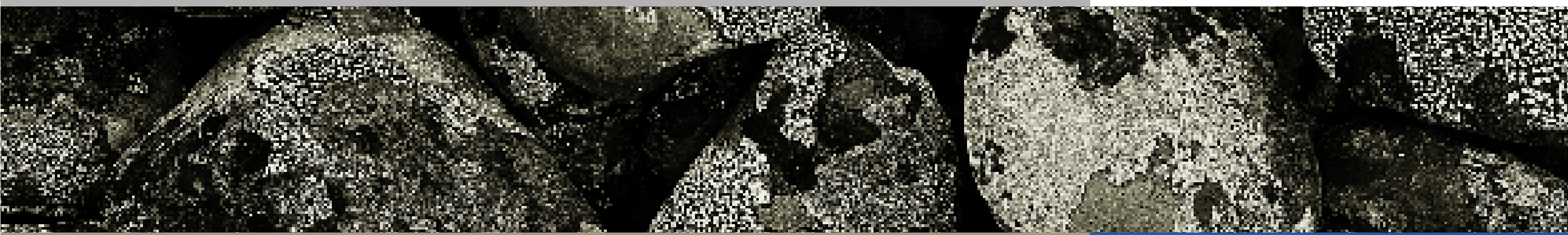
POHJOLA



ANNUAL REPORT

Contents

Year 2001 in brief

Key figures

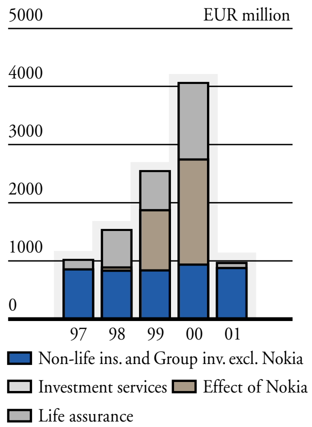
		2000	2001
Premiums written			
Non-life insurance	EUR million	551	**553**
Turnover	EUR million	4 058	**976**
of which			
Non-life insurance (whole year)	EUR million	980	**823**
Investment services (Sept. 1 to Dec. 31, 2001)	EUR million		**4**
Group investments (whole year)	EUR million	1 780	**51**
Life assurance (Jan. 1 to March 7, 2001)	EUR million	1 313	**89**
Operating profit	EUR million	1 158	**76**
Profit before tax	EUR million	1 101	**272**
Balance-sheet total	EUR million	5 185	**2 748**
Solvency capital	EUR million	1 969	**1 297**
Average number of employees		2 704	**2 690**
Earnings/share	EUR	19.11	**1.52**
Dividend/share	EUR	16.00	**4.00** [1]
Net asset value at current values/share	EUR	54.57	**24.99**
Market capitalization on Dec. 31	EUR million	1 909	**1 024**

1) Proposed by the Board of Directors

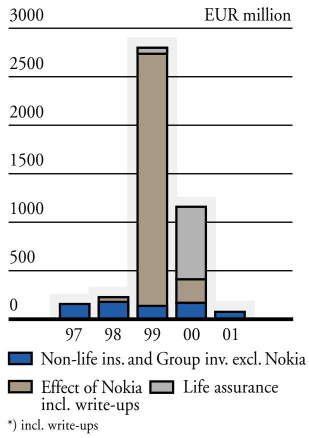
Major events at Pohjola

- The sale of Pohjola Life to the Suomi Group was completed on March 7, 2001.
- The business operations of Pohjola and Conventum were combined on August 28, 2001.
- After the merger of Pohjola and Conventum, the cooperation between the OKO Bank group, Ilmarinen, Suomi Mutual and Pohjola was discontinued.
- Mr Eero Heliövaara became the President and CEO of Pohjola on July 1, 2001.
  Mr Peter Fagernäs was elected Chairman of the Board of Directors on July 5, 2001.
- Pohjola revised its organization and now focuses on insurance services, investment services and Group investment operations.
- Pohjola acquired A-Vakuutus, which became Pohjola's new subsidiary (A-Insurance) on December 31, 2001.
- Pohjola Group Insurance Corporation became a holding company, Pohjola Group plc, on January 18, 2002.
- Pohjola's share series A and B were combined into share series D and the voting restriction was abolished on January 18, 2002.

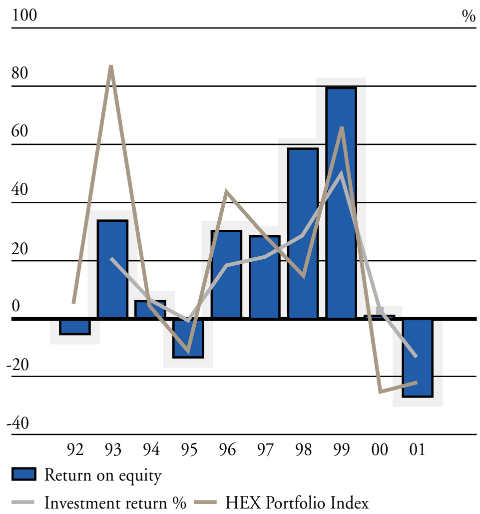
Turnover



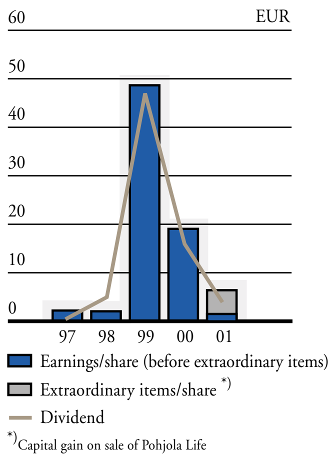
Operating profit *)



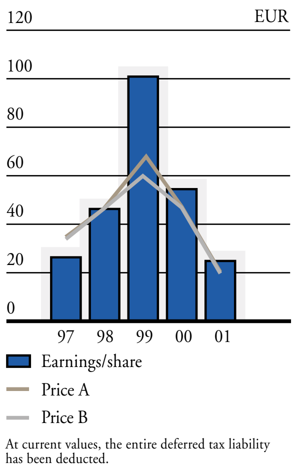
Return on equity



Earnings/share and dividend



Net asset value/share and share price



Pohjola today

Pohjola is a financially strong Finnish insurance group which creates lifetime protection and wealth for customers. The Group has defined a new strategy which, alongside insurance services, focuses on investment services.

Pohjola's business areas are insurance services, investment services and the Group's own investment operations. In 2001, Pohjola's gross premiums written in non-life insurance amounted to EUR 553 million and consolidated operating profit to EUR 76 million. The comparable combined ratio in non-life insurance was 112%. The Group has over 3 000 employees.

The parent company of the Pohjola group of companies is Pohjola Group plc, which is a listed company with a market capitalization of around EUR 1 000 million at the end of 2001. The company has in total about 18 000 shareholders.

Insurance services

Pohjola offers non-life insurance to private households and corporate clients.

The forms of non-life insurance usually taken out by private households include motor, home, private accident and travel insurance.

In addition, companies and public corporations are offered statutory workers' compensation insurance, property, business interruption, liability, guarantee and construction defects insurance.

Insurance and claims services for major clients are handled worldwide in cooperation with the British insurer Royal & Sun Alliance Insurance Group plc.

Pohjola has 87 customer service offices providing comprehensive insurance and asset management services. Pohjola also sells products of the company's cooperation partners Ilmarinen and the Suomi Group, for instance statutory employment pension insurance from Ilmarinen, and voluntary life, savings and pension insurance policies underwritten by the Suomi Group. Pohjola's new subsidiary A-Insurance brings special know-how to insurance of professional transport. A-Insurance has 44 offices.

Investment services

The investment services function comprises asset management and investment banking.

Asset management services offer mutual fund units as well as private banking and institutional asset management services to customers. The main product group consists of mutual funds available at Pohjola's multi-channel sales network. Pohjola's 1.6

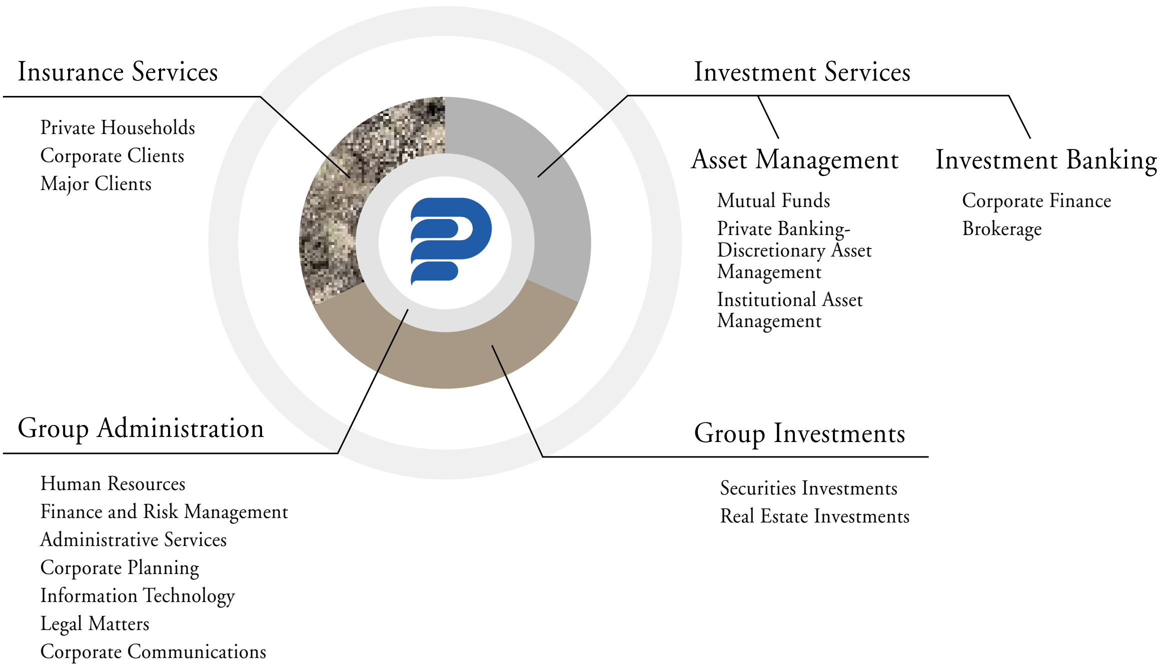
million insurance customers provide a good basis for cross sales of asset management and insurance products.

The investment banking services include corporate finance and brokerage operations.

Group investments

Group investment operations are a vital success factor for an insurance company. The purpose of the function is to obtain the best possible return on the investment portfolio in the long term. In its investment decisions, the company must take into consideration the solvency requirements and the nature of the technical provisions. In addition to its own investment portfolio, Pohjola is responsible for the investments of the Pohjola subsidiaries and the Suomi Group.

Organization



Common values, common objectives

Pohjola's mission

We create lifetime protection and wealth for our customers.

Pohjola's vision

We are an innovator in insurance and investment services and the leading expert in procecting customers and their assets.

Pohjola's new values

Reliability

- *Fairness*
- *Financial strength*
- *Security*
- *Responsibility*

Courage to grow

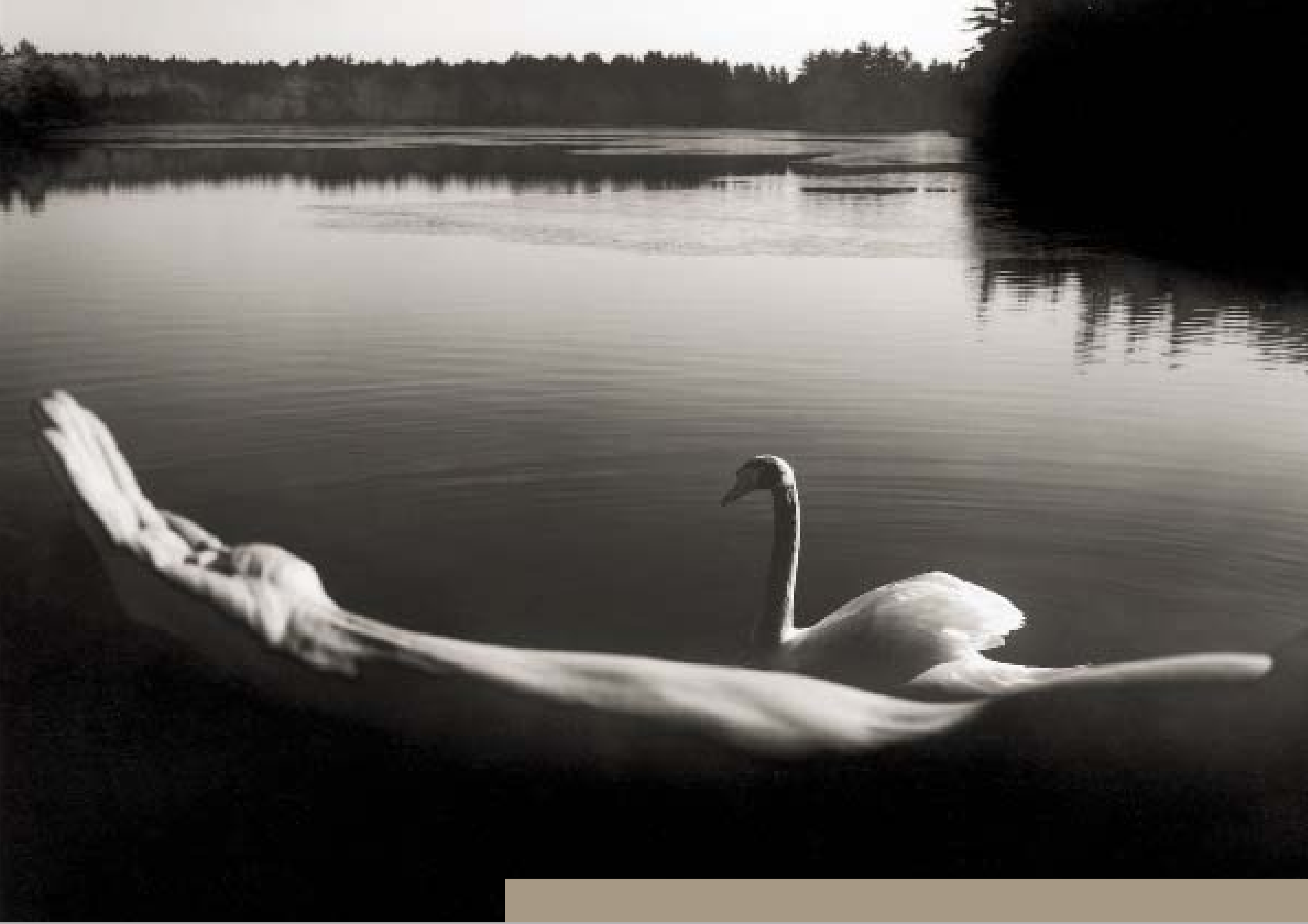
- *Innovation*
- *Reform*
- *Full commitment*
- *Encouragement*

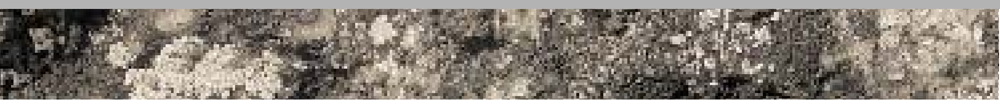
Straightforwardness

- *Openness*
- *Friendliness*
- *Smoothness of operations*
- *Clarity*

Will to succeed

- *Know-how*
- *Activeness*
- *Quality*
- *Productiveness*





Pohjola's strategic goals

Insurance services

• In insurance services, our objective is to grow and to improve profitability. We will continue to be an insurance company.

• The objective for premiums written in non-life insurance is to exceed the market, but not at the expense of profitability.

These targets have been set at a level attainable without acquisitions. Pohjola is prepared also to expand in all business areas through acquisitions in Finland and in other Nordic countries, provided that these arrangements increase the value of the Pohjola share.

Investment services

• Our aim is to make investment services a new cornerstone and growth area in our business.

• We aim to be the third largest provider of investment services in Finland by 2005.

	2001	Goal 2005
Market position in insurance services	No. 2	No. 1
Combined ratio in insurance services	112%	105%
Expense ratio in insurance services	25%	20%
Return on equity (ROE) in insurance services	n.a.	12%
Solvency in insurance services	Rating: A*	Rating: A*

* According to Standard & Poor's

Group investments

The investment portfolios of non-life insurance will be rebalanced and diversified to better reflect the business needs. The ROE target for the entire Group will be defined once the equity holding concentrations in the parent company have been diversified.

Dividend policy

The dividend to be paid will depend on the development of the Group's profits and on the capital structure required by the Group's business areas.

In the next few years, excess capital not required for the core business areas will be distributed through dividends to achieve a capital structure appropriate for future corporate operations.

Years of growth ahead

In the past few years, Pohjola has faced times that are almost unparalleled in Finnish economic history. The second half of 2001 marked a turning point in which a new course was defined for Pohjola. The company's business strategy, organization, vision, mission, values and financial goals were revised on the basis of our own resources, bearing in mind that 110-year-old Pohjola is a Finnish insurance company.

Financial environment

The wealth of Finns has increased rapidly over the past ten years. Our country's commercial and industrial structure has diversified, the role of new business sectors has become more prominent, and society as a whole has become increasingly varied. However, cyclical fluctuations have not disappeared - nor have risks.

The upward trend in the economy that had prevailed for a long time came to a halt in the last months of 2000, when Western industrialized countries drifted into a recession in the wake of the USA. The business outlook for Finland has also deteriorated but, fortunately, the risk-carrying capacity of our national economy is better than ten years ago.

Despite uncertainty factors in the economy, citizens have an obvious need for the systematic management of their safety and wealth. Cyclical fluctuations entail strong volatility in asset values. In that respect, the world will probably never change. When people's wealth grows, increasing attention must be focused on how this wealth is invested. The September 11 events were a concrete reminder of the importance of security issues. Protection against bodily injury is essential, but safeguarding property and assets also adds to the sense of security.

The desire of people to manage their own lives, minimize day-to-day worries and to ensure the safety and well-being of their families are the major concerns that lie behind Pohjola's business strategy.

Business strategy

Our new business strategy reflects the distinct choices we have made. We are not a bank but unquestionably an insurance company. For the time being, our strategy is not based on globalization. The main thing for us is to achieve a leading position in the Finnish market.

In addition to non-life insurance, Pohjola has always offered a wider range of services: life and pension insurance from the Suomi Group and statutory employment pension insurance from Ilmarinen. Asset management services and limited banking services are a perfect complement to our existing service range. Planned cooperation with banks will increase Pohjola's opportunities to make profit and will accelerate the attainment of the objectives set for non-life insurance. Investment services will be a new cornerstone for Pohjola's operations.

For the development of the new business area, we have a good starting point in our 1.6 million customers who know us well and who have faith in us. Even in difficult circumstances, Pohjola has always provided insurance cover for customers' property, homes and well-being.

Citizens' opportunities to increase their wealth have improved in Finland, while relatively few have been bold enough to make their money yield better returns. This is explained partly by economic fluctuations and by the fact that financial products are often complicated. People are not willing to take extra risks when investing funds, but rather look for a safe return on their hard-earned money.

With more than a century of experience in responsible management of assets, Pohjola is in a position to offer customers a secure way to increase their wealth. We are offering this know-how to all Finns in the form of comprehensive investment services.

New values

Pohjola's vision and mission derive from the company's new business strategy. In cooperation with the staff, we have defined our new values: reliability, straightforwardness, courage to grow, and will to succeed.

Reliability means that we attend to our customers in an efficient and responsible way. We act in a fair and equitable manner and our services increase customers' security and wealth.

Straightforwardness means that we operate in touch with the customer and handle matters promptly and efficiently. We are easy to do business with. Our service processes are concise and uncomplicated and our operational models are clear. We inform about our services and operations in an open and intelligible manner.

Courage to grow means that we revise our ways of action in a bold and innovative way. Thanks to continuous development work, our products and services are uncomplicated and easy to understand. Employees are encouraged to take on more responsibility when in contact with customers.

Will to succeed translates into competitiveness, quality and productiveness, and ultimately into high investment return.

2001 - a challenging year

Conditions in the Finnish insurance and investment markets were difficult in 2001, which is why the targets set for the company's overall performance were not achieved. This is most unsatisfactory.

On the other hand, a positive feature in 2001 was that business began to recover in the last quarter of the year. For instance, the sales of corporate insurance increased somewhat. For the first time in years, the transfer business in statutory workers' compensation insurance was profitable for Pohjola. The new subsidiary A-Insurance, acquired at the end of the year, strengthens Pohjola's market position, as do the investment services operations that were added to our business.

Targets are set high

My strong belief is that Pohjola has found a winning strategy. The coming years will be years of growth. Our targets have been set high, but we will attain them by bearing in mind the following strategic points:

- We will brighten our corporate image. We will stake our reputation and will restore the trustworthiness and recognition of the Pohjola brand, which will bring a powerful competitive edge into our business. We rely on our skilled staff and we are a modern and attractive employer.
- We will lay the foundation for profitable growth by optimal capitalization and cost-efficiency. We will continue to be a financially strong company, but excessive assets not required for business operations should not be retained in the company. We will rebalance our investment portfolio in the medium term in such a way that the structure of the portfolio will better reflect the company's business areas and capital structure. The risk concentrations of the portfolio will be diversified.
- We aim at a positive share price performance and at competitive returns. Instead of a share based on net asset value, we aim at a return-based share which, thanks to a decreased risk level, will reflect the business risk rather than the investment risk.

I wish to take this opportunity to thank our customers, our staff, our strategic cooperation partners Ilmarinen and the Suomi Group, our other shareholders, and all stakeholders for their strong will to bring Pohjola back to its earlier position in the Finnish market. My duty is to restore faith in Pohjola. This is a commitment that I make with great pleasure.

Eero Heliövaara
President and CEO

Insurance services

Insurance business is the area of Pohjola's core competence. The company's success is based on its own resources: the customers, know-how, the Pohjola brand and Finnish identity.

Objectives

In non-life insurance, the objective for premiums written is to exceed market growth, but not at the expense of profitability. The comparable figure for the combined ratio in 2001 was 112%. The target for the combined ratio in 2005 is set at 105% and the target for return on equity after tax at 12%. The solvency of non-life insurance will be kept at a sufficient level, which, in the company's viewpoint, will correspond to a financial strength rating of "A" by Standard & Poor's.

In insurance services, the objective for 2002 is to win market share. In the current year, the focus of insurance for private household customers will be particularly on comprehensive motor and motor third party liability insurance. In addition to these lines of insurance, special attention will be paid to the development of statutory workers' compensation insurance services for corporate clients.

Success factors

To increase market share, Pohjola will dedicate resources to active and innovative sales in all customer groups. The familiar Pohjola brand will be strengthened through marketing and advertising measures.

To enhance growth, Pohjola will speed up product development and claims settlement. We will continue the improvement of the service network and will lay special emphasis on e-commerce to boost sales. Operations will be intensified in all sectors to meet customers' changing needs and to increase customer satisfaction.

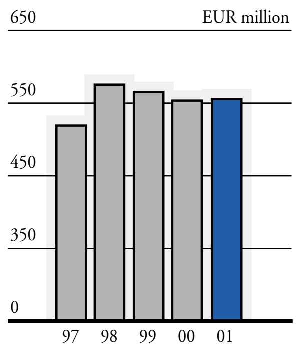
To improve the company's expense ratio from 25% to 20%, Pohjola will analyze its core processes and customer management. Attention will be paid to cost-efficiency at all organizational levels. In pricing, we will adopt customer-specific pricing to replace the one based on the line of insurance. In addition, we will redefine our underwriting and reinsurance policies.

In the course of the current year, we will unify our way of operations. The staff will have a significant role in the process. They will be trained to meet the new goals. Decision-making will be brought closer to customers. At the same time, local visibility and presence will be enhanced.

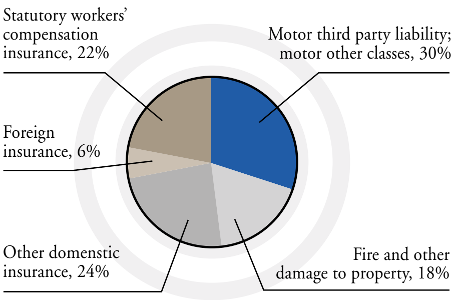
Pohjola also sells the products of Ilmarinen and the Suomi Group. The aim is to continue with intense cooperation with them.

New services and products, such as mutual funds and insurance products for professional drivers will complement the existing product range. As the volume of sales increases, the fixed costs of service channels will be spread over a wider product range.

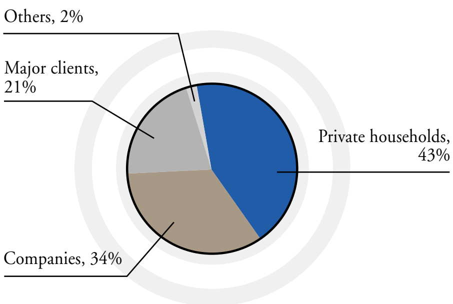
Premiums written, non-life insurance



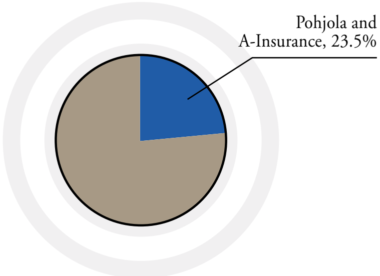
Premiums written (EUR 553 million)



Premiums written, by customer group
Non-life insurance (EUR 553 million)



Market share in 2001,
Non-life insurance
(Premiums written EUR 2.5 billion)



The Pohjola sales network comprises 87 customer service offices, 44 A-Insurance offices, web and telephone services, 1 524 agents and 104 partners. Pohjola insurance products are also sold through independent brokers.

Change in insurance markets

The year 2001 was exceptional in the global non-life insurance markets. The amount and number of claims resulting from the terror attack against the World Trade Center will be much higher than the claims paid previously for any one loss event. Although Pohjola has no liabilities related to the terror attack, the event has indirect effects on the company. The losses suffered by large reinsurance companies hampered the renewal negotiations on reinsurance contracts for 2002. Consequently, the prices rose. The situation is expected to become normal during the current year, although reinsurance rates are still higher than before the terror attacks.

On the other hand, the events in September 2001 made private households and corporate clients active in ensuring that the level of their insurance cover is sufficient. Thus, the demand for non-life insurance will grow.

Trend in premiums written and claims expenditure in 2001

Premiums written in the insurance sector have risen rapidly for the previous two years. According to preliminary calculations, premiums written in Finnish non-life insurance rose in 2000 to 2001 by 6.6% from EUR 2 349 million to EUR 2 505 million. The growth mainly materialized in statutory workers' compensation insurance and motor third party liability insurance. Non-life insurance accounts for about 22% of the Finnish insurance market.

Premiums written in Pohjola's non-life insurance increased from EUR 551 million to EUR 553 million. Pohjola's market share in domestic insurance services was 23.5%.

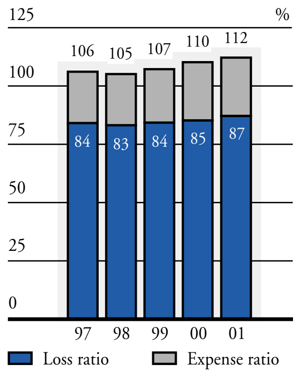
Premiums written generated by private households, Pohjola's largest customer group, amounted to EUR 237 million (EUR 236 million), premiums generated by corporate clients EUR 192 million (EUR 202 million), and by major clients EUR 115 million (EUR 103 million). The foreign insurance business accounted for 6% of premiums written.

In 2001, a total of 150 000 private household claims and 98 000 corporate claims were reported to Pohjola, of which about 95% led to the payment of compensation. The claims paid totalled EUR 415 million.

Outlook

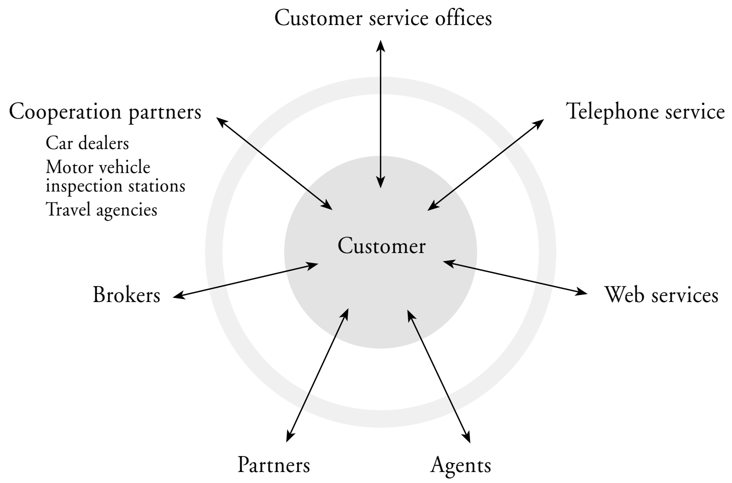
Pohjola believes in the insurance industry and in its growth. GNP and premiums written in non-life insurance are traditionally expected to develop in the same way. GNP increased by less than 1% in 2001 and the forecast for the year 2002 is less than 2%. The current outlook for growth in non-life insurance is better than the above figure since the need for security has increased. Fierce competition in non-life insurance will continue. By focusing on sales, internal processes and product development, Pohjola will restore its competitiveness and attain its growth objective.

Combined ratio *)



*) Before one-off items

Multi-channel model



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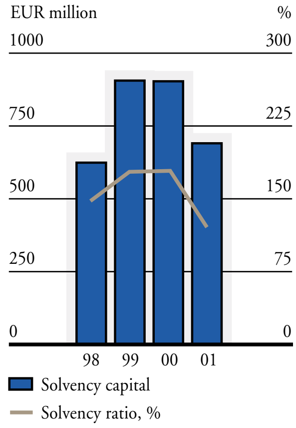
Solvency capital and solvency ratio Non-life insurance



Investment services

Pohjola has a 110-year experience in asset management. The company's professional staff and wide range of services provide a good basis for successful investment services.

New asset management products to complement insurance selection

Investment services is a new business area for Pohjola. The business function comprises asset management services and investment banking services. The asset management function provides customers with mutual fund units and with private banking and institutional asset management services. The investment banking services include corporate finance and brokerage operations.

Objectives

Pohjola aims to be the third largest provider of investment services in Finland by 2005.

The objective for 2002 is to increase manyfold the number of unit holders in Pohjola mutual funds and the amount of capital under management.

Success factors

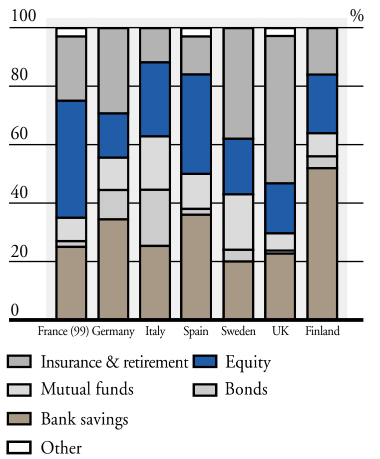
The above objective is based on the opportunities opened up by the market situation. The financial assets of Finnish households total about EUR 80 billion. More than a half of the assets are still in the current accounts of private households and in other traditional savings accounts yielding a return which is substantially lower than the market rate.

In many other European countries and in North America, private household customers invest a much higher proportion of their assets in mutual funds and insurance savings. In these products, return on investments is higher than on savings accounts and the risks are lower than in direct equity investments.

Pohjola has a solid basis for assuming the role of an innovator. The company has a sales network through which it reaches 1.6 million customers. In order to have functional IT systems and customer data bases which service all business functions in a flexible and cost-efficient manner, our company will dedicate resources to their further development.

In order to boost sales, Pohjola in January 2002 launched new mutual fund products: Pohjola Dark Blue and Pohjola Light Blue. In addition, the majority of the Conventum fund names were changed to Pohjola funds in March 2002.

Financial assets of private households in 2001, by country

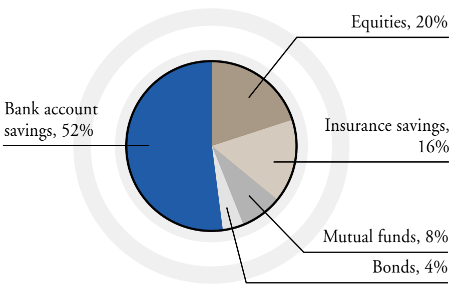


Sources: ONS, Bankitalia, Banque de France, Bundesbank, Banco de Espana, Bank of Finland and Statistics Sweden

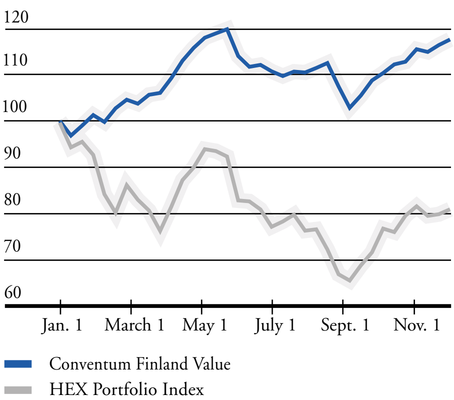
Capital by fund in 2001

EUR million	Conventum	Funds registered in Finland, total
Fixed-income funds	47	5 194
Balanced funds	61	3 116
Equity funds	151	6 197
Total	**258**	**14 507**

Financial assets of Finnish households in 2001 (about EUR 80 billion)



Development of Conventum Finland Value fund in 2001



The Pohjola investment services function is specialized in value shares. The good performance of the Conventum Finland Value fund is a proof of this professionalism.

Fund unit holders in 2001

In 2001, Conventum Fund Management Company Limited (Pohjola Asset Management Company Limited as of December 20, 2001) had 15 mutual funds under management. In addition, the company offered private banking and institutional asset management services to customers. On December 31, 2001, there were 4 231 unit holders in Pohjola funds. The capital in mutual funds amounted to EUR 258 million and the assets under discretionary management totalled EUR 207 million.

Investment banking services

The Corporate Finance function offers its customers in Finland and abroad a selection of advisory services related to acquisitions, mergers, demergers and public offerings. In addition, the company arranges private equity financing, such as initial public offerings, secondary placements and the provision of risk capital for companies at a growth stage, and provides advisory services related to these areas. The operating profit of Corporate Finance was EUR 1.1 million in 2001 (EUR 5.4 million in 2000).

The Brokerage function serves both Finnish and foreign institutional investors, brokerage clients and private persons by acting as a broker of securities and derivatives contracts on the Helsinki Exchanges, Stockholm Stock Exchange and the Eurex futures exchange. The Brokerage function conducts investment analyses and provides custodian services. In addition, it carries out secondary placements in cooperation with the Corporate Finance function. The market share of the Brokerage function on the Helsinki Exchanges was about 2% in 2001. The operating profit of the Brokerage function was EUR 2.2 million in 2001 (EUR 6.9 million in 2000).

The investment banking services function also manages technology investments which are part of the Group's own investment operations.

Outlook

Based on our competitive products and sales network as well as on an anticipated change in Finnish investment behaviour, Pohjola asset management services are expected to exceed the market development.

Group investments

The Group's own investment function is in charge of the Group's assets. The objective is to invest the assets under management profitably and securely in the long term.

Objectives

The objective of the Group's own investment operations is to rebalance the group companies' investment portfolios in such a manner that their structure will appropriately reflect each company's business operations and capital structure. This will mean that equity allocation will be reduced in favour of fixed-income instruments and remaining equity risk will be decreased through diversification of current holding concentrations. Normalized long-term return on a new rebalanced investment portfolio of non-life insurance is estimated to be 6%.

Content of the portfolio in 2001

The market value of the overall consolidated investment portfolio at year-end totalled EUR 3.2 billion (EUR 6.4 billion, of which EUR 3.1 billion represented the sold life assurance business). Of the investment portfolio, 72% represented the insurance services function, 26% the parent company and 2% Conventum's investments. Moreover, Pohjola is responsible for the investments of the Suomi Group, whose investment portfolio was valued at EUR 6.7 billion at the end of the year (EUR 5.1 billion).

The parent company's portfolio consists mainly of listed shares. Their combined market value was EUR 0.6 billion (EUR 1.0 billion). Skandia shares accounted for EUR 0.4 billion (EUR 0.8 billion).

Of the Insurance Services investment portfolio, about 41% represent investments in shares and 11% investments in land and buildings. Other investments of this function consist of fixed-income securities and liquid money-market instruments. 70% of the properties are located in the Helsinki metropolitan area.

In 2001, no major changes occurred in the target allocation of the investment portfolios. Conventum's technology investments have been included in the Group's portfolio since August 28, 2001 and the investment portfolio of A-Insurance has been included in the portfolio of the insurance services function since December 31, 2001.

Investment environment

Economic growth began to slow down towards the end of 2000. Economic outlook was particularly gloomy in the United States but in Europe, too, economic expectations became increasingly pessimistic. The terror attack that hit the USA in the autumn further deepened the international recession. The structural problems of the Japanese economy continued to keep economic activity at a low ebb, and there have as yet been no signs of an end to the long-lasting period of stagnation.

As expectations regarding companies' financial performance weakened, share prices fell by about one fifth in 2001. After the terror attack in September, share prices were for a while notably lower than at the end of the year.

Owing to the recession and falling share prices, US monetary policy was significantly eased in 2001. The Federal Reserve lowered the central benchmark interest rate by 4.75 percentage points to 1.75% in the course of the year. The European Central Bank also eased its monetary policy by cutting the benchmark interest rate by 2 percentage points to 3.75%.

The decline in the economy and a fall in oil prices attenuated inflation expectations in 2001. Following decreased inflation expectations and falling benchmark interest rates, long-term interest rates also fell, but less than short-term interest rates.

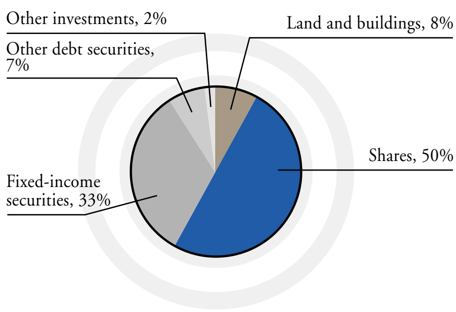
Investment income

As a result of the sharp decline in share prices, the change in the current value of Pohjola's investment portfolio was negative but the income entered in the books was positive. Income from the Group's investment portfolio was deteriorated by the sizeable holding of Skandia shares. The yield on fixed-income securities slightly exceeded the average as the long-term interest rates went down in the course of the year. Net income from investments in land and buildings was 6.9%. Income from the overall investment portfolio of Insurance Services was -0.1% and that of the parent company -30.5%. Considering the circumstances, the investment portfolios performed favourably despite the difficult investment year.

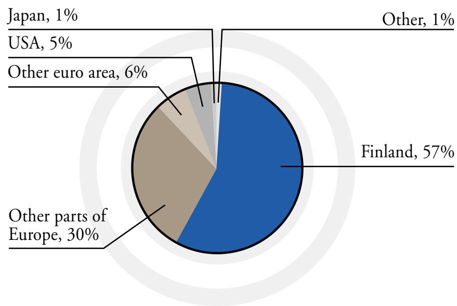
Outlook

In 2002, the international recession is expected to come to an end. A revival of world economies in the latter half of the year will also brighten the outlook for equity markets, although they have already, in the course of the year-end 2001 and beginning of 2002, been adapting to expectations for a better economic trend than in 2001. With the revival of economies, long-term interest rates will rise moderately once markets start gradually to adapt to a tightening of monetary policy especially in the USA. The rate of inflation will not hamper economic growth. The main risk factor in the favourable outlook is a slower than expected recovery of the US economy.

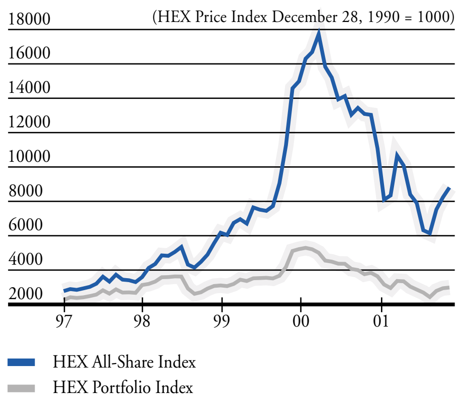
Structure of Pohjola's investment portfolio



Geographical breakdown of investments in shares



Price performance of listed shares



Breakdown of investments in shares on December 31, 2001 [1]

Current value	Insurance services EUR million	%	Parent company[2] EUR million	%	Group EUR million	%
Finland	644	69	253	40	897	57
Other euro area	91	10	3	-	94	6
Other parts of Europe	80	9	383	60	463	30
USA	83	9	-	-	83	5
Japan	12	1	-	-	12	1
Emerging markets	19	2	-	-	19	1
	928	100	639	100	1 568	100

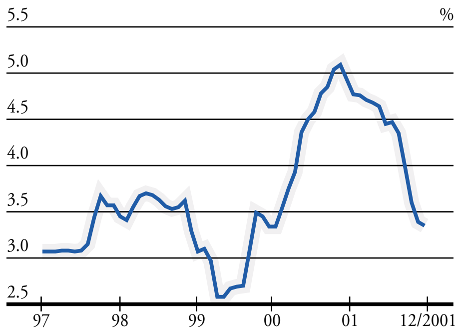
[1] Includes shares classified as investments, equity-linked investments and private equity investments
[2] Includes investments of Conventum

Fixed-income securities portfolio on December 31, 2001 [1]

Current value	Group EUR million	%
Currency		
EUR Finland	407	39
EUR other countries	501	48
SEK	30	3
GBP	22	2
USD	85	8
	1 044	100
Risk rating		
AAA	795	76
AA+, AA, AA-	162	16
Other	87	8
	1 044	100

[1] Includes investments in fixed-income funds

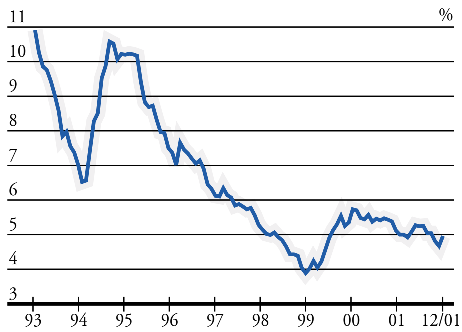
Development of interest rates in Finland, 3-month Helibor/Euribor



Trends on major stock exchanges in 2001

Country	Index	Change in basic currency, %
Finland	HEX	-32.44
	HEX Portfolio	-22.27
Germany	Dax	-19.79
France	Cac 40	-21.97
Great Britain	FTSE 100	-15.75
USA	S&P 500	-13.04
Japan	Nikkei 225	-23.52
Hong Kong	Hang Seng	-24.27

Development of interest rates in Finland 10-year government bond



Consolidated real estate portfolio on December 31, 2001

	Current value EUR million	Net yield %	Potential net yield % [1]	Leasable floor area m^2	Vacancy rate %
Business premises					
Business and office premises	114	8.1 [2]	8.4 [2]	145 000	2.8
Industrial and warehouse premises	1	7.9	7.9	2 000	3.7
Business premises in total	115	8.1	8.4	147 000	3.2
Residential premises	45	5.0 [3]	5.0 [3]	38 000	0.0
Completed property portfolio	160	7.2	7.5	185 000	
Sites and leisure premises	6				
Real estate investment companies and minority interest	12				
Real estate portfolio in total [4]	178				

1) Includes calculated rent for vacant premises, on average EUR 6.4/m^2/month
2) Includes calculated rent for premises occupied by company and group of companies, on average EUR 10.7/m^2/month
Of business and office premises, 49% occupied by companies and group of companies
3) Includes government interest subsidy totalling EUR 0.04 million
4) Excludes A-insurance real estate holdings
Cash-based 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) on December 31, 2001

			Current value, EUR million		
	Number	Percentage of shares/votes	Insurance services	Parent	Group
Skandia Insurance Company Limited (publ)	46 400 000	4.5		372	372
UPM-Kymmene Corporation	6 626 998	2.5	143	104	247
Kone Corporation	1 239 330	6.1/2.4	48	55	103
Nokia Corporation	1 635 000	0.0	47		47
YIT Corporation	2 730 000	9.3	30	7	37
Nordea Plc	6 000 000	0.8	36		36
SanomaWSOY Corporation	3 088 076	2.1/1.6	20	14	34
Fortum Corporation	5 266 471	0.6	18	7	25
Rautakirja Oyj	528 000	8.1/9.7	12	12	24
Huhtamäki Oyj	603 146	2.4	18	4	22
Metso Corporation	1 900 000	1.4	22		22
Orion Corporation	840 420	1.2/2.2	17		17
Finnlines Plc	694 200	3.5	13	3	16
Lemminkäinen Corporation	1 172 400	6.9	15		15
Instrumentarium Corporation	294 600	1.2	14		14

Risk management principles

Pohjola's risk management is based on the common guidelines confirmed by the Pohjola Board of Directors for the internal control of the whole Group. The internal control function includes a risk management system by means of which business risks can be identified and minimized. The risk control function is independent of risk-taking business operations. Pohjola's control system is described in more detail on page 83.

Insurance risks

The insurance business is based on risk-taking and risk management. Unexpectedness and unpredictability are characteristic features of risk-taking. When determining a premium, predictions are hard to make as regards whether a risk will materialize and if so, how large it will be. Claims expenditure may amount to a larger figure than expected.

An inadequate management of insurance risks may lead to erroneous pricing or insufficiency in technical provisions. As regards insurance lines in which the claims settlement period is long, data on the changed risk level will also be available slowly. The scope and time of occurrence of natural catastrophes cannot be anticipated in a reliable manner.

Pohjola minimizes insurance risks by diversifying insurance operations by geographical location, customer group, risk type and insurance line. The company has adopted appropriate risk selection guidelines and regular reporting. Attention is also paid to the upgrading of the staff's risk management skills. Major risks are reinsured. The bases for technical provisions are reviewed on a regular basis to assess their appropriateness. In addition to the actual technical provisions, Pohjola has an equalization provision of about EUR 200 million for years with a high loss frequency.

The Pohjola Board of Directors decides on the company's reinsurance principles and the risks to be retained for its own account. Only a company with a sufficiently high credit rating is accepted as a reinsurer. Moreover, the company has confirmed maximum limits for the amount of insurance business that can be ceded to one reinsurer. The majority of the Group's reinsurance is placed with companies with a credit rating of "AAA" or "AA" granted by Standard & Poor's.

Investment risks

Investment risks may materialize in a lower than expected return, a decrease in the value of investments, or even in a loss of invested capital. Pohjola pays special attention to the diversification of investment risks, liquidity of investments, and counter-party risks. The company uses derivative contracts for hedging purposes. According to Pohjola's strategy, assets are invested in fixed-income securities, equities and land and buildings both in Finland and abroad. The aim is to guarantee a good return in the long term. Investment operations are based on investment plans annually confirmed by the Board of Directors and on the investment powers approved by the Board of Directors.

The largest individual investments in shares include Skandia and UPM-Kymmene shares (page 20). Of the real estate portfolio, the Pohjola head office in Helsinki is the single most important object.

Pohjola has invested in companies at growth stage primarily in the IT and biotechnology sectors. These investments include factors of uncertainty inherent to them and to the business sector. Investments in individual companies do not, however, include any such risks that could have a notable negative impact on the Group's result.

Sensitivity analysis of solvency (insurance services)

	Portfolio Dec. 31, 2001 at current values, EUR million	Risk parameter	Change	Effect on solvency capital, EUR million
Fixed-income securities and fixed-income funds	964	Interest	1%-pt	42
Shares[1]	928	Market value	10%	93
Investments in land and buildings[2]				
Residential premises	61	Market value	10%	6
Business premises	70	Continuous income requirement	+ 1%-pt	-8
			- 1%-pt	10

1) Includes shares classified as investments, equity-linked investments and capital investments

2) Premises leased to third parties outside the Group as at December 31, 2001

The company aims to maintain the solvency of non-life insurance at an adequate level which corresponds to the financial strength rating of "A" by Standard & Poor's.

Operative risks

The sales of insurance and investment services include operative risks which may result in a direct or indirect variation in the company's result. Operative risks are usually brought about by inefficiencies in internal processes or by inability to manage unforeseeable events or external pressures for change.

The responsibility for the management of operative risks is vested in the different business functions. The impact of the risks on the entire Group's risk profile is assessed regularly and the risks are reported to the Board of Directors if necessary. The management of operative risks calls for professional staff and functional IT systems. Unforeseeable external events are taken into account by means of insurance and business continuity plans.

The valid legislation, regulations and instructions issued by the authorities, and the self-regulatory norms of the insurance industry are followed in all operations.

Information security risks

The Group's business operations are heavily dependent on information systems and technology. For that reason, the Group has laid special emphasis on the management of information security risks. The focus of information security development is on the prevention of threats caused by viruses and on the protection of the Pohjola network.

Certificates

Pohjola is the only insurance company in Finland that has received the ISO 9002 quality certificate for transacting statutory workers' compensation insurance. The company's funds have received a GIPS certificate (GIPS = Global Investment Performance Standards) which is an international ethical standard for the calculation and presentation of investment income.

Euro

Long-standing risk management was required for the introduction of the euro. Changeover to the new currency unit was effected in accordance with the plans.

Legal and arbitration proceedings

Pohjola or its group companies are not aware of any pending or threatening legal or arbitration proceedings that could have any material impact on the Group's financial position.

Corporate social responsibility

In addition to material values, topics under public discussion include values concerning the citizens' mental and social well-being. Companies must take into account the three dimensions of sustainable development: economy, environment and people. They have to ensure that the responsibilities related to these areas are in balance.

Corporate social responsibility has been taken into account in Pohjola's strategy, values and duties with a special emphasis on the stakeholder perspective. Social responsibility is an important part of Pohjola's and its customers' risk management. The Group's risk management function includes a separate coordination group for social responsibility. The Pohjola values and responsibilities have been described on page 6.

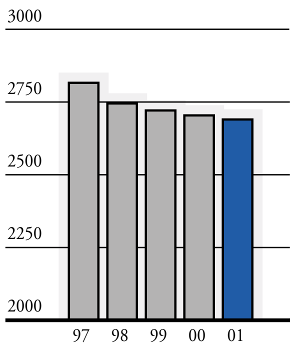
Pohjola as an insurance company has traditionally offered socially important insurance services, such as accident, motor third party liability, property and liability insurance. Along with the awareness of corporate social responsibility, new insurance and investment services have been introduced in the market. Pohjola offers statutory environmental non-life insurance and an ethical fund investment alternative through the Conventum Vision fund.

Pohjola has participated in work against drugs. Moreover, Pohjola has activated young people through the PohjolaStartti scholarship programme. A scholarship encourages young persons between 15 and 29 years to initiate and implement projects related to entrepreneurship, sense of responsibility, security enhancement and hobbies.

Pohjola's operations do not include any direct environmental responsibilities. However, Pohjola owns business premises of over 147 000 m^2. In these premises, special attention has been paid to waste management and an efficient use of energy.

Human resources
the key to success

Average number of employees



Human resources constitute the main success factor of Pohjola's strategy. Only a motivated and professional staff can change Pohjola and turn it into an innovator in insurance and investment services and make the company the most attractive employer in the business sector.

Commitment to change is based on the staff's willingness to adopt the company's values, mission and goals. The main challenge of the process is to make the staff feel that the values, mission and goals correspond to their own value settings and to make them understand the role of the work community and their own role in attaining these goals. The process will continue on a local level and in teams. The organizational and individual goals derive from the company's common goals.

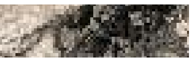
At the turn of the year, Pohjola defined a uniform staff policy in accordance with the company's strategy. The management and development of human resources cover all the various phases of an employment relationship from recruitment to end of career. The continuous planning of human resources provides facilities to manage changing situations properly from the viewpoint of the company and the staff.

Development of human resources

Emphasis is laid on the staff's professional know-how and sales skills for the purpose of attaining the company's goals. The aim is to support the company's competitiveness and the staff's market value. Special attention is paid to managerial skills. Management and versatile managerial skills are the main areas of core competence. As regards the company's goals, the management of sales operations is a crucial part of the managerial training in the current year. Good leaders and superiors make success possible, which in turn enhances work satisfaction and motivation.

Increasing cooperation is another important viewpoint in the development of human resources. Barriers between various legal entities and organizations inside the Pohjola group will be abolished and interaction will be enhanced. This adjustment calls for team work skills and working in projects. Moreover, the understanding of the common values and goals supports the development.

Training of the skills required in the use of IT will be continued and developed. A total of 1 045 employees in Pohjola had obtained a task-based computer driving licence by the end of 2001. In addition, the company encourages its staff to learn new skills, such as languages and communications skills which improve the professional know-how of individual employees. A notable further challenge for Pohjola and the



entire insurance industry is to familiarize the staff with the International Accounting Standards (IAS). Pohjola will start applying the IAS principles in 2005.

Incentive schemes

Pohjola has adopted an incentive scheme, which is based on the company's common goals, on the work community's common goals and on the employees' personal goals. The employees' personal goals and measures to be taken to attain them are agreed in career discussions with superiors. The amount of bonus is tied to the results obtained in each sector. The entire insurance staff is included in the incentive scheme. The incentive scheme of the sales staff is composed of the sales bonuses determined on the basis of collective labour agreements.

The extent to which the company's goals have been achieved will be analyzed in the current year and a new model will be created if necessary.

The senior management of Pohjola has its own incentive scheme which is described in more detail on page 40.

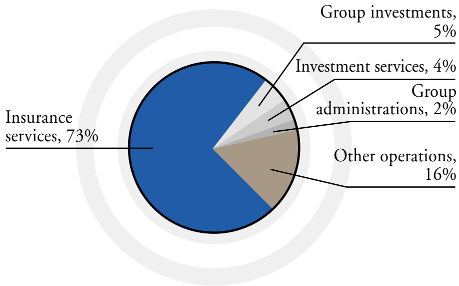
Atmosphere at work

According to the work atmosphere survey carried out in December 2001, work satisfaction has improved. The employees' attitudes towards their work, superiors and Pohjola's image were assessed in the survey. Attitudes towards all the above factors had improved. The results show that the Pohjola staff has a positive outlook on the future and improved confidence in themselves and in their superiors.

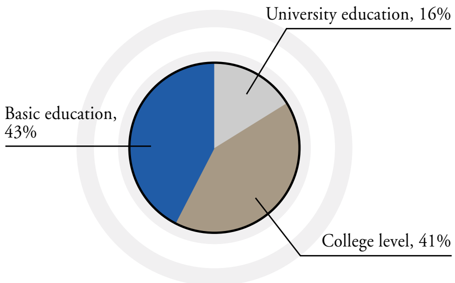
Working capacity

In accordance with the Motivo programme designed for maintaining working capacity, the aim is to maintain the professional and physical working capacity of the Pohjola staff and to support their work motivation and work satisfaction.

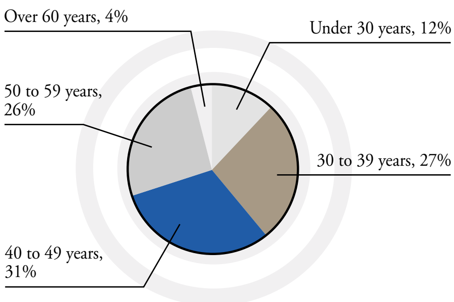
Staff by business area



Educational background of staff



Age breakdown



Report by the Board of Directors

Consolidated operating profit for 2001 totalled EUR 76 million (EUR 1 158 million). Investment income of EUR 182 million (EUR 1 313 million) returned to a normal level since, in the previous year, investment income had surged owing to exceptionally high gains on realization of investments. Operating profit in non-life insurance deteriorated because of a one-off increase of EUR 44 million in the provision for claims outstanding carried out in September. The increase did not affect the overall result as the equalization provision decreased by a corres-ponding amount.

Gross premiums written in Pohjola non-life insurance for 2001 stood at EUR 553 million (EUR 551 million). On December 31, 2001, Pohjola acquired the insurance portfolio and business operations of A-Vakuutus Mutual Insurance Company. Gross premiums written of A-Vakuutus in 2001 totalled EUR 78 million. The combined market share of Pohjola and A-Vakuutus in domestic direct insurance was 23.5% (25.4%).

The combination of business operations of Pohjola and the investment services company Conventum Limited was completed on August 28, 2001. The sales of mutual fund products through the Pohjola service network commenced at the beginning of 2002.

Analysis by segment within the Group was altered in September to conform to the new organizational structure. Operating profit/loss in non-life insurance for 2001 totalled EUR 53 million (EUR 237 million), in life assurance EUR -5 million (EUR 747 million), in Group investments EUR 30 million (EUR 175 million) and in other operations EUR -2 million (EUR -1 million). Life assurance is included in the figures for January-February and Conventum in the figures for September-December. The gains on the sale of the life assurance subsidiaries, totalling EUR 176 million, are shown under extraordinary items.

Consolidated earnings per share for 2001 were EUR 1.52 (EUR 19.11); EUR 4.96 when extraordinary items are included. As a result of falling share prices, return on equity at current values was -27% (1%) and return on assets -13% (3%).

At the end of the year, the net asset value, at current values and after deduction of full deferred tax liability, totalled EUR 1 293 million (EUR 2 222 million). Net asset value per share was EUR 24.99 (EUR 54.57). The Conventum share exchange increased the number of shares to 51 728 499 shares (40 710 000 shares). The net asset value was further impacted by the dividend for the year 2000 of EUR 16 per share, i.e. a total of EUR 651 million, paid by Pohjola. At year-end, the Group had EUR 426 million and the parent company EUR 364 million in distributable funds. The Board of Directors proposes to the Annual General Meeting that, for 2001 a dividend of EUR 4.00 per share, or a total of EUR 203 million, be distributed on April 23, 2002. The Series C shares are entitled to a dividend payable only after September 16, 2002.

After profit distribution, the consolidated solvency capital at year-end totalled EUR 1 297 million (EUR 1 969 million). In non-life insurance, the solvency capital was EUR 691 million (EUR 905 million) and the solvency ratio 121% (179%). The capital and reserves of the investment services companies amounted to EUR 12 million. The solvency capital of the Group investment operations stood at EUR 608 million (EUR 802 million).

Pohjola Group Insurance Corporation was on January 18, 2002 converted from an insurance operating company into an insurance holding company. In connection with this restructuring, the company's Series A and B shares were combined into a new share series, Series D, and the voting restrictions were abolished. The company's new name is Pohjola Group plc.

Financial objectives and dividend policy

Following the merger of Pohjola and Conventum, Pohjola is in a strong position to offer customers a wide range of insurance

Financial development of Group

		1997	1998	1999	2000	**2001**
General ratios						
Turnover	EUR million	1 016.6	1 530.8	2 543.3	4 057.8	**975.7**
Premiums written	EUR million	635.5	1 052.9	953.6	889.1	**597.2**
Operating profit	EUR million	156.2	228.2	1 233.8	1 157.8	**76.4**
of turnover	%	15.4	14.9	48.5	28.5	**7.8**
Profit before extraordinary items	EUR million	133.0	146.2	2 765.1	1 100.8	**95.7**
of turnover	%	13.1	9.6	108.7	27.1	**9.8**
Profit before appropriations and tax	EUR million	133.0	146.2	2 765.1	1 100.7	**272.2**
of turnover	%	13.1	9.6	108.7	27.1	**27.9**
Return on equity at current values [1)]	%	28.4	58.6	77.8	2.3	**-33.5**
after deduction of full deferred tax liability	%			79.5	1.0	**-26.9**
Return on assets at current values	%	13.6	27.0	46.3		
(excl. unit-linked insurance)				46.9	2.8	**-12.5**
Equity to balance sheet total at current values [1)]	%	34.4	43.5	46.0	35.7	**37.3**
after deduction of full deferred tax liability	%			44.2	32.7	**36.0**
Average number of employees		2 816	2 745	2 720	2 704	**2 690**
Ratios for non-life insurance						
Turnover	EUR million	854.3	802.7	815.2	980.1	**823.4**
Premiums written	EUR million	516.9	572.7	563.3	551.1	**552.6**
Loss ratio	%	89.9	81.3	88.0	87.0	**95.9**
Expense ratio	%	21.3	21.1	22.4	24.4	**24.7**
Combined ratio	%	111.3	102.3	110.4	111.4	**120.6**
Solvency margin [1)]	EUR million	944.5	424.3	699.2	684.0	**479.9**
Equalization provision	EUR million	132.0	196.9	203.3	217.6	**207.8**
Solvency capital [1)]	EUR million	1 079.9	624.6	905.1	904.7	**690.9**
Solvency capital as percentage of technical provisions [1)]	%	87.7	60.2	68.4	65.8	**42.6**
Solvency ratio [1)]	%	233.0	147.8	177.7	178.8	**121.0**
Average number of employees						
Non-life insurance		2 640	1 023	984	937	**984**
Service network				917	910	**962**

[1)] Likely realizable deferred tax liability deducted from difference between current and book values of investments

		1997	1998	1999	2000	**1-2/2001**
Ratios for life assurance						
Turnover	EUR million	162.3	642.6	671.6	1 313.0	**89.2**
Premiums written	EUR million	118.6	480.2	390.3	338.0	**44.6**
Expense ratio	%	236.8	169.4	128.4	127.8	
Solvency margin [1]	EUR million	203.2	412.3	943.2	246.5	
Equalization provision	EUR million	7.9	8.7	9.8	10.7	
Solvency capital [1]	EUR million	211.6	421.5	953.5	257.7	
Solvency ratio	%	17.2	25.6	49.0	12.0	
Average number of employees		176	168	172	190	**214**

		9-12/2001
Ratios for investment services		
Turnover	EUR million	**4.3**
Income/expenses ratio		**0.93**
Capital and reserves	EUR million	**11.8**
Average number of employees		**94**

		1997	1998	1999	2000	**2001**
Ratios for Group investments						
Turnover	EUR million			1 079.9	1 780.3	**50.7**
Solvency capital [1]	EUR million		978.7	662.1	802.4	**607.9**
Average number of employees				175	166	**143**

[1] Likely realizable deferred tax liability deducted from difference between current and book values of investments

and investment services in cooperation with Ilmarinen and the Suomi Group. Since September 1, 2001, Pohjola's business areas comprise non-life insurance services, investment services and the Group's own investments. Non-life insurance continues to be the core business area, although the acquisition of Conventum strengthened the Group's position especially in the fastest growing areas of investment operations, such as mutual funds and asset management. In non-life insurance, Pohjola aims at a leading market position in Finland. In the area of investment services, the Group's objective is to be among the three largest domestic service providers.

In November 2001, the Board of Directors approved a new Group organization in which the insurance and customer service networks were combined into a business unit called Insurance Services. The objective was to clarify the duties and responsibilities of the key staff, to improve control of the business, and to bring decision-making closer to customers. The Board of Directors confirmed the financial objectives for this business area on February 28, 2002.

In non-life insurance, the growth objective in premiums written is to exceed the market, however not at the expense of profitability. The Board believes that, with the renewed focus on profitability, Pohjola will be able to achieve its combined ratio target of 105% and an after-tax ROE of 12%. The comparable combined ratio in 2001, before one-off strengthening of technical provisions, was 112%. We expect to reach these profitability targets by the end of 2005.

The solvency capital in non-life insurance is to be maintained at a level which, in the opinion of the Board, will correspond to a financial strength rating of "A" by Standard & Poor's. Pohjola will aim to increase the efficiency of the capitalization structure by replacing a part of the equity capital of subsidiaries by a subordinated loan from the parent company.

Investment operations have a central role in the Group. The Board has decided that the group companies' investment portfolios will be rebalanced so that their structure will appropriately reflect each company's business operations and capital structure. This will mean that equity allocation will be reduced in favour of fixed-income instruments and remaining equity risk will be decreased through diversification of current holding concentrations. Normalized return on a new rebalanced investment portfolio of non-life insurance is estimated to be 6%.

Conventum currently constitutes a small part of the overall Group. Pohjola expects, however, that this business area will demonstrate growth far in excess of non-life insurance. Pohjola believes that the return on capital employed in this business area will also be higher than for non-life insurance.

The target for return on equity regarding the entire Group will be defined once the holding concentrations in the parent company's equity portfolio have been diversified.

The Group's financial objectives have been set at a level that can be attained through normal growth and without acquisitions. Pohjola is prepared also to expand its insurance and asset management operations through acquisitions or cooperation agreements in Finland and possibly in the Nordic countries, provided that these arrangements increase the value of the Pohjola share.

The Board of Directors of Pohjola has decided that the Group's long-term objective is to maintain a dividend policy which will set the annual dividend according to the development of the Group's consolidated after-tax profit and the capital structure required by the Group's business areas. In the next few years, excess capital not required for the core business areas will be distributed through annual dividends to achieve a capital structure for the Group appropriate for the future.

Non-life insurance and acquisition of A-vakuutus

In 2001, operating profit in non-life insurance totalled EUR 53 million (EUR 237 million). The decline in the operating result is explained by one-off gains on realization made in 2000 and by the strengthening of technical provisions in 2001.

Gross premiums written stood at EUR 553 million (EUR 551 million). Gross premiums written in statutory workers' compensation insurance were reduced by a too high increase estimate of the customers' wage bill for 2000. Furthermore, the premium level in this line of insurance decreased owing to the favourable trend in loss frequency of experience-rated insurance and to the fact that customers have switched over to use higher group-specific deductibles. When the retrospective adjustment caused by the estimation error is taken into account, the actual increase in gross premiums written in this line of insurance was 4%, the increase in gross premiums written in domestic direct business was 2% and the total increase in gross premiums written was 4%. The transfer business of statutory workers' compensation insurance in the autumn succeeded better than before. Pohjola's gross premiums written will go up by approximately EUR 1 million in 2002 as a result of customers' change of insurer.

Tariffs in motor third party liability insurance have been adjusted on the basis of regional and customer-group-specific results. In home insurance, regional rating was adopted at the beginning of 2002.

Consolidated profit

EUR million	1997	1998	1999	2000	**2001**
Non-life insurance					
Premiums earned	463.4	513.1	509.3	506.0	**492.9**
Claims incurred	-417.3	-417.0	-448.1	-440.0	**-472.6**
Operating expenses	-98.9	-108.0	-114.1	-123.7	**-121.8**
Other technical income and charges			-0.9	-1.0	**-1.0**
Balance on technical account before change in equalization provision	-52.8	-11.9	-53.8	-58.7	**-102.5**
Investment income and charges	223.5	167.6	161.3	299.4	**157.9**
Income and charges for sale of services	0.7	-0.3	1.0	-5.3	**-2.9**
Share of associated undertakings' profit/loss	0.2	-0.2	0.4	1.5	**0.7**
Operating profit	171.6	155.2	108.9	236.9	**53.2**
Change in equalization provision	-29.4	-64.9	-6.4	-14.3	**26.6**
Unrealized gains and losses on investments	0.2	0.5	-0.8	0.4	**-**
Profit before extraordinary items	142.4	90.8	101.7	223.0	**79.8**

EUR million	7-12/1997				**1-2/2001**
Life assurance					
Premiums written	117.6	478.5	388.2	335.8	**43.4**
Investment income and charges; unrealized gains and losses	24.7	97.7	210.2	845.0	**-0.9**
Claims paid	-39.7	-93.5	-161.5	-192.2	**-75.7**
Change in technical provisions before bonuses and rebates and before change in equalization provision	-92.3	-430.1	-324.5	-187.3	**36.8**
Operating expenses	-12.8	-20.5	-23.6	-24.8	**-3.9**
Other technical income and charges	-	-	-	-2.9	**-**
Depreciation on goodwill/consolidation goodwill	-12.8	-25.6	-25.6	-25.6	**-4.3**
Share of associated undertakings' profit/loss	-	-	-0.3	-0.9	**-**
Operating profit/loss	-15.3	6.5	62.9	747.1	**-4.6**
Change in equalization provision	-0.7	-0.8	-1.0	-0.9	**-0.1**
Bonuses and rebates	6.7	-16.8	-26.0	-42.1	**-7.2**
Profit/loss before extraordinary items	-9.3	-11.1	35.9	704.1	**-11.9**

EUR million	**9-12/2001**
Investment services	
Commission income	**3.8**
Interest income	**0.5**
Income from investment services	**4.3**
Commission expenses	**-0.3**
Interest expenses	**-0.3**
Administrative expenses	**-3.1**
Depreciation and write-downs	**-0.6**
Other operating expenses	**-0.4**
Credit and guarantee losses	**-0.1**
Operating loss	**-0.5**

EUR million	1997	1998	1999	2000	**2001**
Group investments					
Investment income and charges		67.6	1 067.3	173.1	**27.8**
Income and charges for sale of services		-1.7	0.6	0.6	**0.6**
Share of associated undertakings' profit/loss		0.7	1.4	1.3	**1.9**
Operating profit		66.6	1 069.3	175.0	**30.3**
Unrealized gains on investments		-	1 565.4	-	**-**
Profit before extraordinary items		66.6	2 634.7	175.0	**30.3**
Other operations					
Income and charges for sale of services			1.6	12.2	**8.5**
Interest income and charges			-0.2	-	**0.1**
Group administrative expenses			-8.6	-13.4	**-10.7**
Operating loss			-7.2	-1.2	**-2.1**
Group in total					
Operating profit	156.2	228.2	1 233.8	1 157.8	**76.4**
Profit before extraordinary items	133.0	146.2	2 765.1	1 100.8	**95.7**
Extraordinary income	22.4	-	-	-	**176.9**
Extraordinary charges	-22.4	-	-	-0.1	**-0.4**
Profit before appropriations and tax	133.0	146.2	2 765.1	1 100.7	**272.2**
Tax on profit	-39.7	-58.1	-781.9	-320.2	**-50.2**
Minority interest	-	-	-0.5	-2.6	**-2.3**
Consolidated profit	93.3	88.1	1 982.7	777.9	**219.8**

Premiums written, non-life insurance

EUR million	2000	2001	Change %
Domestic direct insurance			
Statutory workers' compensation	137.8	**120.0**	-12.9
Other accident and health	35.0	**35.7**	2.0
Motor, third party liability	92.5	**93.9**	1.5
Motor, other classes	73.0	**72.6**	-0.5
Marine, aviation and transport	27.2	**28.8**	5.9
Fire and other damage to property	100.3	**100.8**	0.5
Third party liability	31.8	**30.0**	-5.7
Miscellaneous	25.8	**28.1**	8.9
Total	523.4	**509.9**	-2.6
Domestic reinsurance	8.7	**9.2**	5.7
Retained foreign insurance	18.2	**33.1**	81.9
Total	550.3	**552.2**	0.3
Foreign insurance in run-off	0.8	**0.4**	-50.0
Total	551.1	**552.6**	0.3

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

	2000 EUR million	2000 %	2000 %	**2001 EUR million**	**2001 %**	**2001 %**
Domestic direct insurance						
Statutory workers' compensation	12.4	84.1	90.6	**-9.5**	**99.8**	**107.4**
Other accident and health	-4.0	80.7	111.7	**-4.8**	**82.3**	**113.8**
Motor, third party liability	-21.0	97.1	122.8	**-13.9**	**91.5**	**114.5**
Motor, other classes	-0.3	73.5	100.3	**3.1**	**70.7**	**95.7**
Marine, aviation and transport	-4.3	80.8	122.1	**-1.4**	**63.0**	**106.7**
Fire and other damage to property	-11.6	75.2	112.3	**-17.5**	**80.4**	**119.1**
Third party liability	-2.5	86.4	109.6	**-4.8**	**93.0**	**120.3**
Miscellaneous	-1.4	67.0	110.8	**-3.9**	**88.0**	**128.1**
Total	-32.7	82.5	106.5	**-52.7**	**86.2**	**111.0**
Domestic reinsurance	-2.9	120.2	135.6	**-5.2**	**158.1**	**180.3**
Retained foreign insurance	-10.3	167.5	204.7	**1.5**	**68.0**	**89.4**
Total	-45.9	84.7	108.8	**-56.4**	**86.7**	**111.2**
Foreign insurance in run-off	-4.0			**-2.2**		
Total	-49.9	85.2	109.6	**-58.6**	**87.0**	**111.7**
One-off items	-8.8			**-43.9**		
In profit and loss account	-58.7	87.0	111.4	**-102.5**	**95.9**	**120.6**

Premiums written in domestic direct business in the whole sector increased by 6.6% in 2001. Pohjola's market share declined to 20.4% (22.3%). The above deferral error in statutory workers' compensation insurance improved the company's market share for 2000 and lowered the year 2001 market share by about 0.5 percentage points.

The profitability of insurance business deteriorated in comparison to the previous year. The balance on technical account amounted to EUR -103 million (EUR -59 million). The combined ratio was 121% (111%). The provision for claims in statutory workers' compensation insurance was strengthened by EUR 44 million at the end of September for such occupational diseases caused by earlier exposure to asbestos that have not yet been reported to the company. The equalization provision decreased by a corresponding amount. In 2000, the provision for claims in motor third party liability insurance was strengthened by EUR 9 million. Before the above one-off adjustments to the technical provisions, the combined ratio was 112% (110%).

The comparable combined ratio of statutory workers' compensation insurance, before the above premium deferral error and strengthening of the technical provisions, increased to 100% (95%). On the other hand, profitability in motor third party liability and comprehensive motor vehicle insurance improved as a result of the favourable trend in incidence of loss. The number of losses reported to the company decreased somewhat over the previous year, while the number of major losses exceeding EUR 2 million was exceptionally high. Their impact on profit was EUR 17 million (EUR 5 million). These losses had an effect on the result of property, liability and business interruption insurance as well as on the result of domestic and foreign reinsurance. However, Pohjola had no risks insured at the locations hit by the September terror attacks in the USA, nor any reinsurance contracts related to such risks. Owing to poor profitability, a decision has been taken to cease underwriting domestic reinsurance, with the exception of pools.

Following the terror attack in the USA on September 11, 2001, rates for reinsurance protection surged and the reinsurance companies limited their cover for losses caused by terrorism. Consequently, Pohjola in 2002 increased significantly the amount to be retained for own account of property and business interruption insurance risks.

The technical provisions, net of reinsurance, of foreign insurance in run-off decreased to EUR 91 million (EUR 99 million) although changes in foreign exchange rates and abandoning of discounting in provision for claims outstanding partly increased the amount of liabilities. The reserve level of the business is monitored on a regular basis. Asbestos-related liabilities are expected to grow globally. On the basis of the latest review, the company's reserve level is considered to be adequate.

Operating expenses decreased to EUR 122 million (EUR 124 million). A three-year collective agreement was made for the insurance sector on February 2, 2001. The average impact of the agreement on the salary level was about 4% in 2001. The operating expenses of 2000 had been higher than normally owing to the If project, abandoned prior to completion.

In May 2001, Pohjola signed a preliminary agreement with A-Vakuutus Mutual Insurance Company under which the entire insurance portfolio of A-Vakuutus was, on December 31, 2001, transferred to a subsidiary fully owned by Pohjola. The new subsidiary continues operations as a company specialized in insurance services for professional transport. The purchase price was determined on the basis of the net assets transferred, and the business risk was transferred to Pohjola on April 30, 2001. The final purchase price came to EUR 47 million, of which EUR 13 million represented goodwill. The technical provisions transferred amounted to EUR 186 million, of which the equalization provision accounted for EUR 17 million. Gross premiums written of A-Vakuutus amounted to EUR 78 million (EUR 73 million) in 2001 and the market share was 3.1% (3.1%). The company's loss ratio was 86% (82%) and the combined ratio 107% (103%). The decline in the performance of the insurance business was mainly due to the poor loss experience in motor third party liability and comprehensive motor vehicle insurance.

In non-life insurance, the current value of the investment portfolio at year-end totalled EUR 2 286 million (EUR 2 284 million). Net investment income decreased to EUR 158 million (EUR 300 million). Gains on realization, EUR 97 million (EUR 244 million), were less than in the previous year. In the first quarter of 2000, a proportion of Nokia shares had been disposed of following an increase in their price, generating EUR 147 million in gains on realization. In the first quarter of 2002, the rebalancing of the equity portfolio has started for other equity holdings, generating around EUR 100 million in gains on realization of shares between January 1 and February 25, 2002.

Measured by the solvency ratio, solvency in non-life insurance was 121%. Solvency capital was reduced by the amount of dividends, EUR 62 million, to be paid to the parent company for 2001. In order to increase the efficiency of the capital structure of Pohjola Non-Life, the parent company has decided to grant the company a subordinated loan of EUR 40 million. In addition, Pohjola Non-Life has an option for a EUR 50 million subordinated loan, effective until 2008, from the parent company.

Consolidated solvency

EUR million	1997	1998	1999	2000	**2001**
Non-life insurance					
Solvency margin					
Capital and reserves	273.0	96.7	117.2	125.2	**165.8**
Difference between current and book values of investments	956.3	477.3	841.3	565.8	**406.3**
Deferred tax liabilities	-267.8	-133.6	-244.0	3.1	**-66.0**
Intangible assets	-14.1	-13.6	-12.2	-7.1	**-23.5**
Other	-2.9	-2.5	-3.1	-3.0	**-2.7**
	944.5	424.3	699.2	684.0	**479.9**
Equalization provision	132.0	196.9	203.3	217.6	**207.8**
Minority interest	3.4	3.4	2.6	3.1	**3.2**
Solvency capital	1 079.9	624.6	905.1	904.7	**690.9**
Life assurance					
Solvency margin					
Capital and reserves	64.1	63.9	64.9	83.4	
Difference between current and book values of investments	168.9	385.0	1 107.8	231.8	
Deferred tax liabilities	0.3	0.3	-159.9	-24.6	
Subordinated liabilities	92.5	58.9	-	-	
Intangible assets	-122.6	-95.8	-69.6	-44.1	
	203.2	412.3	943.2	246.5	
Equalization provision	7.9	8.7	9.8	10.7	
Minority interest	0.5	0.5	0.5	0.5	
Solvency capital	211.6	421.5	953.5	257.7	
Investment services					
Capital and reserves					**11.8**
Intangible assets					**-19.1**
Other					**-0.9**
Total					**-8.2**
Group investments					
Capital and reserves		261.9	2 017.0	847.8	**492.6**
Proposed distribution of profit		-205.4	-1 913.4	-651.4	**-203.1**
Difference between current and book values of investments		1 292.9	796.9	873.8	**462.8**
Deferred tax liabilities		-362.0	-231.1	-253.4	**-134.2**
Intangible assets		-8.7	-7.3	-9.5	**-9.5**
Other		-	-	-4.9	**-1.0**
Minority interest		-	-	-	**0.3**
Total		978.7	662.1	802.4	**607.9**
Other operations					
Capital and reserves			2.2	4.1	**8.5**
Intangible assets			-3.7	-3.3	**-5.4**
Minority interest			0.7	3.6	**3.6**
Total			-0.8	4.4	**6.7**
Group in total	1 291.5	2 024.8	2 519.8	1 969.2	**1 297.3**

Likely realizable deferred tax liability deducted from difference between current and book values of investments

The right to the option can be exercised if the company's solvency ratio falls to under 50%.

At the beginning of 2002, Pohjola increased, by some percentage points, its holdings in its Baltic associated undertakings. With a holding in excess of 50%, these companies became Pohjola's subsidiaries. In 2001, the combined gross premiums written of these companies totalled EUR 22 million.

Following the change in the competitive situation that resulted from the combination of the business operations of Pohjola and Conventum, OKO Bank Group Central Cooperative terminated the agreements on the marketing of Pohjola's insurance products. The insurance sales through the OKO Bank member banks have not had any material impact on premiums written of Pohjola.

Life assurance and disposal of Pohjola Life

The results for life assurance have been included in the consolidated profit until the end of February. For January-February, gross premiums written amounted to EUR 45 million and operating profit/loss to EUR -5 million (EUR 747 million for January-December 2000). The operating profit/loss included EUR 16 million (EUR 790 million) in gains on realization of investments.

Shares in Pohjola Life (renamed Suomi Insurance Company Ltd) were sold to Suomi Mutual on March 7, 2001. The sale price equalled the consolidated net asset value of Pohjola Life as at February 28, 2001, increased by EUR 100 million, i.e. a total of EUR 287 million. The sale of the shares in the Baltic life assurance companies was finally completed during the second quarter of the year after the regulatory approvals of the authorities had been obtained. The gains realized in the transactions, EUR 176 million, were entered under extraordinary items.

Part of the solvency capital not pertaining to Pohjola Life's business operations was dissolved prior to the above disposals. In February, dividends totalling EUR 500 million were distributed from the profit generated by gains on realization in 2000. EUR 400 million was included in the parent company's profit and distributable funds in 2000 as interim dividend. The remainder was included in the parent company's dividend income for 2001.

In connection with the sale of Pohjola Life, Pohjola made a commitment that, during three years following the transfer of the shares, the company would not directly or indirectly engage in competing life assurance business and that it would abstain from acquiring any life assurance company, shares therein or any existing life assurance business through portfolio transfers. In addition, it was agreed that the service and rental agreements between the Pohjola and Suomi Mutual groups would remain valid on previous terms until June 30, 2002, by which date the intention is to agree on the revision of the terms.

Investment services

In September-December, income generated by the Conventum investment services companies totalled EUR 4 million and operating loss EUR -0.5 million. The consolidation goodwill of Conventum, EUR 17 million, will be depreciated over an estimated useful life of 20 years.

In 2001, the operating environment was challenging. Share prices fell sharply both in Finland and abroad, which led to a decline in the amount and value of the mergers and acquisitions market and, in practice, stopped advisory services related to equity-linked financing. No initial public offerings were carried out in Finland in 2001. The advisory services provided by the investment bank focused on acquisitions, sales and financial arrangements executed by client companies.

An increase in trading of shares listed on the Helsinki Exchanges came to a standstill in 2001. The turnover of shares decreased by 11% in comparison to the respective figure a year earlier and amounted to EUR 203 billion. The trend in share prices reflected the outlook on the world economy and, as regards the technology sector in particular, the trend was downward in the first half of the year. After the events in September 2001, trading in shares picked up and the HEX Portfolio Index fell eventually only by 22.3%. In brokerage business, the market share of Conventum Securities Limited was slightly under 2% in 2001.

The trend in the equity markets slowed down the growth in mutual funds and, as a result of decreased valuation levels, assets under management in several Finnish mutual funds contracted. Conventum's strategy of investing in value shares was successful in the falling equity markets. Especially the Finland Value mutual fund was successful measured by the growth in and return on capital. The Conventum Euro Value mutual fund, which was launched at the beginning of the year and which is investing in the euro area, grew rapidly. Conventum Fund Management Company Limited was changed to Pohjola Fund Management Company Limited in December 2001. At the beginning of 2002, Pohjola launched an extensive campaign of mutual fund products targeted at the company's clientele. Two new balanced funds were established and the majority of the Conventum fund names were changed to Pohjola funds. Assets under management in the mutual funds totalled EUR 258 million on December 31, 2001.

Investment portfolio on December 31

EUR million	1997	1998	1999	2000	**2001**	**2001 %**
Non-life insurance						
Current value						
Land and buildings	405.3	314.2	236.9	183.9	**237.6**	**11**
Shares	1 337.4	751.6	1 282.0	1 066.9	**931.3**	**41**
Fixed-income securities	508.6	733.5	812.2	937.5	**967.7**	**42**
Other debt securities	51.0	71.6	608.5	72.0	**94.6**	**4**
Loans	92.2	0.7	0.1	0.1	**-**	**-**
Other investments	33.5	13.0	13.7	23.3	**54.3**	**2**
	2 428.0	1 884.6	2 953.4	2 283.7	**2 285.5**	**100**
Difference between current and book values						
Land and buildings	93.3	61.2	45.9	35.4	**35.2**	
Shares	832.2	375.2	783.7	512.7	**352.0**	
Fixed-income securities	30.8	40.9	11.7	17.7	**19.1**	
	956.3	477.3	841.3	565.8	**406.3**	
Book value in total	1 471.7	1 407.3	2 112.1	1 717.9	**1 879.2**	
Life assurance						
Current value						
Land and buildings	133.7	144.1	105.5	77.5		
Shares	426.9	795.0	1 884.3	979.9		
Fixed-income securities	875.1	1 037.2	1 028.7	1 275.0		
Other debt securities	40.5	65.9	40.3	550.6		
Loans	4.2	1.5	0.7	0.6		
Other investments	31.6	33.5	15.0	14.2		
	1 512.0	2 077.2	3 074.5	2 897.8		
Investments related to unit-linked insurance	22.9	59.7	149.8	194.8		
Difference between current and book values						
Land and buildings	18.5	18.8	16.6	15.4		
Shares	102.3	289.6	1 069.4	188.0		
Fixed-income securities	48.1	76.5	21.8	28.4		
	168.9	384.9	1 107.8	231.8		
Book value in total	1 366.0	1 752.0	2 116.5	2 860.8		
Group investments						
Current value						
Land and buildings		0.5	0.1	0.1	**-**	**-**
Shares		1 469.1	2 529.6	1 000.2	**655.4**	**75**
Fixed-income securities		9.9	172.7	8.7	**83.9**	**9**
Other debt securities					**127.5**	**15**
Loans					**0.1**	**-**
Other investments		5.0	25.3	11.1	**8.7**	**1**
		1 484.5	2 727.7	1 020.1	**875.6**	**100**
Difference between current and book values						
Shares		1 292.4	795.6	873.7	**462.2**	
Fixed-income securities		0.5	1.3	0.1	**0.5**	
Other debt securities					**0.1**	
		1 292.9	796.9	873.8	**462.8**	
Book value in total		191.6	1 930.8	146.3	**412.8**	
Group in total						
Current value	3 962.9	5 506.0	8 905.4	6 396.4	**3 161.1**	
Difference between current and book values	1 125.2	2 155.1	2 746.0	1 671.4	**869.1**	
Book value	2 837.7	3 350.9	6 159.4	4 725.0	**2 292.0**	

Net investment income

EUR million	1997	1998	1999	2000	**2001**
Non-life insurance					
Continuous income					
Interest	51.3	49.3	49.8	63.0	**55.8**
Dividends	39.0	28.9	39.8	49.2	**42.5**
Income from land and buildings	15.5	10.4	7.6	7.0	**5.5**
Other income/charges	-14.6	5.9	-11.0	-2.7	**-2.8**
Total	91.2	94.5	86.2	116.5	**101.0**
Appreciation/depreciation in profit and loss account					
Gains/losses on realization	131.9	111.7	96.9	244.4	**96.5**
Value adjustments	-15.8	-36.5	-32.1	-63.0	**-49.0**
Value re-adjustments	35.5	9.9	19.7	8.9	**16.4**
Depreciation on buildings	-13.5	-8.6	-6.6	-5.1	**-4.6**
Unrealized gains/losses	0.2	0.5	-0.8	0.4	**-**
Total	138.3	77.0	77.1	185.6	**59.3**
Interest on and charges for long-term loans	-2.5	-1.5	-1.2	-0.9	**-0.8**
Investment management expenses	-3.2	-2.0	-1.6	-1.4	**-1.6**
Total	223.8	168.0	160.5	299.8	**157.9**

EUR million	7-12/1997	1998	1999	2000	**1-2/2001**
Life assurance					
Continuous income					
Interest	29.6	57.3	61.6	83.6	**14.9**
Dividends	0.5	16.8	29.7	42.2	**0.6**
Income from land and buildings	4.2	8.6	7.3	5.6	**0.8**
Other income/charges	0.2	-	1.5	1.1	**-0.1**
Total	34.5	82.7	100.1	132.5	**16.2**
Appreciation/depreciation in profit and loss account					
Gains/losses on realization	3.4	60.5	90.4	790.3	**16.0**
Value adjustments	-8.6	-41.2	-41.0	-81.1	**-41.2**
Value re-adjustments	0.2	2.9	26.1	12.5	**18.9**
Depreciation on buildings	-1.0	-2.0	-2.0	-2.0	**-0.3**
Unrealized gains/losses	-	2.2	39.3	-5.0	**-10.1**
Total	-6.0	22.4	112.8	714.7	**-16.7**
Interest on and charges for long-term loans	-3.4	-6.4	-1.3	-0.2	**-**
Investment management expenses	-0.3	-1.0	-1.4	-2.0	**-0.4**
Total	24.8	97.7	210.2	845.0	**-0.9**

EUR million	1997	1998	1999	2000	**2001**
Group investments					
Continuous income					
Interest		0.3	6.5	28.3	14.6
Dividends		19.7	22.0	15.3	14.1
Other income/charges		-0.3	0.7	0.3	0.1
Total		19.7	29.2	43.9	28.8
Appreciation/depreciation in profit and loss account					
Gains/losses on realization		48.6	1 038.6	129.7	6.8
Value adjustments		-	-0.4	-0.3	-7.8
Value re-adjustments		-	0.4	-	0.4
Unrealized gains		-	1 565.4	-	-
Total		48.6	2 604.0	129.4	-0.6
Investment management expenses		-0.7	-0.5	-0.2	-0.4
Total		67.6	2 632.7	173.1	27.8
Other and Group eliminations	-0.3	-5.7	-3.4	-4.5	-3.2
Group in total	248.3	327.6	3 000.0	1 313.4	181.6

Assets of discretionary asset management clients amounted to EUR 156 million.

Group investments

The current value of the Group's own investment portfolio at the end of the year stood at EUR 876 million (EUR 1 020 million). The investment portfolio of Pohjola's parent company mainly comprises listed shares and money-market instruments. The largest individual investment consists of a 4.5% shareholding in the insurance company Skandia. The current value of the shareholding was EUR 372 million (EUR 806 million).

The investment portfolio of Conventum's parent company consists of unlisted venture capital investments and investments in listed securities. Conventum made no new venture capital investments, but further investments were made in connection with additional financing for venture capital companies earlier invested in. Nearly all of the listed portfolio had been disposed of by the end of the year. The unlisted securities portfolio is mainly composed of investments in IT companies.

Net income from the Group's own investment portfolio for 2001 came to a total of EUR 28 million (EUR 173 million). Gains on realization amounted to EUR 7 million (EUR 130 million) and value adjustments on the portfolio to EUR 7 million. Of the gains on realization in 2000, EUR 95 million had resulted from the disposal of Nokia shares.

Other operations

The sale of administrative and IT services generated a net income of EUR 9 million (EUR 12 million). The total amount of Pohjola's and Conventum's group administrative expenses was EUR 11 million (EUR 13 million) following corporate restructuring and the severance pay and pension benefits for previous Presidents.

Holding company structure and amendments to the Articles of Association

The Extraordinary General Meeting of Shareholders on December 21, 2000 approved the transfer of the parent company's all remaining insurance portfolio to Pohjola Non-Life, thus concluding the process of moving over to a holding company structure begun in 1998. The process included the incorporation of different functions into separate companies in order to streamline corporate governance and to increase operational efficiency.

The authorities' regulatory approvals for the transfer of the insurance portfolio were obtained in two stages. At the first stage, on March 1, 2001, the technical provisions transferred amounted to EUR 58 million. The insurance portfolio underwritten in Canada and Hong Kong was transferred on December 31, 2001. The technical provisions for this portfolio totalled EUR 3 million and the reinsurers' share was of an equal size. In addition to the technical provisions, a corresponding amount of investments or cash was transferred.

After the transfer of the insurance portfolio on January 18, 2002, the parent company, Pohjola Group Insurance Corporation, relinquished its licence to carry on insurance operations and became an ordinary limited-liability company, a so-called insurance holding company. The company's new name is Pohjola Group plc.

The process of moving over to the holding company structure also included amendments to the Articles of Association, resolved by the General Meetings of Shareholders on December 21, 2000 and July 5, 2001, as a result of which the Series A and B shares were combined into a new share series, Series D, and the voting restriction was abolished. No compensation was paid to shareholders for the combination of the share series. In addition to the Series D, the company has a temporary share series, Series C. Each Series D and C share confers one vote at a General Meeting of Shareholders. The C shares entitle to a dividend which will not be paid until after September 16, 2002.

By combining the share series and by abolishing the voting restrictions, the company's ownership structure was modernized. The combination of the share series is seen as a step to improve the liquidity and price performance of Pohjola shares in the long term.

The amendments to the Articles of Association became effective on January 18, 2002 when they were entered in the Finnish trade register.

Share exchange and redemption procedure concerning Conventum

The Boards of Directors of Pohjola and Conventum on June 13, 2001 approved an agreement on the combination of the companies' business operations. The combination was carried out through a share exchange. The Extraordinary General Meeting of Shareholders of Pohjola on July 5, 2001 took a decision to make a public purchase offer and to increase the share capital of Pohjola through a share issue directed to Conventum shareholders, who were offered one new Series B share of Pohjola and a maximum of

0.095032 new Series C shares of Pohjola in exchange for 11.75 Conventum shares. The obtaining and the final number of Series C shares are conditional on the attaining of the targets set for the combined income and profit, before taxes, of the Conventum investment services companies over the review period from January 1, 2001 to June 30, 2002.

The target for the review period is around EUR 35 million for income and around EUR 18 million for profit before taxes. The Board of Directors of Pohjola has appointed Arthur Andersen Oy, Authorized Public Accountants, as an independent expert to confirm the income and profit for the review period. In accordance with a preliminary unaudited calculation, income for 2001 as per the Exchange Offer conditions totalled EUR 17 million and profit before taxes EUR 4 million.

The Exchange Offer term ended on October 24, 2001. As a result of the offer, Pohjola's holding in Conventum rose to 98.98%. On the basis of the Exchange Offer, Pohjola issued a total of 10 062 851 new Series B shares and a total of 955 648 new Series C shares. The subscription price was EUR 49 million, of which EUR 9 million was entered in the share capital and the remainder in the share premium account. After the above increases, the fully paid-up share capital of Pohjola is EUR 44 million.

The new B shares were converted into Series D shares on January 18, 2002. The C shares can be converted into Series D shares after December 1, 2002, once the final number of C shares has been confirmed. In case no conversion demand has been submitted by December 31, 2002, the Board of Directors may take a decision on the conversion of the shares.

Conventum had issued option rights as part of the incentive pay scheme for their staff. Pohjola purchased the remaining option rights for 1999 at the price defined in the option terms, totalling EUR 2.6 million (EUR 0.64 per option). To the holders of option rights issued in 2000 and 2001, Pohjola paid a fixed consideration of EUR 0.60 per option or a total of EUR 0.9 million. Any additional future consideration will amount to not more than EUR 0.5 million.

In November, Pohjola made a redemption offer, based on the Finnish Securities Markets Act, for the Conventum shares that had not been exchanged. At the same time, Pohjola also made a demand for redemption of Conventum shares, as per the Finnish Companies Act. For both procedures, the redemption price was EUR 1.80 per Conventum share. In its decision issued on November 8, 2001, the Finnish Financial Supervision Authority presented its dissenting opinion of the redemption price based on the Securities Markets Act. In the opinion of the Financial Supervision Authority, the current price is EUR 1.90 per share.

The redemption offer as per the Securities Markets Act expired on December 14, 2001. As a result, Pohjola's holding in Conventum rose to 99.17%.

On February 22, 2002, the arbitration court appointed by the Finnish Central Chamber of Commerce established that Pohjola's right, based on the Companies Act, to redeem the shares held by the other Conventum shareholders is undisputed. On the same day, Pohjola gave the guarantee approved by the arbitration court for the payment of the redemption price, and thus obtained a 100% holding in Conventum. The redemption price will be decided by an arbitration award to be rendered later. Pohjola has requested that the arbitration court confirm the redemption price of EUR 1.80 per share for the shares to be redeemed. On February 26, 2002, the Board of Directors of the Helsinki Exchanges, on Conventum's application, decided to terminate public trading with the Conventum shares and to remove the share from the Main List of the Helsinki Exchanges as of February 28, 2002.

Authorization of the Board of Directors to issue shares

The Extraordinary General Meeting of Shareholders on July 5, 2001 authorized the Board of Directors to decide on an increase in the share capital through a rights issue in such a way that the share capital can be raised by a total maximum of EUR 6 million by offering new Series D shares for subscription. The authorization will be in force for one year as of the date of the EGM.

The Board can exercise the authorization for the development of business operations, for strengthening the capital structure, for widening the shareholder base, for carrying out company acquisitions and cooperation arrangements, and for other similar purposes.

The Board of Directors currently holds no other authorization to issue shares, convertible bonds or option rights. Nor is the Board authorized to redeem the company's own shares.

Risk management

Risk management at Pohjola is based on the Group's risk management plan. Accordingly, a report is submitted regularly to the Board of Directors regarding the development of risk management and the measures planned to be taken to minimize risks. Pohjola has a separate risk management function which coordinates the risk management work done at the Group. The Group further has an internal audit function which is independent of business functions and is responsible for assessing the adequacy of internal control.

Insurance companies' investment operations are based on investment plans confirmed annually by the companies' Boards of Directors and on investment powers approved by the Boards. Pohjola's actuary monitors the adequacy of the technical provisions, the application of premium bases and the arrangement of reinsurance, and issues the Board of Directors with a statement of whether the company's investments meet the requirements set by the nature of the technical provisions. Only companies with sufficiently high solvency are accepted as reinsurers. In addition, maximum limits have been set for the volume of business that can be ceded to an individual reinsurer. In the management of operational risks, special attention is paid to skilled staff and reliable IT systems. The changeover to the euro went as planned for the IT systems.

Staff

At the end of 2001, the Group had a total of 3 062 employees (2 731 employees), of whom 314 people transferred from A-Vakuutus and 117 from Conventum. The sale of Pohjola Life decreased the number of employees by 214 people. The average number of employees in 2001 was 2 690 people (2 704 people).

At the end of the year, the parent company had 200 employees (215 employees). The number of employees working in non-life insurance and in the office network was 2 264 people at year-end, at which point of time, Conventum had a staff of 117 people and the services companies a staff of 481 people.

Senior management

After the Chairman of the Board, Mr Heikki Hakala, had resigned from the post of Chairman, Mr Peter Fagernäs, Chairman of the Board of Conventum Limited, was elected Pohjola's Executive Chairman of the Board on July 5, 2001.

The other members of the Board are Mr Heikki Hakala (Deputy Chairman), Mr Martin Granholm, Mr Eino Halonen (as of April 10, 2001), Mr Kari Puro (as of April 10, 2001), Mr Heikki Pentti (as of July 5, 2001) and Mr Timo Salonen. Earlier in 2001, the members of the Board included Mr Mikael Silvennoinen (Deputy Chairman until June 13, 2001), Mr Eero Heliövaara (until July 1, 2001) and Mr Oiva Savela (until April 10, 2001).

The Board of Directors appointed Mr Eero Heliövaara as the President and CEO of the company as of July 1, 2001. The previous President and CEO of the company, Mr Matti Kavetvuo, resigned from his post on June 30, 2001 having fulfilled the mission set for him by the Board.

Mr Eero Heliövaara was also appointed as the President of Pohjola Non-Life and Service Pohjola. Mr Matti Tossavainen was appointed as the head of Pohjola's insurance services function and as Senior Executive Vice President of the parent company.

The Board of Directors on January 23, 2002 established an audit committee to supervise the Group's internal control operations and the implementation of the Group's risk management policy, and to steer internal audit. The members of the Audit Committee are Mr Heikki Hakala, Mr Heikki Pentti and Mr Timo Salonen.

Incentive pay scheme for the management

The Extraordinary General Meeting of Shareholders on July 5, 2001 authorized the Board of Directors to issue, free of charge, a maximum of 1 100 000 option rights to the Group's key staff. The option rights entitle to subscription of a total maximum of 1 100 000 new Series D shares of Pohjola. The subscription periods for shares will begin on August 1, 2003 (100 000 shares), August 1, 2004 (500 000 shares) and August 1, 2005 (500 000 shares) and will expire on July 30, 2006. The share subscription prices are EUR 28.46, EUR 21.23 and EUR 21.23 respectively, reduced by the amount of dividends paid prior to the share subscription. As a result of the subscriptions, the share capital can increase by a maximum of EUR 0.9 million.

The option rights have been designed to form part of the incentive pay scheme of the company's senior management. The Board will also explore ways to enhance the incentive pay schemes of the other staff of the Group.

Outlook

Pohjola's clarified strategy, reorganization and marketing measures taken are expected to improve the company's competitiveness and market position. The formation of Nordic insurance conglomerates will open up new opportunities for a domestic service provider operating in touch with the customer. The acquisition of A-Vakuutus will enhance the company's position particularly in insurance for professional transport.

The policy transfers in statutory workers' compensation insurance in the autumn improved Pohjola's standing in the market. The favourable trend in the incidence of loss regarding this line of insurance will lower rates further, whereas the strengthening of the provision for claims carried out in September will compensate for its effect on the loss ratio. A slowdown in the economy is likely to decrease companies' and corporations' need for insurance cover. At the same time, however, an overall feeling of insecurity will increase demand for insurance.

Following the terror attacks against the United States, the global reinsurance markets became unstable and the level of rates rose. This trend has also had an effect on direct insurance rates. As a result of the rises in rates, Pohjola increased the amount of retention per loss event. In future years, any major losses will have a larger impact on the claims expenditure retained for own account. However, the reinsurance markets are expected to normalize, although the rate level will probably remain higher than it was before the September terror attacks.

The financial goals defined by the Board of Directors will provide a basis for more efficient steering of company finances. The attainment of the goals will call for an essential increase in cost-efficiency at all organizational levels. The development of e-business, and of insurance and steering systems will keep IT expenses high despite the completion of the euro changeover project.

The profitability of the non-life insurance business is expected to improve in 2002, provided that the incidence of major losses remains at a long-term average.

Following the acquisition of Conventum, Pohjola is becoming a major provider of comprehensive insurance and investment services. In future years, sales of asset management and mutual fund products in particular are expected to grow, thanks to the Group's vast clientele, which in turn will improve the income/expenses ratio of the distribution channel for the non-life business as well.

The cooperation with savings banks that is being negotiated would not, as yet, have any major impact on the Group's 2002 results even if the cooperation were to materialize.

The trends in the securities markets will have an impact on the demand for investment services, on income from the Group's own investments and on the Group's financial strength. The changes in the investment portfolio will result in gains on realization in the near future but will, in the longer term, lead to a smaller investment risk and lesser volatility of returns.

Proposal by the Board of Directors for distribution of retained earnings

In accordance with the annual accounts as at December 31, 2001, the Group's distributable funds amounted to EUR 426 million and those of the parent company to EUR 364 million. Series C shares entitle to a dividend which will be paid after September 16, 2002.

The Board of Directors proposes to the Annual General Meeting that a total of EUR 203 091 404 be distributed in dividend and that the date of dividend payment be April 23, 2002. The dividend is EUR 4 per share and the holders of Series D shares are entitled to the dividend. EUR 25 000 will be reserved for donations for worthy causes. The rest of the distributable funds will be transferred to the contingency reserve.

Tables pertaining to shares and shareholders are given on pages 89 to 91.

Cash flow statement

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Cash flow from operating activities				
Profit on ordinary activities	**69.7**	780.6	**278.5**	605.8
Adjustments				
Change in technical provisions	**18.2**	296.2	**1.7**	-4.3
Value adjustments and unrealized gains on investments	**72.4**	127.6	**-**	1.9
Unrealized exchange gains/losses	**2.7**	-1.7	**-0.3**	-0.3
Depreciation according to plan	**23.6**	47.6	**6.5**	5.4
Other income and charges without payment	**-0.7**	-1.4	**-**	-400.0
Other adjustments	**-128.5**	-872.0	**212.3**	-85.8
Cash flow before change in working capital	**57.4**	376.9	**498.7**	122.7
Change in working capital:				
Increase/decrease in non-interest-bearing short-term receivables	**24.3**	-39.9	**419.5**	2.8
Decrease/increase in non-interest-bearing short-term payables	**40.3**	-7.4	**-63.8**	0.9
Cash flow from operating activities before financing items and tax	**122.0**	329.6	**854.4**	126.4
Interest paid and payments for other financing expenses of operating activities	**-0.9**	-1.3	**-**	-
Income tax paid	**-6.5**	-959.3	**-225.9**	-674.9
Net cash from/used in operating activities	**114.6**	-631.0	**628.5**	-548.5
Cash flow from investing activities				
Acquisitions of investment assets (excl. cash and cash equivalents)	**-1 033.4**	-2 274.8	**-102.9**	-72.1
Proceeds from sale of investment assets (excl. cash and cash equivalents and shares in subsidiaries)	**988.0**	4 781.8	**46.0**	1 970.4
Acquired shares in subsidiaries/acquired business operations	**-12.0**	-	**-54.5**	-
Sold shares in subsidiaries	**271.6**	-	**293.3**	-
Income tax paid for above sale	**-28.5**	-	**-28.5**	-
Investments in and proceeds from sale of intangible, tangible and other assets (net)	**-11.6**	-9.7	**-8.3**	-1.9
Net cash from investing activities	**174.1**	2 497.3	**145.1**	1 896.4
Cash flow from financing activities				
Loans drawn and repaid	**-1.5**	13.9	**-**	-
Dividends paid and other profit distribution	**-651.1**	-1 912.5	**-651.1**	-1 912.5
Net cash used in financing activities	**-652.6**	-1 926.4	**-651.1**	-1 912.5
Net decrease/increase in cash and cash equivalents	**-363.9**	-60.1	**122.5**	-564.6
Cash and cash equivalents at beginning of period	**704.8**	764.9	**19.0**	583.6
Cash and cash equivalents at end of period				
Cash at bank and in hand	**68.5**	45.7	**24.4**	5.3
Other debtors and creditors	**-7.6**	-1.5	**-18.0**	-1.3
Debt securities	**224.0**	619.2	**126.4**	4.0
Deposits with credit institutions	**56.0**	41.4	**8.7**	11.0
Cash and cash equivalents at end of period	**340.9**	704.8	**141.5**	19.0

Profit and loss account

EUR million	Notes	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Technical account	2				
Non-life insurance					
Premiums earned					
Premiums written	3, 9	552.6	551.1	7.3	21.4
Outward reinsurance premiums		-58.4	-40.8	-1.9	-7.4
		494.2	510.3	5.4	14.0
Change in provision for unearned premiums					
Total change		-27.8	-7.4	3.5	-0.7
Share of transferred portfolio		24.4	-0.1	-8.4	-
Reinsurers' share					
Total change		2.1	3.1	-0.1	-
Share of transferred portfolio		-	0.1	1.7	-
		-1.3	-4.3	-3.3	-0.7
Premiums earned in total		492.9	506.0	2.1	13.3
Claims incurred					
Claims paid		-456.1	-435.1	-3.1	-28.0
Reinsurers' share		56.2	38.4	0.7	11.4
		-399.9	-396.7	-2.4	-16.6
Change in provision for claims	9				
Total change		-198.6	-66.2	109.6	-36.9
Share of transferred portfolio		142.8	-0.2	-108.7	-
Reinsurers' share					
Total change		-15.7	24.2	-59.8	32.5
Share of transferred portfolio		-0.5	0.1	58.6	-
		-72.0	-42.1	-0.3	-4.4
Claims incurred in total		-471.9	-438.8	-2.7	-21.0
Change in collective guarantee item					
Total change		-4.6	-1.0		
Share of transferred portfolio		3.6	-		
		-1.0	-1.0		
Operating expenses	6, 7,10	-118.0	-118.0	-1.6	-4.0
Balance on technical account before change in equalization provision		-98.0	-51.8	-2.2	-11.7
Change in equalization provision					
Total change		9.8	-14.3	2.8	10.1
Share of transferred portfolio		16.8	-	-1.0	-
		26.6	-14.3	1.8	10.1
Balance on technical account		-71.4	-66.1	-0.4	-1.6

Profit and loss account

EUR million	Notes	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Technical account					
Life assurance					
Premiums written					
Premiums written	4	**44.6**	338.0		
Outward reinsurance premiums		**-1.2**	-2.2		
		43.4	335.8		
Allocated investment return transferred from non-technical account	8, 9	**-0.9**	844.7		
Claims incurred					
Claims paid					
Claims paid	5	**-75.7**	-193.8		
Reinsurers' share		**0.1**	1.5		
		-75.6	-192.3		
Change in provision for claims					
Change in provision for claims					
Total change		**6.7**	-99.4		
Share of transferred portfolio		**-**	2.9		
		6.7	-96.5		
Claims incurred in total		**-68.9**	-288.8		
Change in life assurance provision					
Change in life assurance provision	5	**21.6**	-134.0		
Reinsurers' share		**1.2**	0.2		
		22.8	-133.8		
Operating expenses	6, 7, 10	**-3.7**	-23.8		
Other technical charges		**-**	-2.9		
Balance on technical account		**-7.3**	731.2		

EUR million	Notes	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Non-technical account					
Balance on technical account of non-life insurance		-71.4	-66.1	-0.4	-1.6
Balance on technical account of life assurance		-7.3	731.2		
Investment income	8	339.6	1 577.6	408.2	896.7
Unrealized gains on investments	8, 9	0.4	13.6	-	-
Investment charges	8, 10	-147.9	-259.5	-5.9	-36.6
Unrealized losses on investments	8	-10.4	-18.3	-	-
		181.7	1 313.4	402.3	860.1
Allocated investment return transferred to life assurance technical account	8, 9	0.9	-844.7	-	-
Other income		49.4	27.6	33.3	34.6
Other charges					
Depreciation on unallocated consolidation goodwill	10	-4.5	-24.7	-	-
Depreciation on goodwill	10	-0.1	-0.9	-	-
Other		-55.5	-36.9	-43.1	-44.8
		-60.1	-62.5	-43.1	-44.8
Share of associated undertakings' profit/loss		2.6	1.9		
Tax on profit on ordinary activities					
Tax for financial year		-32.2	-321.6	-113.8	-246.1
Tax for previous financial years		0.7	3.0	-	3.5
Deferred tax	26	5.4	-1.6	0.2	0.1
		-26.1	-320.2	-113.6	-242.5
Profit on ordinary activities		69.7	780.6	278.5	605.8
Extraordinary items	9				
Extraordinary income		176.9	-	99.2	-
Extraordinary charges		-0.4	-	-0.4	-
Tax for financial year		-28.5	-	-28.5	-
Deferred tax	26	4.4	-0.1	-0.1	0.5
Profit after extraordinary items		222.1	780.5	348.7	606.3
Minority interest		-2.3	-2.6		
Profit for financial year		219.8	777.9	348.7	606.3

Balance sheet

EUR million	Notes	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Assets					
Intangible assets	11				
Intangible rights		15.4	12.9	9.1	8.1
Goodwill		13.6	6.7	-	-
Unallocated consolidation goodwill		22.4	45.5	-	-
Other long-term expenses		6.2	6.9	0.1	0.8
		57.6	72.0	9.2	8.9
Investments	12				
Land and buildings	13, 18				
Land and buildings and shares therein		202.4	210.7	-	0.1
Investments in affiliated undertakings and participating interests					
Shares in affiliated undertakings	14, 18	-	2.7	226.6	313.2
Loans to affiliated undertakings	14	-	-	1.4	1.5
Shares in associated undertakings	15, 18	19.0	12.3	9.4	9.1
Participating interests	15, 18	0.2	0.2		
Debt securities issued by undertakings linked by virtue of a participating interest	15	0.1	1.6	-	-
		19.3	16.8	237.4	323.8
Other financial investments					
Shares	18	753.2	1 457.4	147.1	129.7
Debt securities		1 254.0	2 796.0	206.8	37.7
Other loans	16	0.1	0.8	0.1	0.1
Deposits with credit institutions		56.0	41.4	8.7	11.0
		2 063.3	4 295.6	362.7	178.5
Deposits with ceding undertakings		7.0	7.1	-	0.5
Investments in total		2 292.0	4 530.2	600.1	502.9
Investments for the benefit of life assurance policyholders who bear the investment risk	17	-	194.9		
Debtors	19				
Direct insurance debtors					
Policyholders		132.9	112.9	-	-
Intermediaries		1.5	1.3	-	-
		134.4	114.2	-	-
Reinsurance debtors		37.2	22.7	-	11.4
Deferred tax assets	26	11.0	2.1	0.7	0.7
Other debtors		65.4	74.4	6.4	426.6
		248.0	213.4	7.1	438.7
Other assets					
Tangible assets and stocks					
Machinery and equipment	11	21.2	18.2	6.9	5.6
Stocks		2.7	2.3	-	-
		23.9	20.5	6.9	5.6
Cash at bank and in hand		68.5	45.7	24.4	5.3
Other		2.1	2.2	2.0	2.0
		94.5	68.4	33.3	12.9
Prepayments and accrued income	20				
Interest and rent		32.6	79.3	2.6	1.3
Deferred acquisition costs		-	5.7	-	-
Other		23.2	20.7	4.2	4.1
		55.8	105.7	6.8	5.4
Assets in total		2 747.9	5 184.6	656.5	968.8

EUR million	Notes	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Liabilities					
Capital and reserves	21				
Share capital		**44.5**	35.0	**44.5**	35.0
Share premium account		**39.7**	-	**39.7**	-
Revaluation reserve		**2.3**	0.3	-	-
Legal reserve		**158.3**	158.3	**158.2**	158.2
Other reserves					
Contingency reserve		**299.6**	143.7	**15.7**	60.8
Profit/loss brought forward		**-85.4**	-54.6	-	-
Profit for financial year		**219.8**	777.9	**348.7**	606.3
Capital and reserves in total		**678.8**	1 060.6	**606.8**	860.3
Minority interest		**7.2**	7.2		
Technical provisions					
Provision for unearned premiums of non-life insurance		**227.7**	199.8	-	3.5
Reinsurance amount		**-29.4**	-27.4	-	-0.1
		198.3	172.4	-	3.4
Life assurance provision	22	-	1 764.5	-	-
Reinsurance amount		-	-1.7	-	-
		-	1 762.8	-	-
Provision for claims outstanding of non-life insurance	23	**1 474.9**	1 269.8	-	108.4
Reinsurance amount		**-82.1**	-93.5	-	-58.5
		1 392.8	1 176.3	-	49.9
Provision for claims outstanding of life assurance		-	344.8	-	-
Reinsurance amount		-	-0.4	-	-
		-	344.4		
Equalization provision of non-life insurance		**207.8**	217.6	-	2.8
Collective guarantee item of non-life insurance		**29.8**	25.2	-	-
Technical provisions in total		**1 828.7**	3 698.7	-	56.1
Technical provisions for life assurance policies where the investment risk is borne by the policyholders		-	191.1		
Deposits received from reinsurers		-	0.2		
Creditors	24				
Direct insurance creditors		**6.1**	6.2	-	-
Reinsurance creditors		**38.9**	21.5	-	3.1
Amounts owed to credit institutions		**43.9**	22.3	-	-
Deferred tax liability	26	**6.0**	15.2	-	-
Other creditors		**89.5**	123.6	**43.5**	42.5
		184.4	188.8	**43.5**	45.6
Accruals and deferred income	25	**48.8**	38.0	**6.2**	6.8
Liabilities in total		**2 747.9**	5 184.6	**656.5**	968.8

1 Accounting principles

a) Changes in accounting principles and comparability of data

Pohjola Group annual and interim accounts have been drawn up in euros since 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 data by segment included in the Report by the Board of Directors are show in accordance with the new organizational structure of the Group. The segments presented separately are non-life insurance, including the office network; life assurance; investment services; and the Group's own investment operations (see section o). The data for 1999 and 2000 have been altered correspondingly. In 1998, the office network is included in other operations; in 1997 all operations, with the exception of life assurance, are included in non-life insurance.

The figures for Conventum Limited have been included in the consolidated accounts of Pohjola as of August 28, 2001. At that date, Pohjola's holding in Conventum was 88.42% and at year-end 99.17%. The acquisition cost of the Conventum shares includes, as regards the share exchange, the subscription price for the share issue; as regards the redemption offers, the purchase price of the redeemed shares and options; as well as all direct expenses for the acquisition. The difference between the acquisition cost and the portion of the capital and reserves of the Conventum group that corresponds to Pohjola's holding in Conventum resulted in a consolidation goodwill of EUR 17 million, which will be depreciated over an estimated useful life of 20 years.

As of the year 2005, listed companies will draw up their consolidated accounts in accordance with the International Accounting Standards (IAS). The acquisition cost of the Conventum shares will then be based on the current value of Pohjola shares at the time of acquisition of the Conventum shares. The acquisition cost thus calculated totalled EUR 247 million, of which Conventum's capital and reserves accounted for EUR 45 million and consolidation goodwill for EUR 202 million.

In the spring, a preliminary agreement was signed on the acquisition of the business operations of A-Vakuutus Mutual Insurance Company. The transaction was completed on December 31, 2001. The net assets transferred from A-Vakuutus are included in the consolidated balance sheet. The company's profit and changes in current values of investments that are for Pohjola's account as of April 30, 2001 are included in goodwill, which will be depreciated over a period of ten years as of 2002. In accordance with the exceptional permission issued by the Finnish Insurance Supervision Authority on December 12, 2001, the first accounting period of A-Insurance, the new company established for the acquired business operations, can deviate from that of the parent company and is July 30, 2001 to December 31, 2002. The financial data for the new subsidiary have been included in Pohjola's consolidated figures on the basis of the interim accounts as at December 31, 2001.

In accordance with the exceptional permission issued by the Insurance Supervision Authority on January 14, 2002 and effective on June 30, 2002, Pohjola's consolidated profit and loss account and consolidated balance sheet have been drawn up using the same layout as in the previous year although investment service companies have been included in the Group. As a result of altered legislation, the same layout can also be applied in 2002. The application of the layout for a financial and insurance conglomerate is not necessary to provide a true and fair view of the result of the operations and financial position of the Group because the investment services operations account for a minor portion of corporate operations and the data for those services are included, as a separate segment, in the Report by the Board of Directors.

The exchange gains and losses of foreign insurance business have, since 2001, been entered under investment income and charges instead of the technical account. The amount of the exchange gains and losses have been disclosed in the notes on the accounts regarding investment income and charges. Sports accident insurance has been transferred from Other accident and health insurance and construction defects insurance from Property damage insurance to the item Miscellaneous. These changes are based on the regulations of the Insurance Supervision Authority. The reference data have been changed correspondingly.

b) 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 Pohjola Insurance Consulting Polska. Varma went into voluntary liquidation after acquisition and the acquisition cost of the guarantee shares was in whole entered as charge. The Polish consulting company is being wound up.

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, and 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 goodwill is entered directly against the subsidiaries' asset items and is depreciated in accordance with their depreciation schedule. The unallocated consolidation goodwill is shown as a separate item in the consolidated balance sheet and is written off as scheduled over a useful life of 5 to 20 years.

The deferred tax liability pertaining to allocated consolidation goodwill is, on the other hand, entered as unallocated consolidation goodwill and is written off within the same period as the allocated consolidation goodwill. The revaluations on shares in subsidiaries owning land and buildings are, on the consolidated balance sheet, shown as revaluations of the land and buildings in question.

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 consolidated profit brought forward. Internal gains and 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 goodwill and eliminated internal gains and 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.

Ilmarinen Mutual Pension Insurance Company is likewise stated at cost since the Act on employment pension insurance companies provides that a company carrying on statutory pension insurance may not be included by the equity method in the consolidated accounts of another company. 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. Ilmarinen owns 25% of the shares in Pohjola.

c) Book value of investments

Buildings and constructions are shown in the balance sheet at acquisition cost reduced by scheduled depreciation or at current value, whichever is lower. 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 (see section e).

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 acquisition cost 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 (see section e).

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.

Conventum's securities held as current assets have been valued at the likely realizable value on the balance-sheet date, and the securities held as fixed assets at the acquisition cost or at a lower value if the business performance of the object of investment has clearly not met the expectations.

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. Derivative contracts are valued at the market-based current value, and profit or loss is entered in the profit and loss account to the extent that it corresponds to the amount entered as income or charge for the hedged item. However, any loss exceeding the rise in the value of the hedged item is entered in whole as charge. Otherwise, the difference between the current and book values of derivatives are taken into account in the solvency margin calculation. The number of derivatives contracts is not significant compared to the volume of the portfolio. At Conventum, derivative contracts are also used for other than hedging and are valued at the market price.

d) Book value of other assets than investments

Intangible assets as well as machinery 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.

e) Unrealized gains on and revaluation of investments

The book values of land and water areas, buildings and securities can be written up if the current values of these items are, on a permanent basis, materially higher than their original acquisition cost. 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. Write-ups are made observing the principle of prudence.

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.

f) 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 shares and debt securities which are quoted on official stock exchanges or which otherwise are subject to public trading is the last quoted trading price on the balance-sheet date or, where this is not available, the bid price. If the balance-sheet date is not a trading day, the corresponding price for the previous day is used. The current value of other shares and debt securities is the likely realizable value, the remaining acquisition cost or the net asset value.

The current value of Conventum's unlisted investments is their acquisition cost or current, whichever is lower.

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

g) Technical provisions of non-life insurance and policy acquisition costs

The provision for unearned premiums includes that part of premiums written which is attributable to the period after the balance-sheet date. The amount of the provision is mainly calculated by statistical methods. Policy acquisition costs are shown under operating expenses in the profit and loss account.

The provision for claims outstanding includes unpaid items for losses which have occurred and their claims settlement expenses. Individual reserves are made for large claims while, for small claims and claims not yet reported to the company (IBNR), reserves are made by statistical methods. For annuities, the provision for claims outstanding is calculated in accordance with the present value method. Otherwise, the discounting of the provision for claims was abandoned in 2001. The interest rate used in discounting is chosen prudently on the basis of investment income from company assets.

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 Insurance 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 premiums earned, 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.

h) Technical provisions of life assurance and 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.

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 a so-called zillmerization item from the life assurance provision 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.

i) 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.

When applying the principle of equity, Pohjola Life's aim was to credit with-profits policies, on average, with a return (gross return before deduction of expenses) which was 1 to 2 percentage points higher than the risk-free rate for a duration comparable to that of a policy term. This was the basis on which the level and continuity of annual bonuses were determined.

j) Book value of other liabilities

Other liabilities than technical provisions are entered in the balance sheet at nominal value or, if the liability concerned is tied to an index or another basis of reference, at a higher value as per the changed reference basis.

k) Deferred tax liabilities and assets

In the profit and loss account, the tax paid or refunded and the tax to be paid or to be returned on the taxable profit is entered under tax for the financial year and tax for previous financial years.

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. Other deferred tax liabilities and assets have not, before the year 2000, been entered in the balance sheet.

As of 2000, all deferred tax liabilities and assets pertaining to timing differences between taxable profit and accounting profit and to other temporary differences have been entered in the balance sheet. The portion of deferred tax liabilities and assets originating from previous financial periods has in 2000 been entered under extraordinary items and the portion generated by differences originating from the period under review has been entered under deferred tax. The deferred tax liabilities pertaining to the revaluation reserve and translation differences have been entered directly under reserves. The most important items originate from consolidation goodwill allocated to land and buildings, from value adjustments and revaluations of investments in land and buildings, and from internal gains and losses. Deferred tax liability is also included in 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 profit for the write-up year and the depreciation and value adjustment made on them are correspondingly deducted from the taxable profit.

As of 1999, deferred tax liability has been deducted from the difference between current and book values of investments included in solvency margin, solvency capital and key ratios, provided that such liability is deemed likely to materialize in the near future. Certain key ratios have been also shown in such a manner that, for the calculation of the ratios, deferred tax liability has throughout been deducted in full from difference between current and book values of investments. The deferred tax liabilities and assets are shown in accordance with the tax rate valid at the time of closing the accounts. The tax rate applied is 29% (28% in 1997 and 1998).

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, the total amount of solvency margin and equalization provision, i.e. solvency capital, has to remain within the regulatory limits, depending on the investment and underwriting risks involved. Solvency margin and solvency capital are shown in the notes on the accounts.

m) 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 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 and losses pertain to financing transactions or the foreign insurance business. The exchange gains and losses in the foreign insurance business are calculated as a difference between variable and year-end rates.

The balance-sheet items of foreign subsidiaries and associated undertakings are translated into euros at the rate quoted at the balance-sheet date and the profit and loss account items at the average rate for the financial year. The difference resulting from applying the average rate to the profit and loss account is entered in the consolidated non-restricted reserves. The translation differences pertaining to capital and reserves are stated partly under restricted and partly under non-restricted capital and reserves.

n) 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 on machinery 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 expenses for Group administration 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 life assurance technical account.

o) Information by segment

The analysis by segment was in 2001 changed to conform to the new organizational structure.

The non-life insurance segment includes the Group's non-life insurance companies and Service Pohjola, whose office network is also in charge of sales and customer service for the Suomi Group and Ilmarinen. In the future, the product range of the office network will also include mutual fund products.

The investment services segment comprises four Conventum companies. Conventum Corporate Finance Limited transacts investment banking; Conventum Securities Limited engages in brokerage of securities and derivatives on the Helsinki Exchanges, provides investment analyses, and offers securities depository services; Pohjola Fund Management Company Limited manages mutual funds; and Conventum Asset Management Limited offers asset management services.

The Group investments segment is composed of the investments included in the balance sheets of Pohjola Group plc and Conventum Limited and of the sale of investment services to the Group's non-life insurance segment and the Suomi Group. Conventum Capital Limited manages Conventum's securities portfolio.

Other operations include the Group's administrative and IT service companies and Group administration of Pohjola and Conventum. The consolidation goodwill and depreciation thereon related to the acquisition of Pohjola Life have been reclassified under the life assurance segment.

In reporting by segment, internal transactions of segments have been eliminated but transactions between segments have not been eliminated. Transfer prices between segments are the prices between the legal entities. As a result of reclassification, the rents paid by the office network to Pohjola Non-Life have been eliminated also in the data for 1999 and 2000, which improved the expense ratio for 2000 by 0.4 percentage points.

Of the consolidated solvency capital, the solvency capital shown in the accounts of the subsidiaries transacting non-life insurance and of Service Pohjola is stated separately as pertaining to the non-life insurance segment. The combined capital and reserves of the investment services companies form the solvency capital of the investment services segment. In addition, Conventum's consolidation goodwill has been allocated to the segment. The solvency capital of the other operations segment is composed of the capital and reserves of the subsidiaries selling administrative and IT services. The remainder of the consolidated solvency capital is shown under Group investments.

p) Definition of key ratios

General

The key ratios are consolidated data and comply with the decision issued by the Ministry of Finance and with the guidelines issued by the Ministry of Social Affairs and Health specifying that decision.

In its guidelines of June 21, 2000, the Ministry of Social Affairs and Health 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 because of the special nature of insurance.
- Return on invested capital is replaced by return on assets.

Turnover =

Non-life insurance

\+ Premiums earned before reinsurers' share
\+ Investment income
\+ Other income
\+ Unrealized gains insofar as materialized in connection with realizations

Life assurance

\+ Premiums written before reinsurers' share
\+ Investment income and unrealized gains/losses
\+ Other income

Premiums written =

Premiums written before reinsurers' share

Operating profit or loss =

Non-life insurance

± Profit or loss before change in equalization provision, unrealized gains/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 goodwill)
\- Tax
± Change in deferred tax liability on difference between current and book values of investments

__________ x 100

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

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 i 'Principle of equity').

Return on assets, excl. unit-linked insurance, 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 goodwill)

__________ x 100

\+ Balance-sheet total
\- Technical provisions for unit-linked insurance
± Difference between current and book values of investments (incl. consolidation goodwill)(average of Jan. 1 and closing date)

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

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

__________ x 100

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

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) =

$$\frac{\text{Claims incurred}}{\text{Premiums earned}} \times 100$$

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

$$\frac{\text{Operating expenses}}{\text{Premiums earned}} \times 100$$

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

Loss ratio + expense ratio

Expense ratio (%) (life assurance) =

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

__________ x 100

Expense loading

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

Income/expenses ratio (investment services) =

$$\frac{\text{Income from investment services}}{\text{Commission, interest, administrative, depreciation and other operating expenses}}$$

Solvency margin =

- \+ Capital and reserves after deduction of proposed distribution of profit
- ± Difference between current and book values of investments
- \+ Deferred tax liability
- \+ 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) =

$$\frac{\text{Solvency capital}}{+\ \text{Technical provisions}\ -\ \text{Equalization provision}} \times 100$$

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

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

Solvency ratio (%) (life assurance) =

$$\frac{\text{Solvency capital}}{+\ \text{Technical provisions}\ -\ \text{Equalization provision}\ -\ \text{75\% of technical provisions for unit-linked insurance}} \times 100$$

Earnings/share =

$$\frac{\pm\ \text{Profit or loss before extraordinary items and tax}\ -\ \text{Tax}\ -\ \text{Minority shares of above items}}{\text{Adjusted average number of shares}}$$

Capital and reserves/share =

$$\frac{\text{Capital and reserves}}{\text{Adjusted number of shares at closing date}}$$

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 i 'Principle of equity').

Net asset value/share at current values =

$$\frac{+\ \text{Capital and reserves}\ \pm\ \text{Difference between current and book values of investments (incl. consolidation goodwill)}\ -\ \text{Deferred tax liability on difference between current and book values of investments}\ -\ \text{Minority share of difference between current and book values of investments}}{\text{Adjusted number of shares at closing date}}$$

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 i 'Principle of equity').

Dividend/share =

$$\frac{\text{Dividend for financial year}}{\text{Adjusted number of shares at closing date}}$$

Dividend/earnings (%) =

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

Effective dividend yield (%) =

$$\frac{\text{Dividend/share}}{\text{Adjusted share price of last trading of financial year}} \times 100$$

Price/earnings ratio (P/E ratio)=

$$\frac{\text{Adjusted share price of last trading of financial year}}{\text{Earnings/share}}$$

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 =

Share price of last trading of financial year

Market capitalization =

Number of shares at closing date x share price of last trading 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

Dilution effect of option rights

The number of shares is added by the number of shares to which the option rights given entitle. The resulting number of shares is reduced by the number of shares that could have been acquired at the current value of the shares with the funds received in share subscription.

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

Group EUR million	Premiums written (before reinsurers' share)	Premiums earned (before reinsurers' share)	Claims incurred (before reinsurers' share)	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						
2001	**120.0**	**120.2**	**-163.8**	**-9.6**	**-**	**-53.2**
2000	137.8	138.1	-116.1	-8.7	-	13.3
1999	143.9	143.9	-131.3	-7.9	-	4.7
Other accident and health						
2001	**35.7**	**35.4**	**-28.7**	**-11.0**	**-0.5**	**-4.8**
2000	35.1	34.9	-27.8	-10.5	-0.3	-3.7
1999	41.7	41.3	-32.6	-13.1	-0.5	-4.9
Motor, third party liability						
2001	**93.9**	**93.7**	**-85.2**	**-19.8**	**-0.3**	**-11.6**
2000	92.5	90.8	-96.4	-21.8	-0.3	-27.7
1999	88.7	84.9	-109.5	-18.2	-	-42.8
Motor, other classes						
2001	**72.6**	**73.0**	**-51.4**	**-16.8**	**-**	**4.8**
2000	73.0	72.4	-52.9	-18.0	-	1.5
1999	70.6	68.5	-51.9	-14.9	-	1.7
Marine, aviation and transport						
2001	**28.8**	**28.2**	**-18.9**	**-10.3**	**-0.5**	**-1.5**
2000	27.2	27.0	-21.3	-8.7	-1.1	-4.1
1999	30.3	30.1	-16.1	-9.5	-4.2	0.3
Fire and other damage to property						
2001	**102.7**	**102.2**	**-95.8**	**-37.0**	**-4.9**	**-35.5**
2000	100.8	103.0	-73.8	-34.6	-4.9	-10.3
1999	104.8	105.9	-81.4	-31.4	3.1	-3.8
Third party liability						
2001	**29.4**	**27.7**	**-23.7**	**-6.5**	**-2.5**	**-5.0**
2000	31.1	28.8	-24.8	-5.7	-0.9	-2.6
1999	29.3	22.8	-21.2	-5.4	-0.2	-4.0
Miscellaneous						
2001	**27.7**	**26.7**	**-11.6**	**-6.0**	**-8.2**	**0.9**
2000	26.5	22.9	-16.9	-7.3	0.5	-0.8
1999	24.9	21.4	-18.5	-7.9	4.0	-1.0
Direct insurance in total						
2001	**510.8**	**507.1**	**-479.1**	**-117.0**	**-16.9**	**-105.9**
2000	524.0	517.9	-430.0	-115.3	-7.0	-34.4
1999	534.2	518.8	-462.5	-108.3	2.2	-49.8
Reinsurance						
2001	**41.8**	**42.0**	**-32.8**	**-7.1**	**6.8**	**8.9**
2000	27.1	25.7	-71.6	-6.8	36.3	-16.4
1999	29.1	31.2	-20.4	-9.2	-2.2	-0.6
Total						
2001	**552.6**	**549.1**	**-511.9**	**-124.1**	**-10.1**	**-97.0**
2000	551.1	543.6	-501.6	-122.1	29.3	-50.8
1999	563.3	550.0	-482.9	-117.5	0.0	-50.4

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

Group EUR million	Premiums written (before reinsurers' share)	Premiums earned (before reinsurers' share)	Claims incurred (before reinsurers' share)	Operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Change in collective guarantee item						
2001						**-1.0**
2000						-1.0
1999						-0.9
Change in equalization provision						
2001						**26.6**
2000						-14.3
1999						-6.4
Total						
2001						**-71.4**
2000						-66.1
1999						-57.7

Parent company EUR million	Premiums written (before reinsurers' share)	Premiums earned (before reinsurers' share)	Claims incurred (before reinsurers' share)	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 in total						
2001	-	-	**0.7**	-	**-0.7**	-
2000	-	-	-0.2	-	0.2	-
1999	-	-	-0.3	-	0.3	-
Reinsurance						
2001	**7.3**	**2.4**	**-2.9**	**-1.6**	**-0.1**	**-2.2**
2000	21.4	20.8	-64.8	-5.2	37.5	-11.7
1999	21.3	25.5	-23.6	-7.5	1.4	-4.2
Total						
2001	**7.3**	**2.4**	**-2.2**	**-1.6**	**-0.8**	**-2.2**
2000	21.4	20.8	-65.0	-5.2	37.7	-11.7
1999	21.3	25.5	-23.9	-7.5	1.7	-4.2
Change in equalization provision						
2001						**1.8**
2000						10.1
1999						2.7
Total						
2001						**-0.4**
2000						-1.6
1999						-1.5

3. Premiums written of non-life insurance

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Direct insurance				
In Finland	**509.9**	523.4	-	-
In EEA countries	**0.3**	-	-	-
In other countries	**0.6**	0.6	-	-
Total	**510.8**	524.0	-	-
Reinsurance				
Non-life insurance	**36.5**	21.9	**7.3**	21.4
Life assurance	**5.3**	5.2	-	-
Total	**41.8**	27.1	**7.3**	21.4
Total (before reinsurers' share)	**552.6**	551.1	**7.3**	21.4
Items deducted from premiums written				
Credit loss on premiums	**5.6**	4.9	-	-
Premium tax	**69.9**	69.0	-	-
Public charges and fees				
Fire brigade charge	**1.1**	1.1	-	-
Road safety charge	**1.0**	1.1	-	-
Occupational safety charge	**2.2**	2.5	-	-
Medical treatment fee forwarded to the State	**10.8**	11.9	-	-
	90.6	90.5	-	-

4. Premiums written of life assurance

EUR million	Group 2001	Group 2000
Direct insurance		
In Finland	**44.0**	334.8
In other countries	**0.6**	3.1
Total	**44.6**	337.9
Reinsurance		
Life assurance	-	0.1
Total (before reinsurers' share)	**44.6**	338.0
Items deducted from premiums written		
Credit loss on premiums	-	-
Specification of premiums written, direct insurance		
Life assurance		
Individual life assurance policies where the investment risk is borne by the policyholders	**3.5**	63.5
Other individual life assurance	**6.9**	62.0
Capital redemption policies where the investment risk is borne by the policyholders	**0.6**	12.3
Other capital redemption policies	**14.6**	84.1
Employees' group life assurance	**2.5**	2.5
Other group life assurance	**2.1**	5.5
Total	**30.2**	229.9

Premiums written of life assurance

Specification of premiums written, direct insurance

EUR million	Group 2001	2000
Pension insurance		
Individual pension insurance policies where the investment risk is borne by the policyholders	**2.3**	15.6
Other individual pension insurance	**9.2**	55.9
Group pension insurance policies where the investment risk is borne by the policyholders	**0.1**	0.6
Other group pension insurance	**2.8**	35.9
Total	**14.4**	108.0
Total	**44.6**	337.9
Periodic premiums	**23.2**	129.7
Single premiums	**21.4**	208.2
Total	**44.6**	337.9
Premiums from non-bonus contracts	**-**	-
Premiums from bonus contracts	**38.1**	246.0
Premiums from contracts where the investment risk is borne by the policyholders	**6.5**	91.9
Total	**44.6**	337.9

5. Claims paid of life assurance and bonuses and rebates

EUR million	Group 2001	2000
Claims paid		
Direct insurance		
Claims paid		
Life assurance	**48.7**	88.9
Pension insurance	**9.0**	48.1
Total	**57.7**	137.0
Surrenders		
Life assurance	**16.7**	48.8
Pension insurance	**1.0**	5.5
Total	**17.7**	54.3
Claims settlement expenses		
Life assurance	**0.2**	1.8
Pension insurance	**0.1**	0.7
Total	**0.3**	2.5
Direct insurance in total	**75.7**	193.8
Reinsurance	**-**	-
Total	**75.7**	193.8
Bonuses and rebates		
Effect on balance on technical account of bonuses and rebates declared in financial year	**7.2**	42.2

6. Operating expenses by profit and loss account item and by activity

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Non-life insurance				
Claims paid				
Claims settlement expenses	**41.6**	41.2	**0.4**	0.8
Operating expenses				
Acquisition costs				
Direct insurance commissions	**5.0**	4.8	-	-
Commissions and profit participation, assumed reinsurance	4.3	3.5	**1.4**	3.5
Other acquisition costs	**36.3**	34.4	-	0.2
Total	**45.6**	42.7	**1.4**	3.7
Portfolio administration expenses	**51.6**	55.5	**0.1**	0.7
Other administrative expenses	**26.9**	23.9	**0.1**	0.9
Commissions and profit participation, ceded reinsurance	**-6.1**	-4.1	-	-1.3
Operating expenses in total	**118.0**	118.0	**1.6**	4.0
Investment charges				
Investment management expenses (own organization)	**2.8**	2.3	-	0.1
Other charges				
Expenses for services sold	**8.1**	6.7	**33.7**	31.3
Non-life insurance in total	**170.5**	168.2	**35.7**	36.2
Life assurance				
Claims paid				
Claims settlement expenses	**0.3**	2.4		
Operating expenses				
Acquisition costs				
Direct insurance commissions	**0.4**	3.1		
Other acquisition costs	**1.2**	10.3		
Total	**1.6**	13.4		
Change in deferred acquisition costs	-	-0.9		
Portfolio administration expenses	**1.4**	8.2		
Other administrative expenses	**0.7**	3.1		
Operating expenses in total	**3.7**	23.8		
Investment charges				
Investment management expenses (own organization)	**0.4**	1.2		
Other charges				
Expenses for services sold	**0.7**	3.8		
Life assurance in total	**5.1**	31.2		

Operating expenses by profit and loss account item and by activity

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Other operations				
Investment charges				
Investment management expenses (own organization)	**0.6**	0.2	**0.4**	0.2
Other charges				
Administrative expenses	**10.0**	13.4	**9.5**	13.4
Expenses for investment services	**4.2**	-	**-**	-
Other expenses for services sold	**32.2**	13.1	**-**	-
Other operations in total	**47.0**	26.7	**9.9**	13.6
Operating expenses in total	**222.6**	226.1	**45.6**	49.8
Operating expenses include				
Scheduled depreciation on intangible assets and on machinery and equipment	**14.0**	14.4	**6.5**	5.4
Depreciation on goodwill	**0.3**	0.4	**-**	-
Gains and losses on realization of intangible assets and of machinery and equipment	**-0.1**	-0.1	**-**	-

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

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Staff expenses in profit and loss account				
Salaries and remunerations	**91.6**	89.9	**7.3**	7.4
Pension expenses	**17.1**	14.9	**2.9**	0.2
Other social expenses	**7.6**	7.3	**0.8**	0.6
Total	**116.3**	112.1	**11.0**	8.2
Average number of employees during financial year				
Office staff	**2 338**	2 355	**137**	164
Sales staff	**293**	278	**-**	-
Real estate management staff	**59**	71	**52**	63
Total	**2 690**	2 704	**189**	227

Information on Board members, Presidents and Managing Directors

Group	**2001**	2000
Salaries and remunerations paid to Board members by reason of their responsibilities	**0.5**	0.2
Salaries and remunerations paid to the Presidents and Managing Directors by reason of their responsibilities	**1.8**	1.4
Total	**2.3**	1.6

Parent company	**2001**	2000
Salaries and remunerations paid to Board members by reason of their responsibilities	**0.4**	0.2
Salaries and remunerations paid to the Presidents by reason of their responsibilities	**0.6**	0.5
Total	**1.0**	0.7

No money loans have been granted to Board members, Presidents or Managing Directors.

No security or financial commitments have been made regarding Board members, Presidents or Managing Directors.

If the Chairman of the Board of the parent company remains in this post until the Annual General Meeting of 2006 and if he is not, at that meeting or thereafter, elected as the Chairman of the Board and his contract of service terminates, he will be entitled to receive a pension amounting to 60% of the salary calculated only for this office as per TEL (TEL = Finnish Employees' Pensions Act). For the benefit of any other members of the Board, no pension commitments have been made by reason of their duties.

Having reached the age of 60 years, the President of the parent company is entitled to retire on a pension amounting to 60% of the pensionable salary as per TEL. The parent company's President who has retired is entitled to a pension that is 60% of the pensionable salary accrued for this office and calculated in accordance with TEL.

The Presidents and Managing Directors of subsidiaries are, once they have reached the age of 63, entitled to retire on a pension amounting to 60% of the pensionable salary calculated in accordance with TEL, provided that they, at the age of 63, have at least 30 years of service. One previous President has the right to retire on a full 60% pension as per TEL once he has reached the age of 60.

8. Net investment income

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Investment income				
Income from affiliated undertakings				
Dividends	-	-	364.5	685.7
Other income	-	-	0.2	0.3
Total	-	-	364.7	686.0
Income from participating interests				
Dividends	-	-	1.9	1.3
Interest	-	0.3	-	-
Total	-	0.3	1.9	1.3
Income from land and buildings				
Dividends				
Other	0.3	0.2	-	-
Other				
Other	12.8	23.2	-	-
Total	13.1	23.4	-	-
Income from other investments				
Dividends	57.3	106.7	14.1	15.9
Interest				
Affiliated undertakings	-	-	1.2	1.0
Other	89.6	176.5	16.6	31.8
Other	3.7	8.6	1.3	1.1
Total	150.6	291.8	33.2	49.8
Total	163.7	315.5	399.8	737.1
Value re-adjustments on investments	35.7	21.6	0.4	1.3
Gains on realization of investments	140.2	1 240.5	8.0	158.3
Investment income in total	339.6	1 577.6	408.2	896.7
Investment charges				
Charges for land and buildings	10.6	15.4	-	-
Charges for other investments	8.7	13.4	1.4	1.8
Interest and other financing charges				
Affiliated undertakings	-	-	1.3	1.3
Other	4.9	2.9	1.2	0.9
Total	24.2	31.7	3.9	4.0
Value adjustments and depreciation				
Value adjustments on investments	98.0	144.6	0.4	3.2
Scheduled depreciation on buildings	4.8	6.8	-	-
Depreciation on unallocated consolidation goodwill	0.1	0.3	-	-
Total	102.9	151.7	0.4	3.2
Losses on realization of investments	20.8	76.1	1.6	29.4
Investment charges in total	147.9	259.5	5.9	36.6

Net investment income

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Net investment income before unrealized gains and losses	191.7	1 318.1	402.3	860.1
Unrealized gains on investments	0.4	13.6	-	-
Unrealized losses on investments	-10.4	-18.3	-	-
Net investment income in profit and loss account	181.7	1 313.4	402.3	860.1
Net investment income includes				
Exchange gains/losses on insurance business	-2.8	-4.3	0.1	-0.7
Other exchange gains/losses on investments	-	1.7	0.2	0.3
Net investment income of contracts where the investment risk is borne by the policyholders	-16.4	-21.0	-	-
Breakdown regarding Conventum				
Breakdown of net income from securities transactions				
Net income from quoted investment services	1.9			
Total values of securities held as current assets purchased and sold in financial period				
Shares and participations				
Sold	281.9			
Purchased	279.3			

9. Income, charge and extraordinary items affecting comparability of profit/loss

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Non-life insurance				
Premiums written				
Error in estimation of premium receivables in statutory workers' compensation insurance	-11,3	11,3	-	-
Change in provision for claims outstanding (after reinsurers' share)				
Change in bases of technical provisions	-43,9	-8,8	-	-
Life assurance				
Unrealized gains on investments (other than those due to valuation principle)	-	10,3		
Extraordinary items				
Gains on realization of subsidiaries	176,9		99,2	
Losses on realization of subsidiaries	-0,4		-0,4	
Tax for financial year on gains/losses on realization	-28,5		-28,5	
Deferred tax liability on gains/losses on realization	4,4		-0,1	
	152,4	-	70,2	-
Deferred tax liability from previous financial periods	-	-0,1	-	0,6

10. Grounds for scheduled depreciation

Buildings and constructions

Scheduled depreciation 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	

Intangible assets, machinery and equipment

Scheduled depreciation is calculated on the acquisition cost per commodity (in previous years partly 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 goodwill	5-20 years or as for corresponding allocated consolidation goodwill	5-20%
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 machinery and equipment	5-10 years	10-20%

The depreciation period (10 years) of goodwill of A-Insurance is based on the permanence of the insurance portfolio.

The depreciation period (20 years) of Conventum is based on the nature of business and on growth expectations in the sector, which is why income expectations are of a long-term nature.

11. Changes in intangible assets and in machinery and equipment

Group EUR million	Intangible rights	Goodwill	Unallocated consolidation goodwill	Other long-term expenses	Machinery and equipment
Acquisition cost Jan. 1, 2001	24.8	26.5	133.8	12.5	46.4
Fully depreciated in previous year	-6.9	-	-	-	-12.8
From allocated consolidation goodwill (deferred tax)	-	-	-3.8	-	-
New companies	1.1	-	2.8	1.9	3.9
Increase	5.8	13.1	16.8	1.4	7.3
Decrease	-0.7	-9.1	-124.4	-2.0	-2.2
Acquisition cost Dec. 31, 2001	24.1	30.5	25.2	13.8	42.6
Accumulated depreciation Jan. 1, 2001	-11.8	-19.8	-88.3	-5.7	-28.2
Fully depreciated in previous year	6.8	-	-	-	12.8
From allocated consolidation goodwill (deferred tax)	-	-	-0.1	-	-
New companies	-	-	-0.7	-0.5	-1.2
Accumulated depreciation related to decrease and transfers	0.3	3.3	90.8	0.8	0.7
Depreciation in financial year	-4.0	-0.4	-4.5	-2.2	-5.6
Accumulated depreciation Dec. 31, 2001	-8.7	-16.9	-2.8	-7.6	-21.5
Book value Dec. 31, 2001	15.4	13.6	22.4	6.2	21.1
Book value Dec. 31, 2000	12.9	6.7	45.5	6.9	18.2
Consolidation goodwill (asset) Dec. 31, 2001			22.4		
Consolidation goodwill (liability) Dec. 31, 2001			-		
Total Dec. 31, 2001			22.4		
Depreciation on consolidation goodwill (asset)			-4.5		
Decrease in consolidation goodwill (liability)			-		
Total			-4.5		

Parent company EUR million	Intangible rights	Goodwill	Unallocated consolidation goodwill	Other long-term expenses	Machinery and equipment
Acquisition cost Jan. 1, 2001	12.6			0.9	20.6
Fully depreciated in previous year	-1.1			-	-3.2
Increase	3.9			-0.7	4.8
Decrease	-			-	-0.3
Acquisition cost Dec. 31, 2001	15.4			0.2	21.9
Accumulated depreciation Jan. 1, 2001	-4.5			-0.1	-15.0
Fully depreciated in previous year	1.1			-	3.2
Accumulated depreciation related to decrease and transfers	-			-	0.2
Depreciation in financial year	-2.9			-	-3.4
Accumulated depreciation Dec. 31, 2001	-6.3			-0.1	-15.0
Book value Dec. 31, 2001	9.1			0.1	6.9
Book value Dec. 31, 2000	8.1			0.8	5.6

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

Group EUR million	Remaining acquisition cost 2001	Book value 2001	Current value 2001	Remaining acquisition cost 2000	Book value 2000	Current value 2000
Investments in land and buildings						
Land and buildings	155.4	173.5	207.9	160.4	179.3	228.4
Shares in land and buildings related to participating interests	12.2	12.2	12.5	13.3	13.2	14.3
Other shares in land and buildings	16.7	16.7	17.2	18.2	18.2	18.8
Investments in affiliated undertakings						
Shares	-	-	-	2.7	2.7	2.7
Investments in participating interests						
Shares in associated undertakings	20.9	19.0	21.0	11.8	12.3	11.9
Participating interests	0.2	0.2	0.2	0.2	0.2	0.2
Debt securities	0.1	0.1	0.2	1.6	1.6	1.7
Other investments						
Shares	750.1	753.2	1 565.3	1 443.0	1 457.4	3 032.2
Debt securities	1 253.3	1 254.0	1 273.7	2 795.6	2 796.0	2 842.1
Other loans	0.1	0.1	0.1	0.8	0.8	0.8
Deposits with credit institutions	56.0	56.0	56.0	41.4	41.4	41.4
Deposits with ceding undertakings	7.0	7.0	7.0	7.1	7.1	7.1
	2 272.0	2 292.0	3 161.1	4 496.1	4 530.2	6 201.6
Land and buildings and shares therein, occupied by company	62.8	68.2	71.6	67.4	72.8	80.1
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 (-)	-3.0			-24.9		
Book value includes						
Unrealized gains entered in profit and loss account		11.5			23.4	
Revaluation entered in revaluation reserve		10.4			10.3	
		21.9			33.7	
For unrealized gains and revaluation, see section 1 e of notes on the accounts						
Difference between current and book values			869.1			1 671.4
Breakdown regarding Conventum						
Subordinated claims						
Debt securities, others		3.7				
Debt securities by type of asset, broken down into quoted and other securities						
Securities held as current assets, unquoted						
Convertible bonds		3.7				
Subordinated loans		0.3				
Shares and participations by type of asset, broken down into quoted and other shares and participations						
Shares and participations						
Securities held as current assets, quoted		5.5				
Other, unquoted		26.8				

Parent company EUR million	Remaining acquisition cost 2001	Book value 2001	Current value 2001	Remaining acquisition cost 2000	Book value 2000	Current value 2000
Investments in land and buildings						
Other shares in land and buildings	-	-	-	0.1	0.1	0.1
Investments in affiliated undertakings						
Shares	**226.6**	**226.6**	**391.1**	313.2	313.2	315.2
Loans	**1.4**	**1.4**	**1.4**	1.5	1.5	1.5
Investments in participating interests						
Shares	**9.4**	**9.4**	**9.7**	9.1	9.1	9.2
Other investments						
Shares	**145.9**	**147.1**	**605.7**	128.5	129.7	1 016.1
Debt securities	**206.8**	**206.8**	**207.4**	37.7	37.7	39.3
Other loans	**0.1**	**0.1**	**0.1**	0.1	0.1	0.1
Deposits with credit institutions	**8.7**	**8.7**	**8.7**	11.0	11.0	11.0
Deposits with ceding undertakings	-	-	-	0.5	0.5	0.5
	598.9	**600.1**	**1 224.1**	501.7	502.9	1 393.0
Land and buildings and shares therein, occupied by company	-	-	-	0.1	0.1	0.1
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 (-)	**0.9**			-3.2		
Book value includes						
Unrealized gains entered in profit and loss account		**1.2**			1.2	
For unrealized gains, see section 1 e of notes on the account						
Difference between current and book values			**624.0**			890.1

13. Investments in land and buildings

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Land and buildings and shares therein				
Acquisition cost Jan. 1	**282.7**	365.9	**0.1**	0.1
Increase	**62.5**	5.4	-	-
Decrease	**-80.8**	-88.6	**-0.1**	-
Acquisition cost Dec. 31	**264.4**	282.7	-	0.1
Unrealized gains and revaluation Jan. 1	**25.0**	37.0	-	-
Decrease	-	-12.0	-	-
Unrealized gains and revaluation Dec. 31	**25.0**	25.0	-	-
Accrued depreciation Jan. 1	**-64.2**	-80.1	-	-
Accrued depreciation related to decrease and transfers	**7.3**	22.7	-	-
Depreciation in financial year	**-4.8**	-6.8	-	-
Accrued depreciation Dec. 31	**-61.7**	-64.2	-	-
Value adjustments Jan. 1	**-32.8**	-42.9	-	-
Value adjustments related to decrease and transfers	**8.1**	16.8	-	-
Value adjustments in financial year	**-0.6**	-6.9	-	-
Value re-adjustments	-	0.2	-	-
Value adjustments Dec. 31	**-25.3**	-32.8	-	-
Book value Dec. 31	**202.4**	210.7	-	0.1

14. Investments in affiliated undertakings

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Shares				
Acquisition cost Jan. 1	5.3	3.4	318.4	310.9
Increase	-	3.0	107.5	7.8
Decrease	-2.8	-	-196.7	-0.3
Transfers between items	-	-1.1	-	-
Acquisition cost Dec. 31	2.5	5.3	229.2	318.4
Value adjustments Jan. 1	-2.6	-2.3	-5.2	-3.6
Accumulated value adjustments related to decrease	0.1	-	2.6	-
Value adjustments in financial year	-	-0.3	-	-2.8
Value re-adjustments	-	-	-	1.2
Value adjustments Dec. 31	-2.5	-2.6	-2.6	-5.2
Book value Dec. 31	-	2.7	226.6	313.2
Loans				
Acquisition cost Jan. 1	-	-	1.5	-
Increase	-	-	1.4	4.7
Decrease	-	-	-1.5	-3.2
Acquisition cost Dec. 31	-	-	1.4	1.5

15. Investments in participating interests

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Shares				
Acquisition cost and equity-method adjustments related to associated undertakings Jan. 1	12.4	11.6	9.1	9.0
Increase	7.3	0.8	0.3	0.1
Decrease	-0.6	-	-	-
Acquisition cost and equity-method adjustments related to associated undertakings Dec. 31	19.1	12.4	9.4	9.1
Accumulated depreciation (consolidation goodwill) Jan. 1	0.1	0.1	-	-
Accumulated depreciation related to decrease	-	-	-	-
Accumulated depreciation (consolidation goodwill) Dec. 31	0.1	0.1	-	-
Value adjustments Jan. 1	-	-	-	-0.1
Value adjustments related to decrease	-	-	-	0.1
Value adjustments Dec. 31	-	-	-	-
Book value Dec. 31	19.2	12.5	9.4	9.1

Investments in participating interests

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Non-depreciated consolidation goodwill (asset) Dec. 31	**4.5**	-		
Consolidation goodwill (liability) not released to income Dec. 31	**-**	0.1		
Debt securities				
Acquisition cost Jan. 1	**1.7**	-		
Increase	**0.3**	1.7		
Decrease	**-1.8**	-		
Acquisition cost Dec. 31	**0.2**	1.7		
Value adjustments Jan. 1	**-0.1**	-		
Accumulated value adjustments related to decrease	**-0.1**	-		
Value adjustments in financial year	**0.1**	-0.1		
Value adjustments Dec. 31	**-0.1**	-0.1		
Book value Dec. 31	**0.1**	1.6		

16. Other loans specified by security

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Insurance policy	**-**	0.7	**-**	-
Other	**0.1**	0.1	**0.1**	0.1
Total	**0.1**	0.8	**0.1**	0.1

Loans do not include inner-circle loans.

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

EUR million	Group 2001 Acquisition cost	Group 2001 Current value (=book value)	Parent company 2000 Acquisition cost	Parent company 2000 Current value (=book value)
Shares and fund units	-	-	181.1	194.9
Invested in advance	-	-	-3.7	-3.8
Investments covering technical provisions for life assurance policies where the investment risk is borne by the policyholders	-	-	177.4	191.1
Cash at bank and in hand and other receivables include not as yet invested net premiums of policies valid and paid at accounting date	-	-	-	1.7

18. Holdings in other undertakings

EUR million	Last annual accounts profit/loss	Capital and reserves	Domicile	Sector	Percentage of shares/votes	Group 2001 Book value	Parent company 2001 Book value
Affiliated undertakings							
Conventum Asset Management Limited			Helsinki	Asset management	99.17		
Conventum Capital Limited			Helsinki	Investments	99.17		
Conventum Corporate Finance Limited			Helsinki	Investment banking	99.17		
Conventum Securities Limited			Helsinki	Brokerage	99.17		
Conventum Limited			Helsinki	Holding company	99.17		**58.1**
Conventum Oyj optio 1999							**2.7**
Conventum Oyj optio 2000-2001							**0.9**
Bothnia International Insurance Company Ltd.			Helsinki	Non-life insurance	100.00		**21.0**
Eurooppalainen Insurance Company Ltd			Helsinki	Non-life insurance	100.00		
Northclaims Oy			Helsinki	Average agent	100.00		
Pohjola Non-Life Insurance Company Ltd			Helsinki	Non-life insurance	100.00		**67.3**
Moorgate Insurance Company Limited			United Kingdom	Non-life insurance	100.00		**13.2**
Moorgate Insurance (Nominees) Limited			United Kingdom	Non-life insurance	100.00		
Russia Life Investments Limited			United Kingdom	Holding company	69.56/82.11		**1.7**
Closed Joint-Stock Company "RLIR"			Russia	Holding company	69.56/82.11		
Closed Joint-Stock Insurance Company "Principal"			Russia	Non-life insurance	69.56/82.11		
Finnish Insurance Services Oy			Helsinki	Non-active	100.00		-
Osmo Oy			Helsinki	Non-active	100.00		-
Pohjola International Consulting Ltd			Helsinki	Non-active	100.00		-
Pohjola Fund Management Company Limited			Helsinki	Fund management	100.00		
Pohjola A-Insurance Company Ltd			Helsinki	Non-life insurance	100.00		**42.0**
Pohjola Customer Service Ltd			Helsinki	Sales and customer service	100.00		**10.3**
Pohjola Administrative Services Ltd			Helsinki	Administrative services	100.00		**6.2**
Pohjolan Systeemipalvelu Oy			Helsinki	IT services	100.00		**1.7**
Pohjolan Atk-palvelu Oy			Helsinki	Computer operation services	40/60		**1.5**
Affiliated undertakings, stated at cost							
Varma Mutual Insurance Company (in liquidation)	-	-0.3	Helsinki	Non-life insurance	100.00	-	**0.0**
Pohjola Insurance Consulting Polska S.A.			Poland	Non-active	100.00	-	**0.0**
						-	**226.6**
Participating interests							
Associated undertakings, accounted for by the equity method							
Autovahinkokeskus Oy			Espoo	Sale of damaged goods	27.75	**0.9**	
Delfoi Ltd			Espoo	Production e-business solutions	28.58	**0.8**	
Joint Stock Insurance Company "Seesam Latvia"			Latvia	Non-life insurance	45.00	**1.7**	**0.7**
Joint Stock Insurance Company "Seesam Lithuania"			Lithuania	Non-life insurance	44.42	**0.1**	**0.5**
Lonix Oy			Leppävirta	Manufacturing of industrial automation systems	20.00	**1.8**	
Madonion.com Inc.			Espoo	Development of benchmark software	32.51	**2.2**	
Pirene Oy			Helsinki	Surface soil and waste treatment	30.65	**0.7**	
Pohjanmaan Mikro Oy			Kempele	Manufacturing and sale of computers	25.00	**1.1**	
Seesam International Insurance Company Ltd			Estonia	Non-life insurance	49.00	**1.9**	**1.0**
Vahinkopalvelu Oy			Loppi	Sale of damaged goods	46.67	**0.6**	
Suomen turvatarkastus Oy			Helsinki	Regulatory security inspections	47.00	-	
Associated undertaking, stated at cost							
Ilmarinen Mutual Pension Insurance Company	45.0	105.8	Helsinki	Employment pension insurance	68.57/24.75	7.2	7.2
						19.0	**9.4**
Participating interests, stated at cost							
Euro-Center Holding A/S	-	1.4	Tanska	Claims services	16.67	**0.2**	-

Holdings in other undertakings

EUR million						Group 2001	Parent company 2001
Name of company	Last annual accounts profit/loss	Capital and reserves	Domicile	Sector	Percentage of shares/votes	Book value	Book value
Associated undertakings (real estate), included by proportional (50%) consolidation							
Asunto Oy Helsingin Korppaanmäki			Helsinki	Real estate management	50.00	-	-
Associated undertakings (real estate), stated at cost							
Asunto Oy Einonkatu 8	-	0.2	Imatra	Real estate management	42.77	0.4	
Asunto Oy Espoon Haukitie 2	-	0.7	Espoo	Real estate management	25.00	0.2	
Kiinteistö Oy Eteläesplanadi 12	-0.1	11.0	Helsinki	Real estate management	27.18	6.0	
Asunto Oy Forssan Hämeentie 11	-	2.1	Forssa	Real estate management	25.26	0.5	
Asunto Oy Helsingin Korppaantie 6	-	1.3	Helsinki	Real estate management	27.01	-	
Joensuun Metsätalo Oy	-	3.2	Joensuu	Real estate management	20.63	0.9	
Kiinteistö Oy Kaarinan City	-	1.0	Kaarina	Real estate management	34.38	0.2	
Kiinteistö Oy Kiteen Yhdyskulma	-	0.1	Kitee	Real estate management	24.42	0.1	
Asunto Oy Loimaan Pohjolankulma	-	1.3	Loimaa	Real estate management	27.19	0.2	
Kiinteistö Oy Nokian Nosturikatu 18	-	0.1	Helsinki	Real estate management	33.33	-	
Sarfvik Oy	0.3	-1.3	Kirkkonummi	Real estate management	20.00	0.3	
Asunto Oy Veräjänmäenmutka	-	0.2	Helsinki	Real estate management	31.11	0.5	
Asunto Oy Vilkenintie 18	-	0.3	Helsinki	Real estate management	25.00	0.3	
Kiinteistö Oy Ylivieskan Asemankulma	-	1.2	Ylivieska	Real estate management	25.22	0.2	
Asunto Oy Ranta	-	4.2	Hämeenlinna	Real estate management	27.12	0.6	
Asunto Oy Oravanpyörä	-	1.5	Vaasa	Real estate management	30.36	0.5	
Kiinteistö Oy Nisulanportti	-	0.8	Jyväskylä	Real estate management	34.72	0.4	
Kiinteistö Oy Kulmaleveri	-	0.9	Oulu	Real estate management	23.77	0.7	
Kiinteistö Oy Vilhonkulma	-	0.5	Mikkeli	Real estate management	20.39	0.2	
						12.2	-

Holdings in other companies

EUR million		Group 2001			Parent company 2001		
Name of company	Domicile	Percentage of shares	Book value	Current value	Percentage of shares	Book value	Current value
Other companies							
Domestic companies, listed							
Aldata Solution Oyj	Finland	0.69	0.9	0.9			
Alma Media Corporation	Finland	2.93	8.0	8.5			
Amer Group Plc	Finland	0.69	4.4	5.0			
Aspocomp Group Plc	Finland	3.94	0.8	4.8			
AvestaPolarit Oyj Abp	Finland	0.13	1.7	1.9			
Biotie Therapies Corp.	Finland	1.83	1.4	1.4			
Comptel Plc	Finland	0.28	0.9	0.9			
Done Solutions Corporation	Finland	7.20	1.0	1.0			
Elisa Communications Corporation	Finland	0.56	10.5	10.6			
Finnlines Plc	Finland	3.47	14.2	16.0	0.73	3.0	3.3
Fortum Corporation	Finland	0.62	14.8	25.0	0.19	4.0	7.4
Huhtamäki Oyj	Finland	2.38	10.7	21.4	0.42	2.7	3.8
Incap Corporation	Finland	18.75	3.3	3.3			
Instrumentarium Corporation	Finland	1.22	10.0	13.8			
J.W.Suominen Group plc	Finland	4.33	0.9	4.1			
Jaakko Pöyry Group Oyj	Finland	0.86	1.9	1.9			
JOT Automation Group Plc	Finland	0.67	0.6	0.6			
KCI Konecranes International Plc	Finland	0.17	0.7	0.7			
Kemira Oyj	Finland	1.45	11.8	11.8			
Kesko Corporation	Finland	1.39	12.9	12.9			
Kone Corporation	Finland	6.15	8.3	102.9	3.27	4.3	54.7
Lassila & Tikanoja plc	Finland	4.33	2.2	12.3			
Lemminkäinen Corporation	Finland	6.89	10.4	15.2			
Lännen Tehtaat plc	Finland	2.55	1.1	1.8			
Martela Oyj	Finland	4.58	1.7	2.3			
Metso Corporation	Finland	1.39	22.4	22.4			
Nokia Corporation	Finland	0.03	8.4	47.3			
Nokian Tyres plc	Finland	0.47	1.4	1.8			
OKO Bank	Finland	0.28	1.6	1.8			
Olvi plc	Finland	0.89	0.7	0.7			
Orion Corporation	Finland	1.24	16.6	16.7			
Outokumpu Oyj	Finland	0.17	2.5	2.5			
Hartwall Plc	Finland	0.07	0.9	1.0			
Oyj Leo Longlife Plc	Finland	3.06	0.6	0.6			
Perlos Corporation	Finland	0.30	1.9	1.9			
Polar Real Estate Corporation	Finland	0.89	0.6	0.6			

Holdings in other companies

EUR million		Group			Parent company		
			2001			2001	
Name of company	Domicile	Percentage of shares	Book value	Current value	Percentage of shares	Book value	Current value
Rakentajain Konevuokraamo Oyj	Finland	7.80	0.9	5.3			
Rautakirja Oyj	Finland	8.15	4.1	23.6	4.07	2.0	11.8
Rautaruukki Corporation	Finland	0.66	3.7	3.7			
Sampo plc	Finland	0.05	2.4	2.4			
SanomaWSOY Corporation	Finland	2.12	2.1	33.5	0.88	0.9	13.6
Silja Oyj Abp	Finland	1.88	2.0	2.0			
Sonera Corporation	Finland	0.17	11.0	11.0			
Spar Finland plc	Finland	4.59	1.5	1.5			
Tamfelt Corp.	Finland	1.13	2.1	2.6			
Technopolis Plc	Finland	1.94	0.6	0.7			
Teleste Corporation	Finland	0.36	0.5	0.7			
Tietoenator Corporation	Finland	0.74	1.6	18.4	0.32	0.4	8.0
UPM-Kymmene Corporation	Finland	2.55	39.1	246.9	1.07	22.1	103.8
Uponor Oyj	Finland	0.92	5.4	6.6			
Wärtsilä Corporation	Finland	0.23	2.9	2.9			
YIT Corporation	Finland	9.29	12.4	36.9		2.4	7.2
Other shares			2.7	5.2			
Foreign companies, listed							
ABN Amro Holding NV	Netherlands	0.00	1.3	1.3			
Ahold NV	Netherlands	0.01	2.8	3.0			
Allianz AG Holding	Germany	0.00	2.2	2.2			
American International Group, Inc.	United States	0.00	1.0	1.4			
AOL Time Warner Inc.	United States	0.00	1.3	1.3			
Assa Abloy Ab	Sweden	0.03	1.7	1.7			
Astra-Zeneca Plc	United Kingdom	0.00	1.3	1.8			
Atlas Copco Ab	Sweden	0.06	2.1	2.3			
Aventis SA	France	0.00	2.2	2.6			
Axa	France	0.00	1.3	1.3			
BNP Paribas	France	0.00	2.0	2.2			
BP Plc	United Kingdom	0.00	5.2	5.5			
Cap Gemini SA	France	0.02	1.8	1.8			
Citigroup Inc.	United States	0.00	1.0	1.4			
Danisco A/S	Denmark	0.08	1.8	1.8			
Deutsche Bank AG	Germany	0.00	1.8	1.8			
E.N.I.	Italy	0.01	3.6	3.8			
Electrolux Ab	Sweden	0.02	1.3	1.3			
Eniro Ab	Sweden	0.10	1.4	1.4			
Fannie Mae	United States	0.00	0.8	1.2			
Freddie Mac	United States	0.00	0.7	1.1			
Försäkringsaktiebolaget Skandia (publ)	Sweden	4.53	84.9	371.7	4.53	84.9	371.7
General Electric Company	United States	0.00	1.6	1.6			
Glaxosmithkline plc	United Kingdom	0.00	5.4	5.8			
Home Depot, Inc.	United States	0.00	1.1	1.2			
ING Group NV	Netherlands	0.01	3.1	3.1			
Intel Corporation	United States	0.00	2.1	2.1			
International Business Maches Corp.	United States	0.00	1.4	1.8			
ISS-International Service System	Denmark	0.09	2.2	2.2			
Microsoft Corporation	United States	0.00	3.3	3.3			
Nestle S.A.	Switzerland	0.00	2.4	2.9			
Nordea AB	Sweden	0.84	26.4	35.9			
Novartis AG	Switzerland	0.00	2.8	3.0			
Novo-Nordisk A/S	Denmark	0.01	1.7	1.8			
Novozymes A/S	Denmark	0.07	1.0	1.0			
Pearson Plc	United Kingdom	0.01	1.3	1.3			
Pfizer Inc.	United States	0.00	1.0	1.3			
Philips Electronics NV	Netherlands	0.00	1.5	1.7			
Procter & Gamble Company	United States	0.00	1.1	1.2			
Sandvik Ab	Sweden	0.03	2.0	2.0			
SAP AG	Germany	0.00	2.0	2.0			
Securitas Ab	Sweden	0.02	1.7	1.8			
Siemens AG	Germany	0.00	1.2	1.2			
Swatch Group AG	Switzerland	0.05	0.9	1.8			
Svenska Handelsbanken Ab	Sweden	0.03	3.4	3.4			
Telecom Italia Mobile	Italy	0.00	1.2	1.2			
Telefonica S.A.	Spain	0.00	1.8	1.9			
Total Fina Elf SA	France	0.00	1.4	1.8			
TPG NV	Netherlands	0.02	1.9	1.9			
UBS (UtdBkofSwitz.)	Switzerland	0.00	1.7	2.1			
Wal-Mart Stores, Inc.	United States	0.00	0.8	1.0			
Vivendi Universal	France	0.00	2.2	2.2			
VNU N.V.	Netherlands	0.01	1.1	1.1			
Vodafone Group Public Ltd	United Kingdom	0.00	6.7	6.7			
Other shares			70.5	76.5			

Holdings in other companies

EUR million		Group 2001			Parent company 2001		
Name of company	Domicile	Percentage of shares	Book value	Current value	Percentage of shares	Book value	Current value
Domestic companies, non-listed							
Aplicom Oy	Finland	15.00	3.5	3.5			
Fibrogen Europe Corporation	Finland	1.16	0.6	0.6			
Fingrid Oyj	Finland	2.26	2.5	2.5			
HEX Oyj	Finland	3.70	3.0	3.0	3.70	3.0	3.0
Innopoli Oy	Finland	5.47	1.1	1.1			
Ion Blast Ltd	Finland	10.92	0.9	0.9			
Kuopion Puhelin Oyj	Finland	0.95	1.0	1.0			
Kytösuontien Pysäköinti Oy	Finland	5.62	0.5	0.5			
NetHawk Oy	Finland	10.71	5.8	5.8			
Oy Wireless Entertainment Services Finland Ltd.	Finland	16.67	2.6	2.6			
Profec Technologies Oy	Finland	19.88	1.7	1.7			
Solid Information Technology Ltd	Finland	19.99	7.3	7.3			
Solventor Invest Ltd	Finland	16.66	1.0	1.0			
Suomi Mutual Life Assurance Company	Finland	100.00	0.5	0.5	100.00	0.5	0.5
Other shares			4.8	4.8		0.0	0.0
Foreign companies, non-listed							
Cygate AB	Sweden	4.70	1.5	1.5			
EIC Corporation Ltd.	United States	2.12	0.7	1.2			
Other shares			0.5	0.5			
Absolute return funds							
HedgeFirst Ltd	United Kingdom		3.2	3.2			
Swiss Life Absolute Return Strategies Limited	Cayman Islands		6.9	6.9			
Fixed-income funds							
Pimco High Yield Bond Fund, Ins Class	Ireland		11.2	11.7			
SISF Emerging Markets Debt C, Dis.	Luxembourg		5.3	5.3			
Private equity funds							
Aboa Venture II Ky	Finland		0.6	0.6			
Apax Europe V - D, L.P.	United Kingdom		1.6	1.6			
Baltic Investment Fund III L.P.	United Kingdom		0.8	0.8			
Behrman Capital III L.P.	United States		1.5	1.6			
Bio Fund Ventures III Ky	Finland		0.7	0.7			
Deutsche European Partners IV (no.3) LP	United Kingdom		3.0	3.0			
Duke Street Capital IV Limited	United Kingdom		1.7	1.7			
ECI (UK) LP	United Kingdom		0.6	0.6			
Eqvitec Technology Fund II Ky	Finland		1.0	1.0		0.3	0.3
Euroknights IV Jersey No.2 L.P.	United Kingdom		1.4	1.4			
European Strategic Partners LP	United Kingdom		3.1	3.1			
Finnmezzanine Rahasto II B Ky	Finland		2.7	2.7			
Finnventure Rahasto I Ky	Finland		1.9	1.9			
Finnventure Rahasto V Ky	Finland		4.7	4.7		4.7	4.7
First European Fund Investments UK LP	United Kingdom		2.5	2.5			
Industri Kapital 2000 Limited	United Kingdom		5.5	5.5		5.5	5.5
Lexington Capital Partners IV, L.P.	United States		2.3	2.3			
Nexit Infocom 2000 Fund Ltd	United Kingdom		0.8	0.8			
Nordic Capital IV Limited	United Kingdom		2.5	2.5			
Nordic Mezzanine Fund No.1 LP	United Kingdom		4.2	4.2		4.2	4.2
Nova Polonia Private Equity Fund, L.L.C.	Ireland		1.4	1.4			
Prime Technology Ventures	Netherlands		1.7	1.7			
Promotion Capital I Ky	Finland		1.6	1.6		1.6	1.6
Proventure & Partners Scottish LP	United Kingdom		2.0	2.0			
SFK 99-Rahasto Ky	Finland		1.9	1.9			
Sponsor Fund I Ky	Finland		1.3	1.3			
Other private equity funds			2.6	2.6		0.6	0.6
Mutual funds							
Asian Growth Institutional	Luxembourg		5.8	5.8			
Carnegie Småbolag	Sweden		1.0	1.0			
Eastern Europe Fund	Netherlands		2.7	2.9			
Europe Mid-Cap Fund	France		4.8	8.1			
Gartmore Japan Fund	United Kingdom		1.5	1.5			
Nations Small Company Growth Fund Cl. A	United States		2.0	2.0			
P.T.F. Small Cap Europe I Class	Luxembourg		0.9	1.9			
Pohjola Rahastoyhtiö Oy	Finland		7.3	8.1			
PWT US Relative Value	Ireland		16.3	16.3			
SISF Japanese Equity Class C	Japan		10.7	10.7			
SISF Pacific Equity Class C	Luxembourg		7.1	7.6			
Other mutual funds			0.3	0.7			
			753.2	1 565.3		147.1	605.7

19. Debtors

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Affiliated undertakings				
Other debtors	-	0.1	4.9	416.9
Participating interests				
Direct insurance debtors	0.4	0.2	-	-
Reinsurance debtors	-	0.1	-	0.1
Other debtors	5.2	4.6	1.2	8.0
Total	5.6	4.9	1.2	8.1
Breakdown regarding Conventum				
Other debtors				
Subordinated claims				
Claims on the general public and on public-sector entities	0.6			

20. Prepayments and accrued income

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Interest and rent	32.6	79.3	2.6	1.3
Deferred policy acquisition costs				
Life assurance	-	2.2	-	-
Pension insurance	-	3.5	-	-
	-	5.7	-	-
Other				
Expenses paid in advance	3.2	4.5	0.2	1.3
Tax on profit	4.5	7.7	2.6	0.2
Derivatives	4.2	5.6	1.4	2.4
Other	11.3	2.9	-	0.2
	23.2	20.7	4.2	4.1
Total	55.8	105.7	6.8	5.4

21. Capital and reserves

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Share capital				
A shares Jan. 1	**8.1**	16.6	**8.1**	16.6
Conversion	**-0.3**	-8.5	**-0.3**	-8.5
Total	**7.8**	8.1	**7.8**	8.1
B shares Jan. 1	**26.9**	18.4	**26.9**	18.4
Directed issue	**8.7**	-	**8.7**	-
Conversion	**0.3**	8.5	**0.3**	8.5
Total	**35.9**	26.9	**35.9**	26.9
C shares				
Directed issue	**0.8**	-	**0.8**	-
Share capital Dec. 31	**44.5**	35.0	**44.5**	35.0
Share premium account				
Reserve Jan. 1	-	-	-	-
Directed issue	**39.7**	-	**39.7**	-
Reserve Dec. 31	**39.7**	-	**39.7**	-
Revaluation reserve				
Reserve Jan. 1	**0.3**	4.8	-	-
Cancelled revaluation	-	-1.5	-	-
Deferred tax liability	-	-3.0	-	-
Deferred tax liability, transfer to profit/loss brought forward	**2.0**	-	-	-
Reserve Dec. 31	**2.3**	0.3	-	-
Legal reserve				
Reserve Jan. 1/Dec. 31	**158.3**	158.3	**158.2**	158.2
Other reserves				
Contingency reserve				
Reserve Jan. 1	**143.7**	82.2	**60.8**	52.2
To parent company distribution of dividend	**-45.1**	-1 017.8	**-45.1**	-1 017.8
From profit for previous financial year	**201.0**	1 079.3	-	1 026.4
Reserve Dec. 31	**299.6**	143.7	**15.7**	60.8
Profit/loss brought forward				
Reserve Jan. 1	**-54.6**	-61.7	-	-
From profit/loss for previous financial year	**-29.4**	7.8	-	-
From changed accounting principles	-	0.1	-	-
Deferred tax liability, transfer from revaluation reserve	**-2.0**	-	-	-
Translation difference	**0.6**	-0.8	-	-
Reserve Dec. 31	**-85.4**	-54.6	-	-
Profit for previous financial year	**777.9**	1 982.7	**606.3**	1 922.0
To parent company distribution of dividend	**-606.3**	-895.6	**-606.3**	-895.6
To contingency reserve	**-201.0**	-1 079.3	-	-1 026.4
To profit/loss brought forward	**29.4**	-7.8	-	-
Total	-	-	-	-
Profit for financial year	**219.8**	777.9	**348.7**	606.3
Capital and reserves in total	**678.8**	1 060.6	**606.8**	860.3

Capital and reserves

Major provisions of the Articles of Association concerning classes of shares

Provisions in force on December 31, 2001

In accordance with the Articles of Association effective on December 31, 2001, the company had Series A, Series B and Series C shares. The minimum number of Series A shares was 0 shares and the maximum number 142 427 748 shares. The minimum number of Series B shares was 20 412 252 shares and the maximum number 162 840 000 shares. The minimum number of Series C shares was 0 and the maximum number 1 000 000 shares.

Series A shares conferred ten votes per share and Series B and Series C shares one vote per share at a General Meeting of Shareholders. All shares were subject to a group-specific 10% voting restriction.

The Series A and B shares provided equal rights to dividend and the company's assets. The Series C shares entitle to a dividend which will be paid after September 16, 2002.

Series A shares could be converted into Series B shares. Series C shares can, after December 1, 2002, be converted into Series B shares or, should the company have only one other share series, into shares of that series. If a demand for conversion of Series C shares has not been made by December 31, 2002, the company's Board of Directors can decide on the conversion of the shares.

In accordance with the resolution passed by the Extraordinary General Meeting of Shareholders on July 5, 2001, the Series C shares are subject to a transfer restriction until shareholders' possible liability to return Series C shares to Pohjola has been confirmed. The obtaining and the final number of Series C shares are conditional on the attainment of the financial targets set for the Conventum investment services companies for the period from January 1, 2001 to June 30, 2002. The targets are based on the combined income and profit before taxes of the Conventum investment services companies during the review period.

Provisions in force as of January 18, 2002

The amendments to the Articles of Association resolved by the Extraordinary General Meetings of Shareholders on December 20, 2000 and July 5, 2001 were entered in the Finnish trade register on January 18, 2002 and became effective on that date.

The company's Series A and B shares were combined into a new share series, Series D. The minimum number of Series D shares is 40 710 000 shares and the maximum number is 162 840 000 shares. In addition, the company still has a minimum of 0 and a maximum of 1 000 000 Series C shares.

Each share confers one vote at a General Meeting of Shareholders. The group-specific voting restriction contained previously in the Articles of Association was abolished. After the company, on January 18, 2002, became a holding company, it is no longer subject to the 1/10 voting restriction laid down in the Finnish Insurance Companies Act.

The Series D shares provide the right to a dividend and to the company's assets. The Series C shares entitle to a dividend which will be paid after September 16, 2002.

Series C shares can be converted into Series D shares. A demand for conversion can be presented after December 1, 2002. In the event that a demand for conversion has not been presented by December 31, 2002, the Board of Directors of the company may decide to convert the shares. The Series C shares are still subject to the above-mentioned transfer restriction and a possible liability to return shares.

Pohjola's option programme 2001

The Extraordinary General Meeting of Shareholders on July 5, 2001 resolved to issue a maximum of 1 100 000 option rights entitling to subscription of a total maximum of 1 100 000 new Series B shares (currently Series D shares) of Pohjola. The option rights are offered free of charge to the key staff of the Pohjola group of companies and to Pohjola's subsidiary Osmo Oy. The subscription periods for shares will begin on August 1, 2003 (100 000 shares), August 1, 2004 (500 000 shares) and August 1, 2005 (500 000 shares) and will expire on July 30, 2006. The share subscription prices are EUR 28.46, EUR 21.23 and EUR 21.23 respectively, reduced by the amount of dividends paid prior to the share subscription. As a result of the subscriptions, the share capital can increase by a maximum of EUR 946 000.

The option rights have been designed to form part of the incentive pay scheme for the senior management. The decision on those entitled to subscribe for options is taken by the Board of Directors.

Authorizations of the Board of Directors

The Extraordinary General Meeting of Shareholders on July 5, 2001 authorized the Board of Directors to decide on an increase in the share capital through a new issue of shares in such a way that the share capital can be raised by a total maximum of EUR 6 million by offering new Series B shares (currently Series D shares) for subscription. The Board can exercise the authorization for the development of business operations, for strengthening the capital structure, for widening the shareholder base, for carrying out company acquisitions and cooperation arrangements, and for other similar purposes. The authorization will be in force until July 4, 2002.

The Board of Directors holds no other effective authorizations to issue new shares, option rights or convertible bonds.

Capital and reserves

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Revaluation reserve				
Pertaining to investments classified as fixed assets	**7.2**	7.2	**-**	-
Pertaining to other investments	**3.1**	3.1	**-**	-
Deferred tax liability	**-3.0**	-3.0	**-**	-
Total	**7.3**	7.3	**-**	-
Bonus issues	**-7.0**	-7.0	**-**	-
Deferred tax liability	**2.0**	-		
	2.3	0.3	**-**	-

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

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Accelerated depreciation and voluntary provisions transferred to capital and reserves (net of tax)				
Profit/loss brought forward	**1.6**	1.0		
Profit for financial year	**0.4**	0.6		
Total	**2.0**	1.6		
Distributable funds				
Profit for financial year	**219.8**	777.9	**348.7**	606.3
Contingency reserve	**299.6**	143.7	**15.7**	60.8
Profit/loss brought forward	**-85.4**	-54.6	**-**	-
Accelerated depreciation and voluntary provisions transferred to capital and reserves	**-2.0**	-1.6	**-**	-
Translation differences of restricted capital and reserves	**-5.1**	-4.3	**-**	-
Other adjustments	**-0.4**	-0.1	**-**	-
	426.5	861.0	**364.4**	667.1

After the proposed distribution of profit, the parent company has unused tax surplus totalling EUR 64 155 000.

22. Life assurance provision

EUR million	Group 2001	Group 2000
Deferred acquisition costs deducted from life assurance provision (zillmerization)		
Life assurance	**-**	0.1
Pension insurance	**-**	2.9
	-	3.0
Life assurance provision includes a provision for unexpired risks	**-**	-

23. Provision for claims outstanding of non-life insurance

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Annuities				
Interest rate used for calculation of technical provisions	4 %	4 %		
Discounting of other provision for claims				
Discounting was in 2000 applied to Bothnia's liability insurance (excluding collective provision for claims related to asbestos and pollution treaties) and to combined treaties (not marine), under which the average claims settlement period is 8.5 years and the interest rate applied 3 %.				
Provision for claims subject to discounting				
Provision before discounting	-	6.0	-	-
Amount of deduction	-	-1.5	-	-
Provision after discounting	-	4.5	-	-

24. Creditors

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Amounts owed to affiliated undertakings				
Other creditors	0.9	1.0	14.1	23.5
Amounts owed to participating interests				
Amounts owed to credit institutions	20.8	19.0	-	-
Other creditors	2.1	1.6	1.7	1.0
Total	22.9	20.6	1.7	1.0
Amounts becoming due and payable later than in five years				
Amounts owed to credit institutions	6.2	8.1	-	-

25. Accruals and deferred income

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Staff expenses	29.3	21.8	4.2	2.7
Tax on profit	11.5	4.8	0.1	0.6
Derivatives	4.0	5.5	1.4	2.4
Other	4.0	5.9	0.5	1.1
	48.8	38.0	6.2	6.8

26. Deferred tax assets and liabilities

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Profit and loss account items				
Tax on profit/deferred tax				
Included in affiliated undertakings' annual accounts	**4.2**	-3.8	**0.2**	0.1
Based on appropriations	**-0.2**	-0.2	**-**	-
Timing differences based on consolidation procedure	**1.3**	2.1	**-**	-
Other temporary differences based on consolidation procedure	**0.1**	0.3	**-**	-
	5.4	-1.6	**0.2**	0.1
Extraordinary items/deferred tax				
Included in affiliated undertakings' annual accounts	**-0.1**	5.8	**-0.1**	0.6
Timing differences based on consolidation procedure	**4.5**	-5.9	**-**	-
	4.4	-0.1	**-0.1**	0.6
Balance-sheet items				
Deferred tax assets				
Included in affiliated undertakings' annual accounts	**10.5**	2.1	**0.7**	0.7
Based on consolidation prosedure	**0.5**	-	**-**	-
	11.0	2.1	**0.7**	0.7
Deffered tax liabilities				
Based on appropriations	**1.0**	0.5	**-**	-
Timing differences based on consolidation procedure	**-2.0**	3.8	**-**	-
Other temporary differences based on consolidation procedure	**7.0**	10.9	**-**	-
	6.0	15.2	**-**	-
Deferred tax assets have been omitted from the balance sheet because they were not deemed likely to by realized	**0.1**	3.8	**-**	-

27. Security and financial commitments

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Security				
Given as security on company's own behalf				
Loans from financing institutions	13.8	15.6	-	-
Guarantees	10.2	15.6	-	-
Mortgaged land and buildings	5.8	-	-	-
Technical provisions	19.8	24.5	-	14.2
Assets pledged	53.7	32.2	-	24.2
Guarantees	-	4.4	-	-
As security for derivatives				
Assets pledged	8.3	12.4	-	-
As security for call money credit limit				
Assets pledged	10.4	-	10.4	-
Given as security on behalf of affiliated undertakings				
Guarantees	-	-	4.0	4.4
Assets pledged	-	-	29.8	4.1
Given as security on behalf of undertakings linked by virtue of participating interests				
Guarantees	7.3	5.8	-	-
Given as security on behalf of other companies				
Guarantees	1.8	1.2	-	-
Given as security in total	97.5	71.6	44.2	32.7

The parent company has, on behalf of Moorgate Insurance Company Ltd, given ILU (Institute of London Underwriters) guarantees related to any future liability to pay claims

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Financial commitments not included in balance sheet				
Uncompleted securities transactions	85.6	-		
Contractual liabilities				
Resale option on shares in land and buildings				
Book value	6.1	6.1	-	-
Current value	6.1	6.1	-	-
Agreed sales price	6.4	6.4	-	-
Difference between current value and sales price	0.3	0.3	-	-
Commitment to subscribe for shares in general partnership companies carrying on Venture Capital investments	134.3	154.2	21.7	15.2
Agreed subordinated loan limit	-	-	50.5	50.5
Other contractual liabilities	14.9	11.7	1.9	8.6

Security and financial commitments

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Derivatives (hedging)				
Interest rate derivatives				
Option contracts				
Bought, market value	**2.4**	0.1	**-**	-
value of underlying security	**80.0**	60.0	**-**	-
Sold, market value	**-1.0**	-0.3	**-**	-
value of underlying security	**150.0**	120.0	**-**	-
Current derivatives				
Option contracts				
Bought, market value	**1.6**	23.2	**0.4**	6.8
value of underlying security	**257.3**	705.0	**111.2**	340.0
Sold, market value	**-2.5**	-12.6	**-0.6**	-4.5
value of underlying security	**500.3**	1 359.6	**227.3**	680.0
Equity derivatives				
Option contracts				
Bought, market value	**-**	3.0	**-**	-
value of underlying security	**9.9**	62.8	**-**	-
Sold, market value	**-**	-1.5	**-**	-
value of underlying security	**12.2**	69.1	**-**	-
Derivatives (others)				
Equity derivatives				
Forward and futures contracts				
Market value	**1.0**			
Value of underlying security	**1.2**			
Leasing liabilities				
Amount payable during current financial year	**2.5**	1.2	**-**	0.1
Amount payable in subsequent financial year	**1.0**	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	**-**	-	**-0.4**	0.3
Participating interests	**1.6**	2.0	**1.6**	2.0
Other undertakings	**0.2**	-0.1	**0.2**	-0.1
	1.8	1.9	**1.4**	2.2

28. Solvency

EUR million	Group 2001	Group 2000	Parent company 2001	Parent company 2000
Solvency margin				
Capital and reserves	**678.8**	1 060.6	**606.8**	860.3
Proposed distribution of profit	**-203.1**	-651.4	**-203.1**	-651.4
Difference between current and book values of investments	**869.1**	1 671.4	**624.1**	890.1
Deferred tax liability	**-200.2**	-267.0	**-181.0**	-258.1
Intangible assets	**-57.6**	-72.0	**-9.2**	-8.9
Other items	**-4.7**	-7.9	**-34.0**	-13.4
Solvency margin in total	**1 082.3**	1 733.7	**803.6**	818.6
Equalization provision				
Equalization provision included in the technical provisions for years with a high loss frequency	**207.8**	228.3	**-**	2.8
Minority interest	**7.2**	7.2	**-**	-
Solvency capital	**1 297.3**	1 969.2	**803.6**	821.4
Minimum solvency margin (chapter 11, section 2 of Insurance Companies Act)				4.0

Parent company	**2001**	2000	1999	1998	1997
Key ratios for solvency					
Equalization provision as a percentage of its full amount	-	3%	14%	16%	24%
Solvency capital to earned premiums, net of reinsurance (= solvency ratio)		6 246%	5 895%	570%	306%
Solvency capital to technical provisions, net of reinsurance, less equalization provision	-	1 543%	1 740%	3 388%	127%

Helsinki, February 28, 2002

Peter Fagernäs Heikki Hakala Martin Granholm Eino Halonen

Heikki Pentti Kari Puro Timo Salonen

Eero Heliövaara
President and CEO

Auditors' report

To the shareholders of Pohjola Group plc

We have examined the accounting records, annual accounts and corporate governance of Pohjola Group plc (formerly Pohjola Group Insurance Corporation) for the financial year from January 1 to December 31, 2001. 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.

PricewaterhouseCoopers Ltd. (formerly 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 earnings for the financial year is in conformity with law.

Helsinki, March 11, 2002

PricewaterhouseCoopers Ltd.
Authorized Public Accountants

Juha Wahlroos	Kari Miettinen
Authorized Public Accountant	Authorized Public Accountant

Corporate governance

The Board of Directors

The Board of Directors is responsible for the management and proper arrangement of the company's operations, as well as for the supervision of accounting and asset management to ensure that they are adequately organized. In addition to the duties specified in the Companies Act, Insurance Companies Act, legal provisions, Articles of Association and official regulations, the Board deals with matters of principle and great importance with regard to the operations of the parent company and subsidiaries.

The most essential duties of the Board are as follows:

- Confirm the business strategy of the Group
- Define the company's dividend policy
- Approve operational plans, objectives and budgets and supervise their implementation
- Approve investment plans
- Approve reinsurance principles
- Approve major investments
- Confirm the general outline of the Group's organizational structure
- Appoint the President, the deputy to the President and other immediate subordinates to the President and decide on their terms of employment
- Confirm the special duties of the Executive Chairman of the Board and of the President, in addition to their statutory duties
- Confirm the staff's reward pay and incentive schemes
- Confirm operative powers
- Attend to the arrangement of the company's risk management and other internal control, and appoint the members of the Audit Committee.

The Board has at least four and at most seven members elected by the General Meeting of Shareholders. The members of the Board are elected for a term of office expiring upon the closing of the Annual General Meeting (AGM) 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 AGM shall convene annually after the completion of the annual accounts, but not later than at the end of June.

The General Meeting of Shareholders elects the Chairman of the Board. The Board elects, from among its own circle, a member who will act as Deputy Chairman, whenever necessary.

The Board convened 30 times in 2001. Of the meetings, 12 were telephone conferences.

Executive Chairman of the Board

The Chairman of the Board is employed by the company. In addition to his statutory duties, he is in charge of

- Strategic planning and development of the corporate structure
- Strategic relations pertaining to cooperation
- Contacts with major stakeholder groups
- Ensuring an appropriate corporate governance environment.

President

The Board of Directors appoints the President, who is in charge of the company's day-to-day operative management in accordance with the Board's instructions and orders and who ensures that the accounting is in accordance with the law and that asset management is organized in a reliable manner.

The duties of the President include the following:

- Management and supervision of the Group's business operations
- Preparation of matters to be handled by the Board and implementation of the Board's decisions.

Salaries, remunerations and pension benefits of the management

The AGM on April 10, 2001 resolved that the Chairman of the Board be paid a monthly remuneration of EUR 2 522 for acting as a Board member, that the Deputy Chairman be paid EUR 2 018 and the other members of the Board EUR 1 681. In addition, the Board members are paid an attendance allowance of EUR 336 per meeting. They are also entitled to a daily allowance and a travel expenses compensation for the travel days. Moreover, the Extraordinary General Meeting on July 5, 2001 authorized the company's Board of Directors to agree on the terms of the service contract of the Chairman of the Board with respect to the executive nature of his office. In accordance with the decision of the Board, he is not paid any attendance fee for Board meetings.

For the year 2001, the Executive Chairman of the Board and the Presidents received EUR 479 386 in fringe benefits and salaries, EUR 60 608 in performance-based pay and EUR 302 912 in severance pay, i.e. a total of EUR 842 906, of which the share of the Chairman of the Board and the President who assumed their duties in July amounted to EUR 340 356.

If the Chairman of the Board remains in this post until the AGM of 2006 and if he is not, at that meeting or thereafter, elected as the Chairman of the Board and his contract of service terminates, he will be entitled to receive a pension amounting to 60% of the salary calculated only for this office as per TEL (TEL = Finnish Employees' Pensions Act). The commitment regarding holding of Pohjola shares, made by the Chairman of the Board in connection with the Conventum share exchange, will also be in force until the end of 2005 (also see page 92). For the benefit of any other members of the Board, no pension commitments have been made by reason of their duties.

The contractual retirement age of the President is 60 years. His pension will be 60% of the pensionable salary as per TEL. The President's notice period is six months for both the President and the company. In the event that the company terminates the President's contract of service, he will, in addition to the salary for the notice period, be entitled to a severance pay corresponding to 12 months' salary. The President is entitled to a performance-based pay totalling a maximum of three months' salary, as agreed under the company's reward pay scheme.

Supervision system

The Board of the parent company has the ultimate responsibility for the supervision of accounting and asset management, as well as for proper arrangement of operations. The President is responsible for the steering of business operations and for the arrangement of the implementation of internal control in practice. The Board assesses the state of internal control at least once a year.

The Audit Committee established by the Board on January 23, 2002 supervises the implementation of the Group's internal control and the application of the Group's risk management policy, and steers internal audit. The Board appoints the members of the Committee for one year at a time from among the Board members who are not in the company's service. The Committee elects a chairman from among their number and convenes at least twice a year.

The Board approves the common guidelines for the whole Group's internal control. The Group's Management Group and Working Committees, together with the Boards and Management Groups of the subsidiaries, engage in steering of business and control of management in day-to-day Group operations. The company's actuary gives the Board a statement of whether the company's investments meet the requirements set by the nature of the technical provisions. The Group's risk management function and the Management Group for risk management coordinate and develop risk management and related reporting, and prepare a risk management plan for the Board's approval.

The Group has an internal audit function, which together with PwC Services Oy is responsible for the implementation of internal audit in the companies within the Group, in accordance with the operational guidelines approved by the Board. Considerations of the management are taken into account in the operational plan approved on an annual basis. The Internal Audit function reports regularly to the President, the Chairman of the Board and the Audit Committee, and at least once a year to the Board.

PricewaterhouseCoopers Ltd., Authorized Public Accountants, is the auditor and supervisory auditor of the Group. The auditors issue, for the shareholders, a report related to the annual accounts. The Board summons the supervisory auditor to their meeting at least once a year to submit a report on the company's internal control and financial position. The supervisory auditor also issues a written report on his findings to the company's Board. The report includes, among other things, statements on solvency margin and assets covering technical provisions.

The Finnish Insurance Supervision Authority monitors the operations, risk-taking and solvency ratio of the insurance companies within the Group and of the insurance company grouping formed by the Group's nearest cooperating partners. As a supervising authority, the office ensures that the interests of those insured are not jeopardized. In addition, the Finnish Financial Supervision Authority supervises the operations of the Group's fund management company and investment services companies.

Insider rules

Pohjola complies with the insider rules approved by the company's Board of Directors on December 13, 1999. The rules are based on the guidelines for insiders issued by Helsinki Exchanges on October 28, 1999. In accordance with the law, insiders are the Board members, President and auditors. The specified insider group includes, among others, the subsidiaries' Presidents and Managing Directors and their secretaries, as well as those responsible for finance, investments, and actuarial and legal matters. Project-based insider registers are kept for major projects.

On December 15, 2000, the Pohjola Board approved the company's insider rule for investment operations. The rule is based on the recommendation given by the Federation of Finnish Insurance Companies on November 1, 2000. Insiders include the staff of the securities division of the parent company. The Group's fund management company and investment services companies follow the insider and trading rules binding on the member corporations of the associations in the sector.

Board of Directors

Board of Directors of Pohjola Group plc (from the left): Martin Granholm and Peter Fagernäs
Audit Committee: Heikki Pentti, Timo Salonen and Heikki Hakala
Kari Puro and Eino Halonen

Chairman
Peter Fagernäs (born 1952)

Chairman of the Board of Directors
of Pohjola Group plc since 2001
Chairman of the Board of Directors
of Conventum Limited since 1999
Shareholding in Pohjola: 1 216 212 Series
D shares and 115 579 Series C shares.

Deputy Chairman
Heikki Hakala (born 1941)

Chairman of the Board of Directors of
Pohjola Group plc 2000-2001,
Deputy Chairman since 2001
President and CEO of Metso Corporation
(former Rauma Corporation) 1996-2001,
Member of the Board of Directors since 2000
Member of the Board of Directors of
Ilmarinen Mutual Pension Insurance
Company 1998-2000,
Chairman since 2000
Member of the Board of Directors of
Lassila & Tikanoja plc since 1988
Member of the Supervisory Board of
Orion Corporation 2000-2001,
Chairman since 2001
Shareholding in Pohjola: 900 Series D shares.

Martin Granholm (born 1946)

Executive Vice President of
UPM-Kymmene Corporation since 1996
Member of the Board of Directors of
Pohjola Group plc since 2000
Member of the Board of Directors of
Ilmarinen Mutual Pension Insurance
Company since 1998
Chairman of the Board of Directors
of VR-Group Ltd since 1996
Member of the Board of Directors of
Stiftelsen för Åbo Akademi since 1997
No shareholding in Pohjola.

Eino Halonen (born 1949)

President and CEO of Suomi Mutual
Life Assurance Company since 2000
President of Suomi Insurance
Company Ltd since 2001
Member of the Board of Directors
of Pohjola Group plc since 2001
Member of the Board of Directors of
Ilmarinen Mutual Pension Insurance
Company since 2000
Chairman of the Board of Directors
of Pohjantähti Mutual Insurance
Company since 2001
Member of the Board of Directors
of YIT Corporation since 2000
No shareholding in Pohjola.

Heikki Pentti (born 1946)

Chairman of the Board of Directors
of Lemminkäinen Plc since 1994
Member of the Board of Directors
of Pohjola Group plc since 2001
Member of the Board of Directors
of Fortum Corporation since 1998
Member of the Board of Directors of
Myllykoski Corporation since 1997
Shareholding in Pohjola: 113 Series D shares.

Kari Puro (born 1941)

President and CEO of Ilmarinen Mutual
Pension Insurance Company since 1991
Member of the Board of Directors of
Pohjola Group plc since 2001
Member of the Board of Directors of
the Central Pension Security Institute
1992-1993,
Chairman of the Board of Directors
since 1994
Member of the Supervisory Board of
OKO Bank since 2000
No shareholding in Pohjola.

Timo Salonen (born 1958)

Chief Financial Officer of Huhtamäki
Corporation since 1998
Member of the Board of Directors
of Pohjola Group plc since 2000
No shareholding in Pohjola.

Senior management

President and CEO
Eero Heliövaara (born 1956)*

Insurance Services
Matti Tossavainen (born 1947)*,
Senior Executive Vice President
Private Households, Olli Latola
Corporate Clients, Olavi Kauppila
Major Clients, Tomi Yli-Kyyny
Chief Actuary, Martti Pesonen

Group Investments
Esko Torsti (born 1964)*,
Head of Group Investments
Securities Investments, Esko Torsti
Private Equity Investments,
Esa Auvinen
Real Estate Investments, Eero Ilkka
Investment Administration,
Sirpa Karjalainen

Investment Services
Asset Management
Hannu Linnoinen (born 1957)*,
Head of Corporate Planning
Mutual Funds, Lauri Lundström
Private Banking - Discretionary
Asset Management, Jarmo Lilja
Institutional Asset Management,
Aki Kostiander

Investment Banking
Juha Mikkonen (born 1962)*,
President of Conventum Corporate Finance Ltd
Corporate Finance, Juha Mikkonen
Brokerage, Kristian Warras
Management of Technology Investments,
Jyri Merivirta

Group Administration
Human Resources,
Eva Valkama (born 1949)*
Finance and Risk Management,
Marja-Liisa Valtonen (born 1945)*
Risk Management, Henrik Sjöblom
Administrative Services,
Tuula Nordlund (born 1950)*
Legal Matters,
Olavi Nieminen (born 1943)*
Corporate Communications,
Jarmo Heiniö (born 1948)*
Corporate Planning, Hannu Linnoinen
Information Technology, Marco Halén
Controller Function, Timo Tuomenpuro
Internal Audit, Pertti Öman

* Members of the Management Group

Staff representatives in the Management Group: **Sirpa Komonen** (born 1956) and **Hannes Lampimäki** (born 1951)

The Management Group acts as a support function to the President. It monitors the Group's performance, supervises the fulfilment of the Group's objectives and prepares matters for presentation to the Board of Directors.

Auditors

Auditor and supervisory auditor:
PricewaterhouseCoopers Ltd.
Authorized Public Accountants
Partner-in-charge: Juha Wahlroos,
Authorized Public Accountant
Address: B.O. Box 1015 (Itämerentori 2),
FIN-00101 Helsinki

Auditor:
Kari Miettinen,
Authorized Public Accountant
Address: B.O. Box 1015 (Itämerentori 2),
FIN-00101 Helsinki

Deputy auditors
Deputy auditor
and deputy supervisory auditor:
Sari Airola,
Authorized Public Accountant
Address: B.O. Box 1015 (Itämerentori 2),
FIN-00101 Helsinki

Deputy auditor:
Leena Rajala,
Authorized Public Accountant
Address: B.O. Box 1015 (Itämerentori 2),
FIN-00101 Helsinki

Pohjola share and shareholders

Series D

Pohjola's Series A and B shares were combined into a new share series, Series D, on January 18, 2002 in accordance with the resolutions passed in the company's Extraordinary General Meetings on December 21, 2000 and July 5, 2001. The share series were combined in order to improve price formation and turnover of shares. Each Series D share confers one vote at a General Meeting of Shareholders, and entitles to a dividend. Trading in Series D shares started on the Helsinki Exchanges on January 21, 2002.

The total number of Series D shares on January 18, 2002 was 50 772 851 shares, i.e. 98.15% of the share capital. According to the Articles of Association, the company has a minimum of 40 710 000 and a maximum of 162 840 000 Series D shares. Pohjola's shares have been included in the book-entry system of the Finnish Central Securities Depository Ltd.

Series C

Pohjola's Extraordinary General Meeting on July 5, 2001 decided to form a new share series, Series C, for Pohjola as part of the Conventum share exchange offer. In the Exchange Offer, Conventum shareholders were offered one new Pohjola B share and a maximum of 0.095032 new Pohjola C shares against 11.75 Conventum shares. An obligation to return shares is attached to the Series C shares, which are to be returned either all or in part and against no consideration to Pohjola if the targets set for the combined income and profit before tax of the Conventum investment services companies are not attained, or are attained only in part, in the agreed review period from January 1, 2001 to June 30, 2002.

If the financial targets are attained, the intention is to convert the C shares into D shares by the end of 2002. Each Series C share confers one vote and entitles to a dividend which will be paid after September 16, 2002. The C shares include a transfer restriction and are not subject to public trading.

On January 18, 2002, the total number of Series C shares was 955 648 shares, i.e. 1.85% of the share capital. According to the Articles of Association, the company has a minimum of 0 and a maximum of 1 000 000 Series C shares.

Share capital

Pohjola's share capital was EUR 44.5 million on December 31, 2001. According to the Articles of Association, the company's share capital totals a minimum of EUR 35 million and a maximum of EUR 140 million. The accounting par value of the Pohjola shares is EUR 0.86 per share. The shares do not have a nominal value.

In 2001, the share capital was increased by a share issue targeted at shareholders of Conventum Limited when Pohjola and Conventum combined their business operations. In consequence of the share issue, Pohjola's share capital rose by EUR 9.5 million.

Authorizations of the Board of Directors

The Board is authorized to increase the share capital through a new issue of shares by a total maximum of EUR 6 million. The authorization will be valid for one year as of July 5, 2001, the date of the General Meeting of Shareholders. The Board can exercise this authorization for the development of business operations, for widening the shareholder base, and for carrying out company acquisitions or cooperation arrangements. The Board does not currently hold any other valid authorization to issue shares, convertible bonds or option rights, or to redeem the company's own shares.

Shareholdings and stock options of senior management

The Chairman of the Board of Directors held 1 216 212 Series D shares and 115 579 Series C shares, i.e. a total of 2.57% of Pohjola shares and votes on January 31, 2002. He has undertaken, in stages over a period of four years, not to sell the Pohjola D and C shares

Increases in share capital and combination of share series

	Number of A shares	Number of B shares	Number of D shares	Number of C shares	Total	Share capital, EUR
Share capital of Pohjola Group Insurance Corporation on December 31, 2000	9 352 303	31 357 697			40 710 000	35 000 000
Entry into Trade Register on August 31, 2001; issue targeted at Conventum shareholders		8 988 754		853 874	9 842 628	8 464 660
Entry into Trade Register on September 14, 2001; issue targeted at Conventum shareholders		484 208		45 753	529 961	455 766
Entry into Trade Register on November 6, 2001; issue targeted at Conventum shareholders		589 889		56 021	645 910	555 483
Share capital of Pohjola Group Insurance Corporation on December 31, 2001	9 068 769	41 704 082		955 648	51 728 499	44 475 909
Combination of Series A and B shares into Series D shares (share capital of Pohjola Group plc) on January 18, 2002			50 772 851	955 648	51 728 499	44 475 909

received in the Conventum share exchange. Other Board members held 1 013 Series D shares representing 0.002% of the shares and votes. The President did not hold any Pohjola shares.

The Extraordinary General Meeting on July 5, 2001 authorized the company's Board of Directors to issue, free of charge, a total of 1 100 000 option rights to the key employees of the Pohjola group of companies and a subsidiary wholly owned by the company. Against A options, the holders can subscribe for 100 000 D shares between August 1, 2003 and July 30, 2006. Against B options, the holders can subscribe for 500 000 D shares between August 1, 2004 and July 30, 2006 and against C options 500 000 D shares between August 1, 2005 and July 30, 2006. The subscription prices will be EUR 28.46, EUR 21.23 and EUR 21.23 respectively, reduced by the amounts of dividend distributed before the share subscription. The option rights are subject to a transfer restriction until the subscription period for them has commenced. Until then, the company has the right to redeem the option rights without compensation, should the holder's employment or office at Pohjola terminate. As a result of the subscriptions, the company's share capital can increase by a maximum of EUR 0.9 million.

By February 28, 2002, the President had received 150 000 option rights. In addition, the Board of Directors had decided to distribute a total of 830 000 option rights to 39 key members of the staff. All persons will receive A, B and C options, against which D shares can be subscribed. The subsidiary, Osmo Oy, holds another 120 000 option rights. The shareholding based on the option rights is a maximum of 2.1% of all Pohjola shares and votes.

Price performance and turnover of shares

The year 2001 was a challenging one for stock markets. The price performance of Pohjola's shares was impacted by the dividend of EUR 16 per share distributed for 2000. The price of A and B shares fell by 58% during the year under review. In the same period, the All-Share Index of the Helsinki Exchanges dropped by 32% and the HEX Portfolio Index by 22%.

On the last trading day, December 28, 2001, the closing price of the A share was EUR 19.50 and that of the B share EUR 19.85. The highest trading price of the A share during the year was EUR 49.50 and the lowest EUR 16.85. The highest trading price of the B share was EUR 49.67 and the lowest EUR 16.00. The weighted average price of the B share was EUR 28.57.

The turnover of Pohjola shares was 32.6 million shares (47.5 million shares), the exchange value amounting to EUR 0.9 billion (EUR 2.7 billion). Pohjola ranked the 10th among the most traded companies on the Helsinki Exchanges. The market capitalization of the Pohjola stock of shares at year-end stood at EUR 1 billion (EUR 1.9 billion).

The Pohjola share is included in the following indices: HEX All-Share Index, HEX Portfolio Index, HEX Insurance Index and HEX 25 Open.

The trading codes are POHDV for the Helsinki Exchanges, POHDV.HE for Reuters and POHDV FH for Bloomberg.

Ratings

The rating agency Moody's Investors Service in October confirmed a financial strength rating of "A2" (Good with stable outlook) for Pohjola's non-life insurance operations. Based on an analysis of published financial information, Standard & Poor's has rated Pohjola's non-life insurance operations at "A pi" (Strong).

Taxable values

For 2001, the taxable values of Pohjola shares were as follows:

Series A	EUR 13.79	FIM 81.99
Series B	EUR 13.90	FIM 82.65

Avoir fiscal tax credit system

The avoir fiscal tax credit system is applied to the dividend distributed on the Pohjola share. Pohjola pays corporate tax totalling at least 29/71 of the amount of the 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 29/71 of the dividend. The credit corresponding to the dividend of EUR 4.00/share, proposed by the Board of Directors, amounts to EUR 1.63/share. The dividend recipient's taxable income totals EUR 5.63/share, which is capital income subject to a 29% tax rate in Finnish taxation in 2002. The avoir fiscal tax credit is taken into account in the same manner as withholding tax.

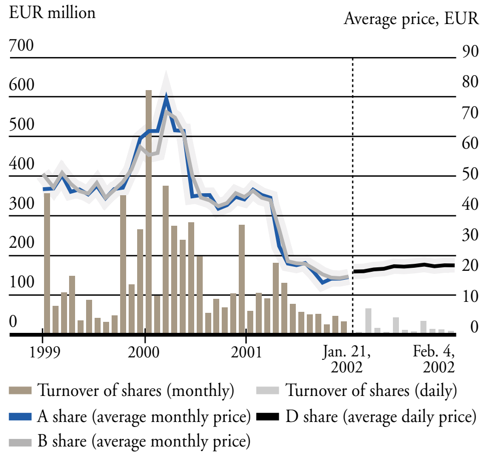
Shareholders

The largest shareholder of Pohjola is Ilmarinen Mutual Pension Insurance Company with a holding of 25%. The second largest shareholder is Suomi Mutual Life Assurance Company, which increased its holding to 21% during the year.

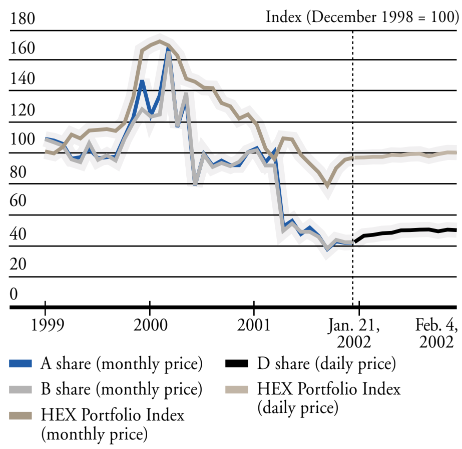
The shareholding of the OKO Bank group in Pohjola fell to 7.5%. The combined ownership portion of Thominvest Oy, Thomproperties Oy, Dreadnought Finance Oy, Inter Masters Oy and Braelger Oy was 6.9% at the end of the year.

In 2001, the number of Pohjola's shareholders grew by 56% and was 18 041 (11 575) at year-end. The number of shares in foreign ownership went down to 12% during the year, while Finnish private households' stake in Pohjola increased to 16% (7%).

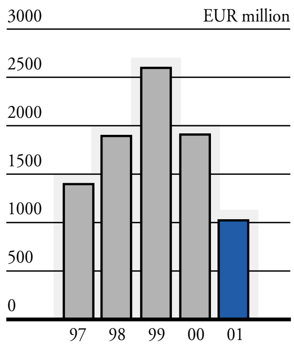
Turnover and average price of shares



Share price performance



Market capitalization of Pohjola stock of shares



Consolidated per-share data

		1997	1998	1999	2000	**2001**
Earnings/share 1)	EUR	2.29	2.16	48.70	19.11	**1.52**
Capital and reserves/share 1)	EUR	8.78	10.38	54.07	26.05	**13.12**
Net asset value/share at current values 1) 3)	EUR	33.75	61.19	104.87	59.63	**25.92**
after deduction of full deferred tax liability 1)	EUR			100.92	54.57	**24.99**
Dividend/share 2)	EUR	0.50	5.05	47.00	16.00	**4.00**
Dividend/earnings 2)	%	22.0	233.2	96.5	83.7	**263.2**
Effective dividend yield						
Series A	%	1.5	11.0	32.4	34.4	**20.5**
Series B	%	1.5	10.9	36.2	34.0	**20.2**
Price/earnings ratio (P/E ratio)						
Series A		14.8	21.3	1.4	2.4	**12.8**
Series B		14.7	21.5	1.3	2.5	**13.1**
Adjusted average share price						
Series A	EUR	28.75	38.38	48.21	58.44	**25.32**
Series B	EUR	26.79	39.95	51.77	55.91	**28.57**
Adjusted share price, lowest						
Series A	EUR	17.49	27.25	41.00	33.00	**16.85**
Series B	EUR	17.16	26.41	41.00	33.65	**16.00**
Adjusted share price, highest						
Series A	EUR	38.68	58.02	69.00	85.38	**49.50**
Series B	EUR	38.52	58.53	66.50	83.30	**49.67**
Adjusted share price on Dec. 31						
Series A	EUR	34.65	46.25	68.00	46.50	**19.50**
Series B	EUR	33.97	46.76	60.00	47.00	**19.85**
Market capitalization on Dec. 31						
Series A	EUR million	703.3	918.1	1 309.5	434.9	**176.8**
Series B	EUR million	693.4	975.4	1 287.2	1 473.8	**827.8**
Series C	EUR million					**19.0**
Total	EUR million	1 396.7	1 893.5	2 596.7	1 908.7	**1 023.6**
Development of turnover of shares						
Series A	1 000 shares	5 753	2 180	10 681	11 166	**1 730**
of average number	%	28.1	10.9	54.3	79.4	**18.7**
Series B	1 000 shares	18 258	18 526	22 606	36 343	**30 851**
of average number	%	90.6	89.6	107.4	136.4	**88.9**
Adjusted average number of shares						
Series A	1 000 shares	20 561	20 026	19 663	14 068	**9 251**
Series B 4)	1 000 shares	20 149	20 684	21 047	26 642	**34 723**
Series C	1 000 shares					**310**
Total	1 000 shares	40 710	40 710	40 710	40 710	**44 284**
Adjusted number of shares on Dec. 31						
Series A	1 000 shares	20 298	19 851	19 257	9 352	**9 069**
Series B 4)	1 000 shares	20 412	20 859	21 453	31 358	**41 704**
Series C	1 000 shares					**956**
Total	1 000 shares	40 710	40 710	40 710	40 710	**51 728**
Number of shareholders on Dec. 31		7 010	6 901	7 056	11 575	**18 041**

1) Share series A, B and C
2) Share series A and B (combined into Series D on January 18, 2002). Dividend proposed by the Board of Directors in 2001
3) Likely realizable deferred tax liability deducted from difference between current and book values of investments
4) The dilution effect of option rights would decrease the average number of shares by 23 459 shares and the number of shares at year-end by 47 569 shares.

Share capital on December 31, 2001 and on January 31, 2002

	Share capital EUR	Number of shares	Percentage of share capital	Percentage of votes Dec. 31, 2001	Percentage of votes from Jan. 18, 2002
Series A	7 796 780.03	9 068 769	17.53	68.01	0.0
Series B	35 857 271.83	41 704 082	80.62	31.27	0.0
Series A and B in total = new series D from January 18, 2002	43 654 051.86	50 772 851	98.15	99.28	98.15
Series C	821 857.28	955 648	1.85	0.72	1.85
In total	44 475 909.14	51 728 499	100.00	100.00	100.00

The accounting par value of shares is EUR 0.86/share

Breakdown of shareholdings by sector on January 31, 2002

	Shareholders				Shares *)					
	Series D		Series C		Series D		Series C		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
Public enterprises	4	0.0	1	0.1	17 025	0.0	123	0.0	17 148	0.0
Private enterprises	882	4.9	105	7.6	5 751 929	11.4	546 496	57.2	6 298 425	12.2
Financing and insurance institutions	85	0.5	37	2.7	15 272 212	30.1	10 547	1.1	15 282 759	29.6
Public corporations	34	0.2	10	0.7	14 219 424	28.0	1 937	0.2	14 221 361	27.5
Non-profit institutions	242	1.3	7	0.5	962 328	1.9	2 120	0.2	964 448	1.9
Households	16 862	92.6	1 208	87.9	7 982 329	15.7	353 783	37.0	8 336 112	16.1
Foreign owners	89	0.5	5	0.4	74 477	0.1	20	0.0	74 497	0.1
Nominee registrations	8	0.0	2	0.1	6 476 258	12.8	40 622	4.3	6 516 880	12.6
Shares not yet transferred to book-entry system					16 869	0.0	0	0.0	16 869	0.0
Total	18 206	100.0	1 375	100.0	50 772 851	100.0	955 648	100.0	51 728 499	100.0

Breakdown of shareholdings by size of holding on January 31, 2002

	Shareholders				Shares *)					
	Series D		Series C		Series D		Series C		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
1 - 100	8 718	47.9	1 262	91.8	463 259	0.9	18 187	1.9	466 084	0.9
101 - 1 000	8 348	45.9	72	5.2	2 875 457	5.7	21 839	2.3	2 890 319	5.6
1 001 - 10 000	996	5.5	22	1.6	2 431 450	4.8	99 234	10.4	2 467 534	4.8
10 001 - 100 000	115	0.6	16	1.2	3 306 638	6.5	385 749	40.3	3 197 807	6.2
100 001 - 1 000 000	21	0.1	3	0.2	4 202 301	8.3	430 639	45.1	4 766 143	9.2
1 000 001 -	8	0.0	0	0.0	37 476 877	73.8	0	0.0	37 923 743	73.3
Shares not yet transferred to book-entry system					16 869	0.0	0	0.0	16 869	0.0
Total	18 206	100.0	1 375	100.0	50 772 851	100.0	955 648	100.0	51 728 499	100.0

*) The percentage is the same for the shares and votes

Ten major shareholders and shareholder groups on January 31, 2002

As per the shareholder register kept by the Finnish Central Securities Depository Ltd
(The percentage is the same for the share capital and votes)

	Series D Number	Series C Number	Total Number	%
Ilmarinen Mutual Pension Insurance Company	13 126 460		13 126 460	25.38
Suomi Mutual Life Assurance Company	10 898 100		10 898 100	21.07
OKO Bank Group Central Cooperative	2 488 809		2 488 809	4.81
OKO Bank	1 299 341		1 299 341	2.51
Aurum Life Assurance Company Ltd	22 200		22 200	0.04
Mutual funds under management of OP Fund Management Company Ltd	65 808		65 808	0.13
Total	3 876 158		3 876 158	7.49
Thominvest Oy	1 813 663	203 977	2 017 640	3.90
Thomproperties Oy	1 017 425	111 083	1 128 508	2.18
Dreadnought Finance Oy	343 615	32 653	376 268	0.73
Inter Masters Oy	2 331	1 818	4 149	0.01
Braelger Oy	42	4	46	0.00
Total	3 177 076	349 535	3 526 611	6.82
Fagernäs Peter	1 216 212	115 579	1 331 791	2.57
Mikkonen Juha	450 000	57 789	507 789	0.98
Merivirta Jyri	438 297	60 658	498 955	0.96
Veikko Laine Oy	285 955	31 147	317 102	0.61
Fortum's Pension Foundation	310 260		310 260	0.60
Elinkorkolaitos Hereditas	248 000		248 000	0.48
Total	34 026 518	614 708	34 641 226	66.97
Nominee registrations	6 476 258	40 622	6 516 880	12.60

Senior management's shareholdings and option rights on January 31, 2002

	Series D Number	Series C Number	Total Number	%
Board members, President and corporations under their authority				
Shareholdings	1 217 225	115 579	1 332 804	2.58
Option rights	150 000		150 000	0.28
Other option rights				
Key staff of Group	530 000		530 000	1.00
Subsidiary Osmo Oy	420 000		420 000	0.80

Changes in ownership

Announcements as per Chapter 2, Section 9 of the Securities Markets Act:

- May 15, 2001: Ilmarinen Mutual Pension Insurance Company (Ilmarinen), the OKO Bank Group Central Cooperative group, Suomi Mutual Life Assurance Company (Suomi Mutual), A-Vakuutus Mutual Insurance Company, Sijoitusyhtiö Avakinvest Ky, Pohjantähti Mutual Insurance Company and Sijoitusyhtiö Pohta Ky no longer form a group based on an agreement, as referred to in Chapter 2, Section 9 of the Securities Markets Act.
- July 4, 2001: Suomi Mutual's holding in Pohjola exceeded three twentieths (3/20) of the voting rights as a result of a share transaction.
- July 9, 2001: Suomi Mutual's holding in Pohjola exceeded three twentieths (3/20) of the share capital as a result of a share transaction.
- August 23, 2001: Pohjola was informed that the Finnish Financial Supervision Authority had granted Suomi Mutual the right to deviate from disclosure obligation in so far as Suomi Mutual's holding in Pohjola reaches or exceeds or falls below 20%. The right to deviate from the obligation is valid until the date when the Exchange Offer made by Pohjola to the shareholders of Conventum Limited finally expires.
- August 31, 2001: The increase in the share capital related to the Exchange Offer made by Pohjola to Conventum Limited shareholders was entered in the Trade Register. As a result, the ownership portion of OKO Bank Group Central Cooperative fell below one twentieth (1/20) of Pohjola's share capital, and the ownership portion of the OKO Bank Group Central Cooperative group fell below one tenth (1/10) of the votes in Pohjola. The combined ownership portion of Thominvest Oy, Thomproperties Oy, Dreadnought Finance Oy, Inter Masters Oy and Braelger Oy exceeded one twentieth (1/20) of Pohjola's share capital.
- November 30, 2001: Suomi Mutual's holding in Pohjola exceeded one fifth (1/5) of the voting rights and share capital as a result of a share transaction.
- January 18, 2002: As a result of the combination of Pohjola's share series A and B, the ownership portion of Ilmarinen went down to under one third (1/3) of the voting rights in Pohjola; that of OKO Bank Group Central Cooperative went down to under one twentieth (1/20) of the voting rights in Pohjola; and the combined portion of Thominvest Oy, Thomproperties Oy, Dreadnought Finance Oy, Inter Masters Oy and Braelger Oy exceeded one twentieth (1/20) of the voting rights in Pohjola.

Information to shareholders

Annual General Meeting

The Annual General Meeting of Pohjola Group plc will be held on Thursday, April 11, 2002 at 4 p.m. in the company's head office at Lapinmäentie 1, Helsinki.

Notification of attendance

Shareholders who wish to attend the AGM are requested to give notice of attendance at the company's head office in Helsinki, at Lapinmäentie 1, no later than on Friday, April 5, 2002 at 4 p.m. Notice of attendance can also be given, by the above date,

- by telephone at +358 10 559 6771, Ms Erja Ventomaa, or at +358 10 559 2949, Ms Marja Kainulainen
- by letter to Pohjola Group plc, Ms Erja Ventomaa, FIN-00013 Pohjola,
- by fax at +358 10 559 2443, Ms Erja Ventomaa

If notice of attendance is given by letter, the letter should reach Pohjola before the expiry of the notification period. Any proxies should also be submitted to the company before the expiry of the notification period.

Right to attend the AGM

Shareholders who no later than on Wednesday, March 27, 2002 have been entered as shareholders in the company's shareholder register kept by the Finnish Central Securities Depository Ltd have the right to attend the AGM.

Shareholders whose shares have been registered in the name of a nominee and who wish to attend the AGM and exercise their right of vote there must be entered temporarily in the shareholder register no later than on Wednesday, March 27, 2002. For temporary registration, the shareholders must, well in advance, contact the custodian of their shares.

Shareholders whose shares have not been transferred to the book-entry system also have the right to attend the AGM provided that these shareholders have been entered in the company's share register before March 19, 1993. In such a case, the shareholders are requested to present, at the meeting, their share certificate or other document showing that the ownership of the shares has not been transferred to a book-entry account.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that EUR 4 per Series D share be paid in dividend for the financial year ended on December 31, 2001. The dividend will be paid to shareholders who no later than on the record date of dividend payment, April 16, 2002, have been entered as shareholders in the company's shareholder register kept by the Finnish Central Securities Depository Ltd. The proposed dividend payment date is April 23, 2002. Series C shares do not entitle to this dividend.

Changes of address

Shareholders are requested to notify any changes in their personal or address data to the account operator in charge of their book-entry account.

Contact data
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Ms Ritva Kauria
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E-mail: ritva.kauria@pohjola.fi

Share Register
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For other contact data, please consult
our web pages at www.pohjola.fi.

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