Land and buildings	210.2	236.5	296.9	267.4	297.3	374.3
Shares in associated undertakings	13.6	13.6	14.4	48.8	48.8	50.0
Other shares in land and buildings	29.9	29.9	31.2	32.6	32.6	34.5
Affiliated undertakings						
Shares	1.1	1.1	1.2	2.2	1.8	2.2
Associated undertakings						
Shares	12.0	11.7	11.9	9.5	9.3	9.4
Other investments						
Shares	1 464.8	3 034.4	5 682.8	1 042.5	1 047.6	3 004.2
Debt securities	2 627.4	2 627.5	2 662.3	1 799.5	1 800.3	1 918.3
Loans guaranteed by mortgages	-	-	-	0.7	0.7	0.7
Other loans	0.8	0.8	0.8	1.6	1.6	1.6
Deposits with credit institutions	47.0	47.0	47.0	43.9	43.9	43.9
Deposits with ceding undertakings	7.1	7.1	7.1	7.4	7.4	7.4
	4 413.9	6 009.6	8 755.6	3 256.1	3 291.3	5 446.5
Remaining acquisition cost of debt securities includes that difference between the amount repayable at maturity and purchase price which has been released to interest income (+) or charged to interest income (-)	-32.3			-20.6		
Book value includes						
Unrealized gains entered in profit and loss account		1 584.3			23.6	
Revaluation entered in revaluation reserve		11.8			12.1	
		1 596.1			35.7	
Difference between current and book values			2 746.0			2 155.2

Investments: current value, book value and their difference

	Parent company			Parent company		
	Remaining acquisition cost 1999	Book value 1999	Current value 1999	Remaining acquisition cost 1998	Book value 1998	Current value 1998
Investments in land and buildings						
Land and buildings	-	-	-	0.1	0.1	0.1
Other shares in land and buildings	0.1	0.1	0.1	0.4	0.4	0.4
Affiliated undertakings						
Shares	307.3	307.3	309.2	298.7	298.7	299.2
Associated undertakings						
Shares	8.9	8.9	9.0	7.6	7.6	7.6
Other investments						
Shares	160.7	1 727.3	2 533.5	171.5	172.9	1 475.4
Debt securities	758.1	758.1	759.6	52.8	52.8	54.8
Other loans	0.1	0.1	0.1	0.1	0.1	0.1
Deposits with credit institutions	18.9	18.9	18.9	5.0	5.0	5.0
Deposits with ceding undertakings	0.4	0.4	0.4	0.3	0.3	0.3
	1 254.5	2 821.1	3 630.8	536.5	537.9	1 842.9
Remaining acquisition cost of debt securities includes that difference between the amount repayable at maturity and purchase price which has been released to interest income (+) or charged to interest income (-)	-1.4			-1.4		
Book value includes						
Unrealized gains entered in profit and loss account		1 566.6			1.4	
Difference between current and book values			809.7			1 305.0

14. Investments in land and buildings

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Buildings				
Acquisition cost Jan. 1	302.9	347.4	0.2	172.5
Acquisitions	4.7	9.8	-	0.3
Business transfer July 1,1998	-	-	-	-141.8
Other realizations and incorporations	-62.8	-54.3	-0.2	-30.8
Acquisition cost Dec. 31	244.8	302.9	-	0.2
Unrealized gains and revaluation Jan. 1	41.6	46.3	-	42.7
Business transfer July 1, 1998	-	-	-	-24.3
Other realizations	-8.2	-4.1	-	-10.1
Cancellation	-0.2	-0.6	-	-8.3
Unrealized gains and revaluation Dec. 31	33.2	41.6	-	-
Accumulated scheduled depreciation Jan. 1	126.0	145.3	-	85.5
Scheduled depreciation	12.2	10.7	-	2.6
Business transfer July 1, 1998	-	-	-	-66.1
Other realizations	-29.2	-30.0	-	-22.0
Accumulated scheduled depreciation Dec. 31	109.0	126.0	-	-
Book value after scheduled depreciation Dec. 31	169.0	218.5	-	0.2
Accumulated accelerated depreciation Jan. 1	2.2	2.9	-	3.3
Change in accelerated depreciation	0.6	-1.6	-	-2.6
Business transfer July 1, 1998	-	-	-	-1.9
Other realizations	-1.9	0.9	-	1.2
Accumulated accelerated depreciation Dec. 31	0.9	2.2	-	-
Net after total depreciation Dec. 31	168.1	216.3	-	0.2
Land and water areas, and shares in land and buildings				
Acquisition cost Jan. 1	177.7	203.0	0.3	187.2
Acquisitions	0.3	15.0	-	10.4
Business transfer July 1, 1998	-	-	-	-158.5
Other realizations	-56.9	-40.9	-0.2	-38.8
Transfers	-	0.6	-	-
Acquisition cost Dec. 31	121.1	177.7	0.1	0.3
Unrealized gains and revaluation Jan. 1	4.0	6.7	-	5.1
Other realizations	-	-1.3	-	-
Cancellation	-0.1	-1.4	-	-5.1
Unrealized gains and revaluation Dec. 31	3.9	4.0	-	-
Accumulated value adjustments Jan. 1	21.5	31.1	-	53.4
Value adjustments	0.4	1.5	-	0.7
Value re-adjustments	-	-1.1	-	-1.8
Business transfer July 1, 1998	-	-	-	-42.3
Other realizations	-7.9	-10.0	-	-10.0
Accumulated value adjustments Dec. 31	14.0	21.5	-	-
Book value after value adjustments Dec. 31	111.0	160.2	0.1	0.3
Book value in total Dec. 31	280.0	378.7	0.1	0.5

Investments in land and buildings

	Group		Parent company	
	1999	1998	1999	1998
Loans to affiliated undertakings				
Acquisition cost Jan. 1	-	0.3	-	18.7
Increase	-	6.4	-	-
Business transfer July 1, 1998	-	-	-	-0.8
Decrease	-	-6.7	-	-17.9
Acquisition cost Dec. 31	-	-	-	-
Total investments in land and buildings Dec. 31	280.0	378.7	0.1	0.5
Land and buildings occupied by the company				
Remaining acquisition cost	69.8	71.3	-	-
Book value	75.2	76.3	-	-
Current value	81.9	86.2	-	-
Affiliated undertakings				
Consolidated				
Number of undertakings (owned by Pohjola Non-Life, Bothnia and Pohjola Life) Dec. 31	63	77		
Total profit/loss for financial year	-2.6	1.0		
Total capital and reserves	90.8	81.7		

15. Investments in affiliated and associated undertakings

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Shares in affiliated undertakings				
Acquisition cost Jan. 1	2.2	6.9	308.0	239.2
Increase	1.1	-	4.4	77.0
Business transfer July 1, 1998	-	-	-	-5.1
Decrease	-1.1	-	-0.5	-
Transfers	-1.1	-4.7	-1.0	-3.1
Acquisition cost Dec. 31	1.1	2.2	310.9	308.0
Accumulated value adjustments Jan. 1	-	-	9.3	9.3
Value re-adjustments	-	-	-5.7	-
Accumulated value adjustments Dec. 31	-	-	3.6	9.3
Remaining acquisition cost Dec. 31	1.1	2.2	307.3	298.7
Shares in associated undertakings				
Acquisition cost Jan. 1			7.8	7.1
Increase			0.1	2.7
Business transfer July 1, 1998			-	-1.4
Decrease			-	-3.6
Transfers			1.1	3.0
			9.0	7.8
Share of associated undertakings' capital and reserves at acquisition date, Jan. 1	9.5	7.4	-	-
Increase	1.4	2.5	-	-
Decrease	-	-3.7	-	-
Transfers	1.2	3.3	-	-
	12.1	9.5	-	-
Difference between acquisition cost and the above Jan. 1	-	-0.1	-	-
Increase	-	0.3	-	-
Transfers	-0.2	-0.2	-	-
	-0.2	-	-	-
Acquisition cost Dec. 31	11.9	9.5	9.0	7.8
Accumulated value adjustments Jan. 1	-	-	0.2	0.2
Decrease	-	-	-0.1	-
Accumulated depreciation on/decrease in above difference Jan. 1	-	-		
Realizations	0.1	-		
Accumulated value adjustments/depreciation/decrease Dec. 31	0.1	-	0.1	0.2
Remaining acquisition cost Dec. 31	12.0	9.5	8.9	7.6

16. Shares

Name of company	Last annual accounts: Profit/ loss	Last annual accounts: Capital and reserves	Number of shares/ warrants	Percentage of all shares/ votes	Current value Parent	Group 1999 Book value	Parent 1999 Book value
Affiliated undertakings							
Bothnia International Insurance Company Ltd.	11.3	32.3	1 500 000	100.00	21.0		21.0
Eurooppalainen Insurance Company Ltd	2.0	6.7	2 800 000	100.00			
Northclaims Oy	0.0	0.0	700	100.00			
Pohjola Life Assurance Company Ltd	44.4	111.6	8 000 000	100.00	188.3		188.3
Pohjola Non-Life Insurance Company Ltd	72.6	113.8	10 000 000	100.00	67.3		67.3
Varma Mutual Insurance Company (in liquidation)	-0.2	-0.3	25	100.00[1]	0.0	0.0[3]	0.0
Moorgate Insurance Company Limited, United Kingdom	1.9	12.0	10 000 000	100.00	13.6		12.0
Seesam Life Insurance Company Limited, Estonia	-0.3	0.8	204 600	89.74	1.3		1.3
Joint Stock Life Insurance Company "Seesam Life Latvia", Latvia	-	2.6	288 000	90.00	2.4		2.4
Pohjola Insurance Consulting Polska S.A., Poland	-	0.2	1 000 000	100.00	0.2		0.2
Pohjola Life Insurance Consulting Polska S.A., Poland	-	0.2	1 000 000	100.00	0.2		0.2
Russia Life Investments Limited, United Kingdom	-1.9	-0.4	9 707 000	91.10	1.2	1.1[3]	1.1
Insurance undertakings in total	129.8	279.5			295.5	1.1	293.8
Finnish Insurance Services Oy	0.0	0.0	900	85.71	0.0		0.0
Osmo Oy	0.0	0.0	10 000	100.00	0.0		0.0
Pohjola Insurance Service Ltd	0.0	0.0	6 000	100.00	0.0		0.0
Pohjola International Consulting Ltd	0.0	0.0	1 500	100.00	0.0		0.0
Pohjola Customer Service Ltd	-0.1	8.6	50 000	100.00	10.3		10.3
Pohjolan Atk-palvelu Oy	0.6	0.8	500	40/60	1.5		1.5
Pohjolan Systeemipalvelu Oy	0.2	2.0	50 000	100.00	1.7		1.7
	130.5	290.9			309.0	1.1	307.3
Associated undertakings					Current value Group		
Insurance undertakings							
Ilmarinen Mutual Pension Insurance Company	33.4	62.2	9 180	67.14/27.7 [1]	6.9	6.9[3]	6.9
Joint Stock Insurance Company "Seesam Latvia", Latvia	0.3	1.3	49 500	45.00	0.6	0.6[2]	0.6
Private Insurance Company "Seesam", Lithuania	-0.1	0.4	13 500	45.00	0.4	0.3[2]	0.4
Seesam International Insurance Company Ltd, Estonia	0.0	2.2	49 000	49.00	1.0	1.0[2]	1.0
Standard Union Reassurance S.A., Luxembourg	-	1.2	2 500	50.00	0.5	0.6[2]	
Insurance undertakings in total	33.6	67.3			9.4	9.4	8.9
Other undertakings							
Autovahinkokeskus Oy	0.2	2.9	1 651	22.93	0.7	0.7[2]	
Pohjolan Energianvälitys Oy	0.0	0.0	8	50.00	0.0	0.0[2]	0.0
Vahinkopalvelu Oy	0.3	1.1	840	46.67	0.4	0.5[2]	
Virtuaalinen Suomi Oy	-0.5	2.0	3 990	47.50	1.2	0.9[2]	
Euro-Center Holding A/S, Denmark	0.0	1.2	1 500	16.67	0.2	0.2[3]	
	33.6	74.5			11.9	11.7	8.9
Real estate companies							
Kiinteistö Oy Eteläesplanadi 12	0.0	11.0	28	27.18	6.0	6.0[3]	
Asunto Oy Helsingin Korppaanmäki	0.0	15.2	500 000	50.00	-	-[4]	
Kiinteistö Oy Keravan Kauppakaari 1	0.0	9.6	6 597	43.98	2.4	2.4[3]	
Asunto Oy Kukkosalama	0.0	0.2	311	38.40	0.4	0.2[3]	
Asunto Oy Luode	0.0	0.2	71	25.54	0.7	0.5[3]	
Other (16 companies)	0.0	16.9			4.9	4.5[3]	
	0.0	53.1			14.4	13.6	

[1] *Mutual insurance company*
[2] *Accounted for by the equity method*
[3] *Acquisition cost*
[4] *Included by proportional consolidation*

Shares

Name of company	Number of shares/ warrants	Percentage of all shares/ votes	Current value	Group 1999 Book value	Parent 1999 Book value
Other companies					
Suomi Mutual Life Assurance Company, guarantee capital			0.5	0.5	0.5
Skandia Insurance Company Limited (publ), Sweden	23 200 000	4.53	696.3	84.9	84.9
Insurance undertakings in total			696.8	85.4	85.4
Alma Media Corporation	737 498	4.69/6.61	23.1	20.9	
Aspocomp Group Plc	517 810	5.9	19.2	1.8	
Chips Corporation	175 080	1.31/2.31	3.5	1.7	
Danisco A/S FDR, Denmark	260 000	0.31	10.4	10.4	
Eimo Oyj	100 000	0.86/0.22	3.0	1.5	
Fingrid Oyj	150	4.51/2.01	5.0	5.0	
Finnair Oyj	900 000	1.06	4.0	4.0	
Finnlines Plc	1 114 800	5.58	34.6	21.8	
	145 777	0.73			3.0
Fortum Corporation	8 289 071	1.06	37.3	25.7	
	1 566 471	0.2			4.0
Hartwall Plc	170 000	0.28/0.08	2.4	1.8	
Helsinki Telephone Corporation	530 110	1.03	43.8	18.7	
Helsinki Exchanges Group Ltd Oy	499 031	3.7	3.0	3.0	3.0
HPY Holding Corporation	528 000	0.63	19.7	9.5	
	50 400	0.06			0.1
Huhtamäki Van Leer Oyj	1 070 146	3.4	36.0	26.4	
	105 918	0.34			2.7
Innopoli Oy	126 500	18.29	1.4	1.4	
Instrumentarium Corporation	940 523	3.91	30.5	30.5	
Jaakko Pöyry Group Oyj	350 000	2.45	5.1	3.8	
JOT Automation Group Plc	1 200 000	0.7	11.1	2.8	
KCI Konecranes International Plc	293 000	1.95	11.2	9.5	
Kemira Oyj	2 920 000	2.27	17.7	17.7	
Kesko Corporation	2 302 600	2.55/0.61	29.0	26.7	
Kiinteistösijoitus Oyj Citycon	2 284 100	2.16	2.7	2.7	
Kone Corporation	1 434 900	7.12/2.79	70.2	13.3	
	658 530	3.27/1.28			4.4
Kontram-Yhtiöt Oyj	115 074	5.44	0.7	0.5	
Kyro Corporation	569 000	1.43	4.0	3.1	
Kytösuontien Pysäköinti Oy	238	5.62	0.5	0.5	
Lassila & Tikanoja plc	1 169 100	7.39	28.6	10.8	
Lemminkäinen Corporation	1 447 400	8.5	14.2	12.5	
Oyj Liinos Abp	130 450	1.13	1.8	1.2	
Lännen Tehtaat plc	156 000	2.42	1.6	1.1	
Martela Oyj	135 100	6.5/1.73	3.8	2.6	
Merita Plc	17 816 750	2.14	104.0	79.7	
	5 744 562	0.69			25.8
Metra Corporation	687 600	1.27	12.7	12.7	
Metso Corporation	3 652 279	2.69	47.1	47.1	
Neptun Maritime Oyj	1 185 156	1.88	2.5	2.5	
Nokia Corporation	13 751 876	1.19	2 475.3	1 628.9	
	8 762 800	0.76			1 577.3
Nokian Tyres plc	290 000	2.75	11.0	7.0	
Orion Corporation	1 770 684	2.53/3.61	40.5	35.4	
Osuuspankkien Keskuspankki Oyj	134 300	0.29/0.09	1.5	1.2	
Outokumpu Oyj	1 350 000	1.08	19.0	17.1	
Perlos Corporation	320 000	0.62	11.2	3.9	
PK Cables Oyj	65 000	1.23	1.7	1.0	
Raisio Group plc	900 000	0.54/0.45	3.5	3.5	
Rakentajain Konevuokraamo Oyj	365 688	10.8/17.83	4.4	0.9	
Rautakirja Oyj	558 000	8.61/10.23	27.2	4.9	
	264 000	4.07/4.84			2.0
Rautaruukki Corporation	2 408 066	1.73	16.7	15.6	
Sadepo Oy	170	19.19	0.3	0.3	
Sanitec Corporation	488 986	0.79	6.4	5.6	
Sanoma-WSOY Oyj	1 047 019	2.88/1.73	53.4	12.9	
	318 770	0.88/0.21			0.9
Sato Corporation plc	136 162	6.2	0.3	0.3	

Shares

Name of company	Number of shares/ warrants	Percentage of all shares/ votes	Current value	Group 1999 Book value	Parent 1999 Book value
Savon Teknia Oy	30 000	5.27	0.3	0.3	
Sonera Corporation	4 044 600	0.56	275.2	62.4	
Sponda plc	800 000	1.1	3.1	3.1	
Stockmann plc	500 000	0.97/0.18	7.2	6.7	
Stora Enso Oyj	1 275 000	0.17/0.28	22.3	9.4	
Spar Finland plc	52 194	4.58/0.44	1.6	1.6	
Tamfelt Corp.	88 926	1.00/0.99	2.0	1.9	
Tampere Telephone Plc	427 200	1.06	3.2	3.0	
Teleste Corporation	240 000	1.49	3.9	2.1	
Tietoenator Corporation	1 667 200	2.17	103.4	10.7	
	585 000	0.76			0.8
UPM-Kymmene Corporation	9 887 098	3.71	395.5	62.2	
	2 436 998	0.91			10.7
Uponor Oyj	1 085 000	2.8	19.1	16.6	
Vaisala Corporation	68 000	1.59/0.33	5.3	4.8	
YIT Corporation	3 710 000	12.63	40.4	21.3	
	530 433	1.81			2.4
ABB Ltd Holding, Switzerland	129 000	0.04	15.6	9.4	
Astra-Zeneca plc, United Kingdom	285 000	0.00	12.0	8.3	
Atlas Copco AB, Sweden	210 200	0.1/0.14	6.2	5.1	
Bergesen ASA, Norway	180 000	0.24/0.33	3.1	2.6	
Den Danske Bank Aktieselskab, Denmark	20 000	0.04	2.2	1.9	
Falck, Denmark	32 000	0.25	3.3	2.5	
Gambro AB, Sweden	222 500	0.06/0.04	2.0	2.0	
ISS-International Service System, Denmark	135 000	0.36	9.0	7.0	
Novo-Nordisk A/S, Denmark	17 700	0.02	2.3	1.9	
Orkla, Norway	230 000	0.1	3.9	3.0	
Pilkington plc, United Kingdom	2 260 634	0.22	3.1	3.1	
Sandvik AB, Sweden	150 400	0.06/0.01	4.8	4.0	
Scania AB, Sweden	95 000	0.05/0.09	3.4	2.0	
Securitas AB, Sweden	385 000	0.11/0.07	6.9	5.3	
SINSER (Luxembourg) S.àr.l., Luxembourg	75	15.00	0.2	0.2	0.2
Skanska AB, Sweden	40 000	0.04/0.02	1.5	1.4	
Svenska Handelsbanken AB (publ), Sweden	699 000	0.1/0.11	8.7	6.5	
Unidanmark A/S, Denmark	64 700	0.09	4.5	4.3	
Volvo, Sweden	150 000	0.03	3.9	3.9	
Venture Capital Funds:					
Bio Fund Ventures I Ky			1.1	1.1	
Fenno Rahasto Ky			2.2	2.2	
Finnmezzanine Rahasto II B Ky			4.2	4.2	
Finnventure Rahasto I Ky			2.4	2.4	
Finnventure Rahasto III Ky			1.4	1.4	
Finnventure Rahasto IV Ky			1.4	1.4	
MB Mezzanine Fund II Ky			1.2	1.2	
Sponsor Fund I Ky			3.7	3.7	
Deutsche European Partners IV (No. 3) LP, United Kingdom			2.1	2.1	
Duke Street Capital IV Limited, United Kingdom			2.8	2.8	
Hambro European Ventures III UK Limited Partnership, United Kingdom			2.9	2.6	
Industri Kapital 1997 Limited Partnership I, Jersey			5.0	5.0	
Nordic Capital III Limited, Sweden			4.1	4.0	
Nordic Mezzanine Fund No. 1 LP, United Kingdom			3.8	3.8	3.8
Procuritas Capital Partners II LP, Guernsey			2.3	2.2	
Stiga Förvaltning AB/Nordic Mezzanine, United Kingdom			1.9	1.9	
Funds:					
Eastern Europe Equity Fund, Netherlands	101 560		10.8	10.1	
Europe Mid Cap Fund, France	53 840		25.8	14.8	
Fleming Fund Management (Luxembourg) S.A.					
FFF-Fleming American Fund, Luxembourg	181 683		14.0	11.5	
ISA Asian Growth Fund, Luxembourg	182 078		15.1	12.3	
Nations Small Company Growth Fund, United States	384 616		6.5	6.3	
P.T.F. European Opportunity, Luxembourg	8 458		3.4	1.3	
Trans Europe Fund N.V., Netherlands	302 000		56.5	15.2	

Shares

Name of company	Number of shares/ warrants	Percentage of all shares/ votes	Current value	Group 1999 Book value	Parent 1999 Book value
Schroder International Selection Fund, Luxembourg:					
Japanese Equity C	5 774 648		56.9	42.4	
Pacific Equity C	5 379 739		34.9	22.6	
Alfred Berg Rahasto Oy:					
Alfred Berg Euro Korko	2 610 743		4.9	4.9	
Alfred Berg Euro Obligaatio	2 583 744		5.8	5.8	
Alfred Berd Europe	1 182 354		1.4	1.4	
Alfred Berg Finland	911 075		12.9	12.9	
Alfred Berg Norden (Sicav), Luxembourg	11 497		7.1	7.1	
Alfred Berg Optimal	4 333 511		23.1	23.1	
Alfred Berg Optimal Europe	2 204 046		4.3	4.3	
Alfred Berg Small Cap	494 725		2.2	2.2	
Conventum Rahastoyhtiö:					
Conventum Euro Julkisyhteisö	90 738		1.9	1.9	
Conventum Forte	196 960		7.8	7.8	
Conventum Futura	51 631		4.1	4.1	
Conventum Pharma	20 373		2.1	2.1	
Fidelity Funds SICAV, Bermuda:					
Fidelity America Fund	226 766		1.1	1.1	
Fidelity American Growth Fund	172 838		4.6	4.6	
Fidelity Emerging Markets Fund	236 542		2.2	2.2	
Fidelity Euro Balanced Fund	536 101		6.8	6.8	
Fidelity Euro Blue Chip	67 102		1.2	1.2	
Fidelity Euro Bond Fund	103 932		1.1	1.1	
Fidelity European Growth Fund	477 879		3.2	3.2	
Fidelity European Smaller Co. Fund	105 699		2.1	2.1	
Fidelity Pacific Fund	412 004		7.1	7.1	
FIM Rahastoyhtiö:					
FIM Forte Sijoitusrahasto	7 487		1.0	1.0	
Gartmore Capital Strategy Fund Limited, Jersey:					
Asia Pacific Fund	1 612 842		6.8	6.8	
Continental Europe Fund	1 072 587		16.9	16.9	
Global Bond Fund	1 619 380		2.1	2.1	
Global Equity Fund	458 391		3.4	3.4	
Japan Fund	1 314 591		11.2	8.7	
North America Fund	196 258		1.3	1.3	
Odin Forvaltning AS, Norway:					
Osakerahasto ODIN Finland	12 139		1.8	1.8	
Osakerahasto ODIN Norden	41 276		2.4	2.4	
Foreign shares [2]			153.2	108.7	
Other shares			265.1	205.3	0.9
Warrants			0.1	1.0	
			5 832.4[1]	3 184.2[1]	1 727.4

[1] *Includes EUR 149.8 million in shares stated under investments for the benefit of life assurance policyholders who bear the investment risk*

[2] *43 European and American companies in which holding percentages are from 0.0002 to 0.03*

LEX shares lending

Lended shares Dec. 31, 1999

Name of company	Number of shares		Current value Group (Parent)	Group 1999 Acquisition cost	Parent 1999 Acquisition cost
Helsinki Telephone Corporation E	50 000	until Feb. 17, 2000	4.1	1.8	
Nokia Corporation	525 000	until Jan. 20, 2000	94.5	13.5	
	400 000		(72)		11.9
Sonera Corporation	20 000	until Jan. 20, 2000	1.4	0.3	
	80 000	until Feb. 17, 2000	5.4	1.3	
Stora Enso Oyj R	70 000	until Jan. 20, 2000	1.2	0.5	
	200 000	until Feb. 17, 2000	3.5	1.5	
Tietoenator Corporation	100 000	until Feb. 17, 2000	6.2	0.1	0.1
UPM-Kymmene Corporation	100 000	until Jan. 20, 2000	4.0	1.1	
	50 000		(2.0)		0.2
	146 000	until Feb. 17, 2000	5.8	1.3	
	90 000		(3.6)		0.4

17. Debt securities

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Balance sheet item includes subordinated loans				
Listed	4.1	4.3	-	-
Other	1.2	0.8	-	-
	5.3	5.1	-	-

18. Loans

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Other loans specified by security				
Insurance policy	0.7	1.5	-	-
Other	0.1	0.1	0.1	0.1
Total	0.8	1.6	0.1	0.1

19. Investments for the benefit of life assurance policyholders who bear the investment risk

	Group 1999 Acquisition cost	Group 1999 Current value (= book value)	Group 1998 Acquisition cost	Group 1998 Current value (= book value)
Shares and fund units	107.7	149.8	58.4	59.7
Invested in advance	-4.1	-5.5	-2.7	-2.7
Investments covering technical provisions for life assurance policies where the investment risk is borne by the policyholders	103.6	144.3	55.7	57.0
Cash at bank and in hand and other receivables include not as yet invested net premiums of policies valid and paid at accounting date			-	1.8

20. Debtors

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Affiliated undertakings				
Reinsurance debtors	-	-	0.3	1.4
Other debtors	-	0.1	5.5	9.1
Total	-	0.1	5.8	10.5
Associated undertakings				
Direct insurance debtors	0.2	0.2	-	-
Reinsurance debtors	-	-	0.1	-
Other debtors	3.0	3.2	4.3	4.6
Total	3.2	3.4	4.4	4.6

21. Equipment

	Group		Parent company	
	1999	1998	1999	1998
Acquisition cost Jan. 1	44.6	37.5	20.9	35.5
Fully depreciated in previous year	-10.3	-4.9	-2.5	-3.3
New affiliated undertakings	-	7.2	-	-
Acquisitions	8.1	6.2	4.8	4.8
Business transfer July 1, 1998	-	-	-	-13.5
Other realizations	-0.6	-1.4	-0.1	-2.6
Acquisition cost Dec. 31	41.8	44.6	23.1	20.9
Accumulated scheduled depreciation Jan. 1	24.2	18.5	11.8	17.0
Fully depreciated in previous year	-10.3	-4.9	-2.5	-3.3
New affiliated undertakings	-	3.8	-	-
Scheduled depreciation	8.3	7.5	4.9	6.6
Business transfer July 1, 1998	-	-	-	-7.1
Other realizations	-0.3	-0.7	-0.1	-1.4
Accumulated scheduled depreciation Dec. 31	21.9	24.2	14.1	11.8
Payments on account	-	0.2	-	0.2
Acquisition cost after scheduled depreciation Dec. 31	19.9	20.6	9.0	9.3
Accumulated accelerated depreciation Jan. 1	1.8	4.4	-	4.2
Decrease/increase in accelerated depreciation	-2.1	-2.7	-	-2.8
Business transfer July 1, 1998	-	-	-	-1.5
Realizations	0.1	0.1	-	0.1
Accumulated accelerated depreciation Dec. 31	-0.2	1.8	-	-
Net after total depreciation Dec. 31	20.1	18.8	9.0	9.3

22. Capital and reserves

	Group		Parent company	
	1999	1998	1999	1998
Restricted				
Share capital				
A shares Jan. 1	16.7	17.1	16.7	17.1
Bonus issues	0.4	-	0.4	-
Conversion	-0.5	-0.4	-0.5	-0.4
B shares Jan. 1	17.5	17.1	17.5	17.1
Bonus issues	0.4	-	0.4	-
Conversion	0.5	0.4	0.5	0.4
	35.0	34.2	35.0	34.2
Legal reserve				
Reserve Jan. 1	159.1	159.1	159.0	159.0
Bonus issues	-0.8	-	-0.8	-
	158.3	159.1	158.2	159.0
Revaluation reserve				
Reserve Jan. 1	5.1	7.1	-	6.4
Cancelled revaluation	-0.3	-2.0	-	-6.4
	4.8	5.1	-	-
Translation difference				
Difference Jan. 1	1.4	2.5	-	-
Change	2.3	-1.1	-	-
	3.7	1.4	-	-
Restricted in total	201.8	199.8	193.2	193.2

Authorizations of the Board of Directors

The Board is not currently authorized to issue shares, warrants or convertible bonds, or to redeem Pohjola's own shares.

Major provisions of the Articles of Association concerning classes of shares

The company's shares are divided into Series A and B. The minimum number of A shares is 0 and the maximum number 142 427 748. The minimum number of B shares is 20 412 252 and the maximum number 162 840 000. Series A shares can be converted into Series B shares. Both share series provide equal rights to dividend and to the company's assets. Shares of series A have ten votes per share and shares of series B one vote at a shareholders' meeting. All shares are subject to a group-specific 10% voting restriction.

Capital and reserves

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Non-restricted				
Contingency reserve				
Reserve Jan. 1	138.3	59.0	127.3	59.2
To parent company distribution of dividend	-75.1	-	-75.1	-
From profit for previous financial year	-4.5	79.3	-	75.1
Cancelled revaluation	-	-	-	-7.0
From profit/loss brought forward	23.4	-	-	-
	82.1	138.3	52.2	127.3
Accelerated depreciation and voluntary provisions, net of tax				
Reserve Jan. 1	5.1	8.1	-	-
From profit for financial year	-4.1	-3.0	-	-
	1.0	5.1	-	-
Profit/loss brought forward				
Profit/loss Jan. 1	-11.7	-9.3	-	-
From profit/loss for previous financial year	-34.7	-3.1	-	-
To contingency reserve	-23.4	-	-	-
Translation difference	-0.6	0.7	-	-
	-70.4	-11.7	-	-
Profit for previous financial year	91.1	96.7	130.3	95.6
To parent company distribution of dividend	-130.3	-20.5	-130.3	-20.5
To contingency reserve	4.5	-79.3	-	-75.1
To profit/loss brought forward	34.7	3.1	-	-
	-	-	-	-
Profit for financial year	1 986.8	91.1	1 922.0	130.3
Non-restricted in total	1 999.5	222.8	1 974.2	257.6
Capital and reserves in total	2 201.3	422.6	2 167.4	450.8
Distributable funds				
Non-restricted reserves	1 999.5	222.8	1 974.2	257.6
Accelerated depreciation and voluntary provisions under non-restricted reserves	-1.0	-5.1	-	-
	1 998.5	217.7	1 974.2	257.6
Tax surplus				
From previous years			21.9	51.1
For financial year as per proposed distribution of dividend			52.2	-29.2
			74.1	21.9
Revaluation reserve				
Pertaining to investments classified as fixed assets	8.2	8.5	-	-
Pertaining to other investments	3.6	3.6	-	-
Total	11.8	12.1	-	-
Bonus issues	-7.0	-7.0	-	-
	4.8	5.1	-	-

Under the Insurance Companies Act, only such revaluation reserve which pertains to fixed assets at the time of increasing the share capital can be used for bonus issues.

23. Untaxed reserves

	Group		Parent company	
	1999	1998	1999	1998
Accelerated depreciation				
Buildings	0.9	2.2	-	-
Equipment	-0.2	1.8	-	-
Total	0.7	4.0	-	-
Voluntary provisions				
Credit loss reserve				
Reserve Jan. 1	2.5	3.3	0.5	3.0
Business transfer July 1, 1998	-	-	-	-1.7
Decrease	-2.3	-0.8	-0.5	-0.8
Reserve Dec. 31	0.2	2.5	-	0.5
Untaxed reserves in total	0.9	6.5	-	0.5
Transferred				
To capital and reserves	1.0	5.1		
To minority interest	-0.4	-0.4		
To deferred tax liability	0.3	1.8		
	0.9	6.5		

24. Subordinated loans

	Group	
	1999	1998
Subordinated loans	2.0	58.9

1999

Creditor: WM-data Ab

Loan terms: The loan will be repaid when full cover remains for the restricted capital and reserves and other non-distributable items as per the balance sheet to be adopted for the latest financial period of Pohjolan Atk-palvelu Oy. The loan has no security and no interest is paid on it.

1998

Creditor: Suomi Mutual Life Assurance Company

Loan terms: The loans are valid until further notice. For the creditor, the notice period is five years and for the Group one month.

The annual interest rate is tied to the overall return on life assurance savings.

25. Life assurance provision

	Group	
	1999	1998
Deferred acquisition costs deducted from life assurance provision (zillmerization)		
Life assurance	0.7	1.7
Pension insurance	3.4	4.3
	4.1	6.0
Life assurance provision includes a provision for unexpired risks	-	0.1

26. Provision for claims outstanding of non-life insurance

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Discounting of provision for claims outstanding (other than annuities)				
Gross claims outstanding				
Provision before discounting	1 201.1	1 136.3	70.6	63.4
Amount of deduction	-1.7	-1.9	-	-
Provision after discounting	1 199.4	1 134.4	70.6	63.4
Reinsurance amount				
Provision before discounting	69.3	63.3	25.8	23.9
Net claims outstanding after discounting	1 130.1	1 071.1	44.8	39.5

	Average settling period of claims in years 1999	Average settling period of claims in years 1998	Rate of interest applied % 1999	Rate of interest applied % 1998
Groups of losses subject to discounting:				
Bothnia's liability insurance (not, however, collective provision for claims set aside for asbestos and environmental treaties)	8.5	8.5	3	3
Bothnia's combined insurance (not marine)	8.5	8.5	3	3

27. Creditors

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Amounts owed to affiliated undertakings				
Other creditors	0.1	0.6	2.0	35.3
Amounts owed to associated undertakings				
Amounts owed to credit institutions	31.6	22.4	-	0.1
Other creditors	0.1	0.3	0.1	-
Total	31.7	22.7	0.1	0.1
Amounts becoming due and payable in five or more years				
Amounts owed to credit institutions	15.5	8.1	-	0.1

28. Security and financial commitments

	Group		Parent company	
	1999	1998	1999	1998
Mortgaged land and buildings				
As security for own debts	0.7	-	-	-
As security for debts of joint undertakings	2.6	1.3	-	-
As security for own building site liabilities	0.1	0.1	-	-
	3.4	1.4	-	-
Own and joint undertakings' debts corresponding to mortgages	4.7	1.6	-	-
Assets pledged				
As security for own debts	32.2	31.7	18.0	18.2
As security for debts of affiliated undertakings	-	-	5.6	5.8
	32.2	31.7	23.6	24.0
Own debts corresponding to assets pledged	19.6	17.4	12.4	11.7
Guarantees				
As security for own debts	31.9	20.8	-	-
As security for debts of affiliated undertakings	-	-	4.5	4.9
As security for debts of joint undertakings	6.6	4.5	-	-
As security for other companies' debts	1.3	0.5	-	-
	39.8	25.8	4.5	4.9
Own and joint undertakings' debts corresponding to guarantees	34.1	23.6	-	-
Contractual liabilities				
Contracts of sale of land and buildings and shares therein				
Book value	30.7	30.9	-	-
Current value	35.1	34.8	-	-
Agreed sales price	35.2	34.9	-	-
Difference between sales price and current value	0.1	0.1	-	-
Purchase commitments				
Commitment to subscribe for shares in general partnership companies carrying on Venture Capital investments	117.6	35.9	23.1	-
Software and other contractual liabilities	3.2	5.1	-	-
Agreed subordinated loan limit	-	-	50.5	50.5
Derivatives (hedging)				
Currency derivatives				
Futures contracts				
Sold, market value	-	-	-	-
Value of underlying security	-	2.4	-	-
Leasing liabilities				
Amount payable during current financial year	1.8	4.2	0.2	0.2
Amount payable in subsequent years	1.0	0.4	0.1	0.2
Amount of joint liability				
Pertaining to VAT group registration, Pohjola Group is, together with the other members of the Pohjola Group taxable group, jointly and severally liable for the value added tax imposed on the group				
Affiliated undertakings	-	-	0.1	0.7
Associated undertakings	1.3	1.6	1.3	1.5
Other undertakings	0.2	0.2	0.2	0.2
	1.5	1.8	1.6	2.4

29. Solvency

	Group 1999	Group 1998	Parent company 1999	Parent company 1998
Solvency margin				
Capital and reserves after proposed distribution of profit	1 305.7	217.1	1 271.7	245.4
Voluntary provisions and accelerated depreciation	-	-	-	0.5
Difference between current and book values of investments	2 746.0	2 155.2	809.7	1 305.0
Deferred tax liability	-635.0	1.8	-234.8	-
Subordinated liabilities	-	58.9	-	-
Intangible assets	-92.9	-118.0	-7.5	-4.6
Other items	-3.2	-2.5	-8.7	-9.0
	3 320.6	2 312.5	1 830.4	1 537.3
Equalization provision				
Equalization provision included in the technical provisions for years with a high loss frequency	213.1	205.8	12.9	15.6
Minority interest	3.9	3.8	-	-
Solvency capital	3 537.6	2 522.1	1 843.3	1 552.9
Solvency margin requirement under chapter 11, section 2 of the Insurance Companies Act				
Calculated on the basis of premiums written and claims incurred as per company's profit and loss account			2.8	80.2
Calculated for portfolio retained by company and using corresponding premiums written and claims incurred for 1996-1998		-	4.4	
Equalization provision	213.1	205.8	12.9	15.6
Key ratios for solvency				
Equalization provision as a percentage of its full amount			14%	16%
Solvency capital to earned premiums, net of reinsurance (= solvency ratio)			13 162%	
In 1998				570%
In 1997				306%
In 1996				249%
In1995				183%
Solvency capital to technical provisions net of reinsurance less equalization provision			3 884%	
In 1998				3 388%
In 1997				127%
In 1996				103%
In 1995				80%

Helsinki, March 14, 2000

Heikki Hakala

Mikael Silvennoinen — Martin Granholm — Eero Heliövaara

Timo Salonen — Oiva Savela — Matti Vuoria

Matti Kavetvuo
President and CEO

To the shareholders
of Pohjola Group Insurance Corporation

We have examined the accounting records, annual accounts and corporate governance of Pohjola Group Insurance Corporation for the financial year from January 1 to December 31, 1999. The annual accounts drawn up by the Board of Directors and the President include the Board's report and the consolidated and parent company profit and loss account, balance sheet and notes on the accounts. Based on our audit we express an opinion on the annual accounts and on corporate governance.

SVH Pricewaterhouse Coopers Oy, Authorized Public Accountants, have been responsible for the supervisory audit, on which they have submitted a separate report.

The audit was carried out in accordance with Finnish Standards on Auditing. The accounting records and the accounting principles, contents and presentation of the annual accounts were examined to the extent required to ascertain that the annual accounts did not contain any material errors or deficiencies. In examining corporate governance, the conformity with law of the operations of the members of the Board of Directors and the President was examined on the basis of the provisions of the Insurance Companies Act and the Companies Act.

In our opinion, the company's annual accounts have been drawn up in accordance with the Accounting Act and the regulations of the Ministry of Social Affairs and Health and other provisions governing the drawing up of annual accounts. The annual accounts provide, in the manner required by the Accounting Act, a true and fair view of the result of the operations and the financial position of the Group and the parent company. The annual accounts, including the consolidated accounts, can be adopted, and the members of the Board of Directors and the President of the parent company can be discharged from liability for the financial year we have audited. The proposal by the Board of Directors for the distribution of the retained profits for the financial year is in conformity with law.

Helsinki, March 27, 2000

SVH Pricewaterhouse Coopers Oy
Authorized Public Accountants

Juha Wahlroos	Johan Kronberg
Authorized Public Accountant	Authorized Public Accountant

Pohjola Group Board of Directors: seated, left to right, Mr Oiva Savela, Mr Heikki Hakala, Mr Mikael Silvennoinen; standing, left to right, Mr Matti Vuoria, Mr Martin Granholm, Mr Eero Heliövaara, Mr Timo Salonen and the company's President and CEO, Mr Matti Kavetvuo.

Responsibilities of the Board of Directors

In addition to the duties specified in legal provisions, the Articles of Association, and official regulations, the Board deals with matters of principle and great importance with regard to the company's operations, such as corporate strategy, operational plan, budgets, powers to act, and major investments.

The Board appoints the President, the deputy to the President, and other immediate subordinates of the President, and decides on their terms of employment.

Election and terms of office of Board members

The Board has at least four and at most seven members, elected by the shareholders' meeting.

The members of the Board are elected for a term of office expiring upon the closing of the Annual General Meeting following their election. A person who by the beginning of the term of office has reached the age of 65 cannot be elected a Board member. The Annual General Meeting shall convene annually after the completion of the annual accounts, but not later than at the end of June.

The shareholders' meeting elects the Chairman of the Board. The Board elects, from among its own circle, a member who will act as Deputy Chairman, whenever necessary.

Board meetings

The Board convened 20 times in 1999. Five of the meetings were telephone conferences.

Election and duties of the President

The Board appoints the President, who shall be in charge of the company's operative management in accordance with the Board's instructions and orders.

Insider rule

On December 13, 1999, the Pohjola Board approved the company's new insider rules, which are based on the guidelines for insiders issued by the Helsinki Exchanges on October 28, 1999.

Board of Directors

as of February 1, 2000

Chairman
Heikki Hakala (*1941)
Metso Corporation
President and CEO
Member as of 2000

Deputy Chairman
Mikael Silvennoinen (*1956)
OKOBANK Osuuspankkien Keskuspankki Oyj
President
Member as of 2000

Martin Granholm (*1946)
UPM-Kymmene Corporation
Executive Vice President
Member as of 2000

Eero Heliövaara (*1956)
Ilmarinen Mutual Pension Insurance Company
Senior Vice President, Investments
Member as of 2000

Timo Salonen (*1958)
Huhtamäki Van Leer Oyj
Chief Financial Officer
Member as of 2000

Oiva Savela (*1936)
Suomi Mutual Life Assurance Company
Chairman of the Board of Directors
Member as of 1999

Matti Vuoria (*1951)
Fortum Corporation
Chairman of the Board of Directors
Member as of 2000

Board of Directors

until February 1, 2000

Chairman
Tauno Matomäki (*1937)
UPM-Kymmene Corporation
Member as of 1997

Deputy Chairman as of April 20, 1999
Lars-Eric Petersson (*1950)
Skandia Insurance Company Limited (publ)
President and CEO
Member as of 1997

Deputy Chairman until April 20, 1999
Aatto Prihti (*1939)
Helsinki School of Economics
Chancellor
Finnish National Fund for Research and Development (SITRA)
President
Member as of 1997

Jaakko Ihamuotila (*1939)
Fortum Corporation
Member as of 1997

Antti Potila (*1938)
Member as of April 20, 1999

Oiva Savela (*1936)
Suomi Mutual Life Assurance Company
Chairman of the Board of Directors
Member as of April 20, 1999

Members who resigned from the Board on April 20, 1999:

Edward Andersson (*1933)
Member as of 1998

Olavi Nevanlinna (*1948)
Helsinki University of Technology
Professor
Member as of 1997

Senior management

as of February 2, 2000

Matti Kavetvuo (*1944)
President and CEO

Veli Kalle Tavakka (*1953)
Head of If Industrial
Non-life insurance

Eino Halonen (*1949)
Life assurance, until March 31, 2000

Hannu Ervamaa (*1946)
Customer service

Jukka Peltola (*1947)
Foreign insurance and business in run-off

General staff

as of February 9, 2000

Esa Auvinen (*1962)
Securities investments

Eero Ilkka (*1946)
Real estate investments

Olavi Nieminen (*1943)
General Counsel

Tuula Nordlund (*1950)
Administrative services

Marja-Liisa Valtonen (*1945)
Finance

Senior management

until February 1, 2000

Iiro Viinanen (*1944)
President and CEO

Pirkko Alitalo (*1949)
Deputy to the President
Investments

Veli Kalle Tavakka (*1953)
Head of If Industrial
Non-life insurance

Eino Halonen (*1949)
Life assurance

Hannu Ervamaa (*1946)
Customer service

Jukka Peltola (*1947)
Foreign insurance and business in run-off

Auditors

SVH Pricewaterhouse Coopers Oy
Authorized Public Accountants
Auditor and Supervisory Auditor
Partner-in-charge:
Juha Wahlroos
Authorized Public Accountant

Johan Kronberg
Authorized Public Accountant
Auditor

Leena Rajala
Authorized Public Accountant
Deputy Auditor and deputy
to Supervisory Auditor

Sari Airola
Authorized Public Accountant
Deputy Auditor

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Investor analyses

Investor analyses of Pohjola are published by a twenty or so analysts in Finland and abroad. Up-to-date information is available on our web pages at www.pohjola.fi/Investor Relations.

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