Annual report 2001

TAPIOLA

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TAPIOLA

Beyond tomorrow

Contents

The official financial statements of all the companies belonging to the Tapiola Group are available at the head office, Revontulentie 7, Espoo. The annual report may be ordered by fax +358 9 453 2920 from the information department or by e-mail marianne.junkkarinen@tapiola.fi.

This is Tapiola

Tapiola is now a financial services group

Tapiola is owned by its customers

Tapiola is a group of companies owned by its customers. The Tapiola Group comprises four insurance companies and two financial services companies.

The profits of Tapiola's insurance companies are mainly used for policyholder bonuses, premium discounts and solvency accumulation. In a mutual life insurance company, funds that increase the company's solvency are accumulated entirely for the benefit of the policyholders, since they are the owners as well as the customers of the company.

Companies of the Tapiola Group

Tapiola was established on 18th June 1982, when the supervisory boards of its predecessor companies decided on a merger. The scope of Tapiola Group's business was expanded into financial services when Tapiola Asset Management Ltd and Tapiola Fund Management Company Ltd were set up in the year 2000.

As an insurance group, Tapiola is the third largest in Finland. The Tapiola Group has four insurance companies: Tapiola General Mutual Insurance Company or Tapiola General, Tapiola Mutual Pension Insurance Company or Tapiola Pension, Tapiola Mutual Life Assurance Company or Tapiola Life, and Tapiola Corporate Life Insurance Company Ltd or Tapiola Corporate Life.

Tapiola General

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

Tapiola General's result in 2001 was good. Market share and premiums written both rose most satisfactorily. Although down on the previous year, solvency remained at a high level. Tapiola General is the country's second biggest motor vehicle insurer.

Tapiola Pension

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

The result for Tapiola Pension in 2001 was good. In spite of the difficult investment climate, the company's investment return was positive. Market share rose slightly and solvency, although slightly down, remained at a high level.

Tapiola Life and Tapiola Corporate Life

Tapiola's life insurance companies are engaged in individual pension insurance, group pension insurance, individual life insurance and optional group life insurance.

The premiums written by Tapiola Life and its group company Tapiola Corporate Life rose at the same time as the premiums written in the life insurance industry as a whole is estimated to have declined by about 20 per cent. Market share was also up. The growth of unit-linked insurances was particularly gratifying.

Tapiola Asset Management Ltd and Tapiola Fund Management Company Ltd

Tapiola expanded the scope of its business at the end of 2000 to encompass asset management services and mutual fund investment. Tapiola Fund Management Company Ltd and Tapiola Asset Management Ltd were granted operating licences on 8th December 2000 and 22nd December 2000, respectively. The companies started to operate at the beginning of 2001.

The tasks of the new companies are divided so that Tapiola Fund Management Company Ltd engages in the mutual fund investment business and is responsible for fund management. The company is a wholly owned subsidiary of Tapiola Asset Management Ltd. The latter offers asset management services and is owned by the Tapiola Group. The company manages the securities market investments of Tapiola General, Tapiola Life and Tapiola Corporate Life.

The funds managed by Tapiola Asset Management Ltd totalled EUR 2,678.2 million at the end of the year, and the fund capital of Tapiola Fund Management Company Ltd rose to about EUR 162.5 million.

Tapiola's partners

Tapiola co-operates with Turva Mutual Insurance Company. According to the agreement between the companies, Turva sells Tapiola's employment pension insurances and voluntary life and pension insurances in addition to its own non-life insurances.

Tapiola has a partner in each of the Scandinavian countries. Tapiola engages in project-based and information exchange collaboration with Länsförsäkringar of Sweden, Gjensidige NOR of Norway and Almindelige Brand of Denmark.

The most important of Tapiola's other international partners are the Swiss company XL Winterthur International and the Italian company Generali, two of Europe's biggest insurance companies, as well as the personal insurance network, All Net, which belongs to the German Allianz Group. Tapiola's partners in the Baltic states are Salva and Alte Leipziger Europa, which belongs to the Münich Group. Tapiola's partner in Russia is IngoNord.

Review by the President

Continued growth, second best result in company's history

The year 2001 was very satisfactory for the Tapiola Group considering the prevailing business environment. The combined turnover of the Group's insurance companies rose by 7.9 per cent to EUR 2,218.5 million. Premiums written rose by 10.8 per cent to EUR 1,535.6 million. All of the companies in the Group increased their market shares. Realized net returns on investments rose by 5.3 per cent to EUR 524.3 million. Tapiola revised the policy of investing on the basis of yield and timing risk. Even after unrealized value changes, all of Tapiola's sub-groups reported positive earnings, and that can be regarded as an exceptional achievement.

The Tapiola Group is going through a period of intensive development. The Group was reorganized at the beginning of May in order to meet the challenges set by the new strategy. The appointment of three full-time members of the Board of Directors with special responsibility for the development of services for private household customers, corporate clients, and savers and investors is indicative of our commitment not only to improving the Group's customer-centredness but also to developing its entire strategic management. This is important at a time when profound changes are occurring in the business environment.

The management resource base of the Tapiola Group was expanded by appointing new managing directors to take responsibility for developing the operations of the Group's insurance companies. Each of the new managing directors was found from inside the Group. Generation changes in the management of the Group are starting to become increasingly commonplace. Tapiola's deputy managing director Per-Olof Bergström and the Group's personnel director Pekka Pessa retired during 2001. Both of these men have given long and distinguished service to the Tapiola Group.

The expansion of financial services in accordance with the Group's strategy progressed when management of the securities investments of Tapiola's insurance companies was transferred to Tapiola Asset Management Ltd at the beginning of February. Tapiola thereby productized its investment activity, which has been built up over almost 150 years.

At the end of the year funds totalling EUR 2,678.2 million were under the management of Tapiola Asset Management Company Ltd. The funds of the company's subsidiary, Tapiola Fund Management Company Ltd, rose during its first year of operation to EUR 162.5 million, which immediately elevated the company to the ranks of Finland's medium-sized mutual fund management companies. The need and opportunities to add banking services to the other financial services offered by Tapiola was also studied during 2001 in the savers and investors customer segment.

Tapiola's diversified financial services necessitated a revamping of the Group's brand. Following preparatory work lasting about a year, the new brand was launched at the beginning of February 2002. Thereafter the Group's name changed from Tapiola Insurance Group to Tapiola Group. The Group's logo was renewed at the same time. Tapiola now adheres to a single-brand policy, which means that all products will bear the Tapiola name.

Key figures

Combined fugures for the groups of Tapiola companies

	2001 EUR mill.	2001 EUR mill.	Change %
Turnover	2 218.5	2 056.1	7.9
Premiums written	1 535.6	1 386.5	10.8
Net return on investments	524.3	498.1	5.3
Claims expenditure	1 316.5	1 224.3	7.5
Operating costs	143.2	121.3	18.1
Investments, book value	7 541.3	6 797.4	10.9
Investments, current value	8 293.1	7 728.4	7.3
Fund capital	162.5	–	–
Equity	279.4	226.8	23.2
Technical provisions	7 545.9	6 854.3	10.1
Balance sheet total	8 036.0	7 299.2	10.1

Our status as a mutual company has been further enhanced by the many structural and competitive changes that have taken place in the insurance and financial services sector. We are working actively to strengthen our identity as a mutual company and we are learning to exploit even more effectively the indisputable competitive advantages derived from the absence of any conflict of interest between owners and customers.

The Tapiola Group considerably bolstered its competitive position in 2001. The solvency of the companies and the strengthened culture of interaction inside the Group will provide us with the means to succeed in these times of growing competition.

Tapiola has made co-operation agreements in order to maximize the benefits accrued by customers and to minimize conflicts of interests between the partners. This will create a firm foundation and will strengthen the competitiveness of Tapiola and its partners.

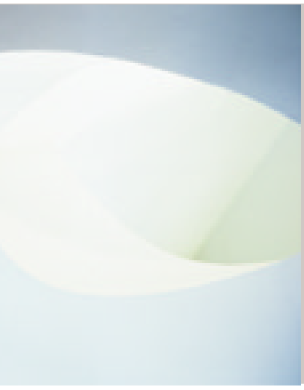
The members of Tapiola's supervisory and advisory boards have supported the management and organization of our Group at all levels. I would like to thank them all for this fruitful interaction.

The number of Tapiola employees has risen with the expansion of our business activities. Indeed, as many as two thirds of our current personnel have joined the Group since 18th June 1982, when two medium-sized insurance groups, Aura and Pohja, merged to form Tapiola. Our human resources thus include a great blend of solid experience and fresh knowledge. Both are essential. I was pleased to note that the internal survey conducted last year clearly indicated that the staff is committed to the Group and that internal co-operation is working well. Welcome news indeed, but there is always room for improvement. The survey also revealed that Tapiola's values have been rather well adopted. One of these values is "Shared Success", and that certainly describes our performance in 2001. Accordingly, a profit-sharing payment of EUR 1.6 million can be paid to our employees. I thank each and every achiever of good results.

Tapiola, 7th March 2001

Asmo Kalpala

Tapiola's administrative bodies and their tasks



Tapiola's administrative model is based on customer-ownership.

Policyholders are the company's owners

Tapiola's owners are the policyholders and guaran tee shareholders. All the guarantee shares, which in each Tapiola mutual insurance company represent less than 5% of the total number of votes, are owned by the Group's mutual companies. Similarly, all the shares of Tapiola Corporate Life Insurance Company are owned by other Tapiola companies.

The policyholders exercise their voting power at the annual general meetings. Every policyholder has at least one vote, with additional votes being conferred on the basis of insurance premiums (Tapiola General and Tapiola Pension) or life insurance savings (Tapiola Life). In addition, the voting right of those insured under each TEL policy issued by Tapiola Pension is exercised by a single representative chosen by the employees of the policyholder.

The annual general meeting of each company selects the members of the supervisory board and the auditors, and decides on the adoption of the profit and loss account and balance sheet and on the granting of freedom from responsibility to the members of the administrative bodies and the managing director. The annual general meeting also decides on amendments to the articles of association, on mergers, and on complete or partial insurance portfolio transfers.

Authority of the supervisory board is extensive

The annual general meetings elect a supervisory board for each insurance company of the Group on the basis of proposals made by the policyholders and the co-operation committee of the supervisory boards. There are currently 26 members serving on the supervisory board of Tapiola General, 15 members on the supervisory board of Tapiola Life, 17 members on the supervisory board of Tapiola Corporate Life, and 28 members on the supervisory board of Tapiola Pension. When electing members to the supervisory boards, the aim is that the compositions of the boards should correspond to the structure of each company's customer base, reflecting both customer segmentation and the regional breakdown of premiums written. The principles of impartiality are also observed. According to the Employment Pension Insurance Act, at least half of the members serving on Tapiola Pension's supervisory board must be elected from among the persons proposed by the central organizations representing employers and employees. The members elected from the representatives of the employers and employees must be equal in number, i.e. 7 and 7.

The tasks of the supervisory boards are:

- to supervise the administration of the company by the board of directors and managing director.
- to issue a statement to the annual general meeting on the financial statements and on the auditors' report.
- to decide on the number of members and deputy members of the board of directors.

- to appoint and dismiss the members, deputy members, chairman and deputy chairman of the board of directors, and decide on the fees payable to the members and on the reimbursement principles for travelling expenses.
- to decide on issues that concern a significant expansion or contraction of business activity or a significant change in the company's organization.
- the supervisory board of Tapiola Pension approves on an annual basis and in accordance with the Employment Pension Insurance Act the principles on which the plan is drawn up for the investment of the company's resources.

The supervisory boards can also issue instructions to the boards of directors on matters that have far-reaching consequences or involve matters of important principle. For example, the exercise of voting power based on guarantee shares at the annual general meeting of a company belonging to the Group is regarded in Tapiola as being a case in point.

The co-operation committee of the supervisory boards supervises the activities of the whole Tapiola Group

The chairmen and deputy chairmen of the Tapiola's supervisory boards sit on the co-operation committee of the supervisory boards, concerning which there is a regulation in the articles of association of each company. The supervisory boards approve the co-operation committee's working procedures, in accordance with which the co-operation committee prepares the matters to be dealt with at supervisory board meetings and makes decision proposals to the supervisory boards. Reporting to the supervisory boards, it supervises the work of the board of directors, the president and managing director, and receives the reports necessary to carry out this task. It prepares and makes decision proposals to the annual general meeting concerning the election of supervisory board members. In this matter the chairman and deputy chairman of each supervisory board do not take part in the making of the decision proposal concerning the supervisory board that they represent.

The co-operation committee of the supervisory boards is not a juridical corporate body and it therefore does not have any decision-making authority. All decisions are made in the supervisory boards. When making a decision proposal, its content is decided by the chairman and deputy chairman of the supervisory board to which it will be submitted. The co-operation committee elects its own chairman and deputy chairman from among the chairmen of the supervisory boards for a term of office of one year at a time.

The board is responsible for the administration, the appropriate organization, and the group's services

The supervisory boards elect the boards of directors for their respective companies. They also elect the chairman and deputy chairman of their respective boards of directors. With the exception of Tapiola Pension, there are currently four members and four deputy members on each company's board of directors. These boards of directors form the operative management of the companies. The members of Tapiola General's board of directors are full time and also serve as board members in Tapiola's life insurance companies. Tapiola's president acts as the chairman of the boards of directors. In addition to their board duties, the members are responsible for the group's services for different customer segments: one for services aimed at private households, another for services aimed at companies, major clients and organizations, and the third for services aimed at insurance savers and investment clients.

The board of directors of Tapiola Pension has twelve members and four deputy members. According to the Employment Pension Insurance Act, at least a half of the members of the board of directors must be elected from among the persons proposed by the central organizations representing employers and employees. The members and deputy members elected from the representatives of the employers and employees must be equal in number, i.e. 3 and 3, and 1 and 1, respectively. The president of Tapiola serves as the chairman of the board of directors and the managing director of Tapiola General serves as the deputy chairman. In addition to these, the board of directors also includes representatives of the customer-owners and the managing director of the partner company, Turva Mutual Insurance Company.

The board of directors is responsible for the administration of the company and the appropriate organization of its activities. The board of directors also ensures that the supervision of bookkeeping and financial management is appropriately organized. The board of directors approves the company's strategic plan and operating principles, the annual action plan and the budget, and supervises their implementation. The board of directors approves the company's maximum insurance liability without reinsurance, and approves the policy for seeking reinsurance cover. The board of directors also approves the investment plan and risk policy. The development of services for customer-owners, as well as investment matters and risk management are emphasized in the work of a mutual insurance company's board of directors.

Managing director handles the company's business according to instructions and regulations issued by the board of directors

The boards of directors have selected a different person to act as the managing director of each insurance company with the exception of Tapiola Corporate Life, in which case the managing director of the parent company, Tapiola Life, acts as the managing director. According to the Insurance Companies Act, the managing director of an insurance company, like the members of the board of directors, must possess sufficient knowledge of the insurance business, given the nature and scope of the company's insurance activities. The managing director of an employment pension insurance company is required to have sufficient knowledge of employment pension insurance, investment and business management.

Advisory committees represent the customer-owners

In addition to the supervisory boards, Tapiola's customers are also represented in Tapiola's activities through the advisory committee system. Tapiola has 19 regional advisory committees, each of which consists of 12-15 members, as well as an advisory committee for the SME sector and an advisory committee for agriculture and forestry, each of which has 12 members. These committees act as an additional channel of interaction between the company and its customers.

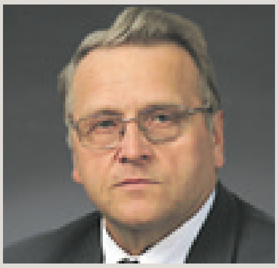
Co-operation committee of the supervisory boards

Tapiola General

Pentti Sihvola (b. 1945)

Chairman of the supervisory board of Tapiola General.

Consultant (eye specialist), Licentiate of Medical Science, managing director of Kuopion Silmäasema since 1975, chairman of the board of Silmäasemat Marketing since 1991, member of the board of Suomen Hammashuolto since 1998.



Reino Penttilä (b. 1940)

Deputy chairman of the supervisory board of Tapiola General.

Agricultural councilor, chairman of the board of Atria since 1991, chairman of the board of Itikka Osuuskunta since 1982, deputy chairman of the board of Pellervo Confederation of Finnish Cooperatives since 2001.

Tapiola Pension

Ilkka Brotherus (b. 1951)

Chairman. Chairman of the supervisory board of Tapiola Pension.

Master of Economic Sciences, managing director of Sinituote Oy since 1988, chairman of the board of YIT Corporation since 2002, member of the board of Amer Group since 2000.

Antti Oksanen (b. 1944)

Deputy chairman of the supervisory board of Tapiola Pension.

Master of Forestry, Mining Counsellor, CEO of Metsäliitto Group since 1996, managing director of Metsäliitto Osuuskunta since 1992, chairman of the board of M-real since 1995, chairman of the board of Metsä-Botnia since 1995, chairman of the board of Finnforest since 1995, chairman of the board of Metsä Tissue since 1997, deputy chairman of the board of Metsäliitto Osuuskunta since 1995, member of the board of Myllykoski Paper since 1995.

Tapiola Life

Tuula Entelä (b. 1955)

Chairman of the supervisory board of Tapiola Life.

Master of Economic Sciences, Master of Laws, investment director of Sato-Yhtymä since 1997, deputy chairman of the board of Helsingin Osuuskauppa HOK since 1996, member of the supervisory board of SOK Corporation since 2000.

Jouko Havunen (b. 1947)

Deputy chairman of the supervisory board of Tapiola Life.

Licentiate of Economic Sciences, director of the Levón institute of Vaasa University, C.P.A. auditor, member of the board of Laihian Mallas since 1988, member of the board of Kymppi-Maukkaat since 1999.

Tapiola Corporate Life

Marjut Nordström (b. 1956)

Chairman of the supervisory board of Tapiola Corporate Life.

Master of Economic Sciences, managing director of EL-Kori since 1990, member of the board of Lahden Seudun Yrityskeskus since 1997.

Antero Taanila (b. 1941)

Deputy chairman of the supervisory board of Tapiola Corporate Life.

Provincial councilor, administrative director of Outokumpu Zinc, member of the board SOK Corporation since 1991, chairman of the supervisory board of Osuuskauppa KPO since 1992.

Asmo Kalpala (b.1950)

chairman, Master of Economic Sciences.

Chairman of the boards of Tapiola General, Tapiola Life and Tapiola Pension since 1987 and president since 1994; chairman of the board and president of Tapiola Corporate Life since 1994, chairman of the board of directors and board of management of the Federation of Finnish Insurance Companies since 2000, member of the board of the Insurance Employers' Association since 1988, member of the board of M-real since 1990, deputy chairman of the board of YIT Corporation since 2000, deputy chairman of the supervisory board of Turva Insurance since 1995, member of the board of LTT-Tutkimus since 1988, member of the Centre for Finnish Business and Policy Studies (EVA) 1993-1995, deputy chairman since 2000.

Pertti Heikkala (b. 1940)

Insurance councilor, Master of Economic Sciences.

Group director of the business field private customers, managing director of Tapiola General 1994-30.4.2001, deputy chairman of the boards of Tapiola General and Tapiola Life since 1988, deputy chairman of the board of Tapiola Corporate Life since 1994, deputy member of the board of Tapiola Pension as from 1.5.2001, member of the board of the Federation of Accident Insurance Institutions since 1994, deputy chairman of the board of Turva Insurance since 1996.

Per-Olof Bergström (b. 1942)

Master of Engineering Sciences, Master of Economics Sciences.

Deputy managing director of Tapiola General 1994-30.4.2001, deputy member of the board of Tapiola General 1994-30.4.2001, deputy chairman of the Finnish Motor Insurers' Centre 1999-2001, chairman of the board of Suomen Vakuutusdata 1989-2001, member of the board of Suomen Vahinkotarkastus SVT 1998-2001.

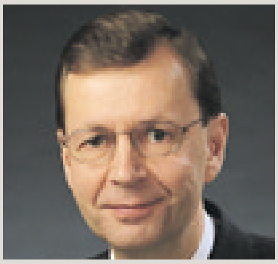
Antti Calonius (b. 1950)

Master of Political Sciences.

Director of major clients, international operations and brokers since 1993, deputy member of the boards of Tapiola General and Tapiola Life since 1993 and Tapiola Corporate Life since 1994, chairman of the board of Alma Insurance since 1995, member of the board of Tapiola Asset Management since 2001, member of the boards of the Finnish Atomic Insurance Pool and the Finnish Pool of Aviation Insurance since 1989.

Jari Eklund (b. 1963)

Master of Economic Science.
Investment director of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998, deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998, chairman of the board of Tapiola Asset Management Ltd. since 2001, member of the board of JOT Automation since 2000, member of the supervisory board of Ilkka Yhtymä since 1998, member of the board of Suomen Hypoteekkiyhdistys since 2000, member of the board of Suomen SKV since 2000 and Vacom since 2001.



Juhani Heiskanen (b.1948)

Master of Arts, eMBA, FASF.
Deputy managing director of Tapiola Pension, Tapiola Life and Tapiola Corporate Life since 1998 and director of Tapiola Pension since 1995, member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998, deputy member as from 1.5.2001, actuary and deputy member of the board of Turva Insurance since 1995.

Juhana Hintsanen (b. 1945)

Master of Laws.
Deputy member of the board of Tapiola Pension since 2002, managing director of Viestintätyönantajat VTA since 2002.

Eeva-Liisa Inkeroinen (b. 1963)

Master of Laws.
Member of the board of Tapiola Pension 1996-31.12.2001, director of the Labour Market Policy Unit of the Employers' Confederation of Service Industries in Finland since 1997.

Kari Kaukinen (b. 1944)

Consultant (general medicine).
Consultant (occupational health care), specialist in insurance medicine, deputy member of the board of Tapiola Pension 1996-31.12.2001, member since 1.1.2002, medical expert of the Confederation of Finnish Industry and Employers (TT) and the Employers' Confederation of Service Industries in Finland since 1995, senior consultant to Diacor terveyspalvelut since 1990, member of the board of the Finnish Work Environment Fund since 1995, member of the board of management of the Institute of Occupational Health since 1995, member of the Merikoski board of the Association of the Pulmonary Disabled since 1998, member of the board of the Rehabilitation Foundation since 1995.

Seppo Kemppinen (b. 1950)

Attorney-at-law
Deputy member of the board of Tapiola Pension since 2001, attorney-at-law of the solicitors Borenius & Kemppinen since 1977, partner since 1982, deputy chairman of the Association of Finnish Lawyers

Markku Koponen (f. 1950)

Master of Philosophy.
Member of the board of Tapiola Pension since 1.2.2002, director of the Employers' Confederation of Servicw Industries in Finland since 1996, deputy member of the board of the Central Pension Security Institute since 1987 and member since 1998, member of the board of the pension fund ETEK since 1995 and chairman since 2002, member of the board of the Federation of the Accident Insurance Institutions since 1998, deputy chairman of the supervicory board of the Education and Redandancy Payments Fund since 1998 and chairman since 2002, member of the board of the Unemployment Insurance Fund since 1999.

Pentti Koskinen (b. 1942)

Master of Philosophy, FASF.
Actuarial director of Tapiola General, actuarial director of Tapiola Life and Tapiola Pension 1992-2001 and Tapiola Corporate Life 1994-2001, member of the boards of Tapiola General and and Tapiola Life 1993-30.4.2001 and member of the board of Tapiola Corporate Life 1994-30.4.2001, member of the board of Tapiola Fund Management Company since 2001.

Tom Liljeström (b. 1959)

Master of Engineering Sciences, Master of Economic Sciences.
Group director of the of the business field corporations and major clients, managing director of Tapiola Pension 1998-30.4.2001 and member of the board of Tapiola General and Tapiola Life since 1994, member of the board of Tapiola Life since 2001, deputy member of the board of Tapiola Pension since 2000 and deputy chairman since 1.5.2001, chairman of the supervisory board of Lännen Tehtaat since 1996.

Ismo Luimula (b. 1945)

Master of Social Sciences.
Member of the board of Tapiola Pension since 1996, research secretary of the Central Organisation of Finnish Trade Unions (SAK) since 1970, economist since 1991 and resposible economist since 2001, member of the supervisory board of Finnvera since 1998, member of the board of the Labour Institute for Economic Research since 1988, deputy member of the board of the Central Pension Security Institute since 1998.

Matti Luukko (b. 1941)

Master of Laws.
Deputy managing director of Tapiola Life and Tapiola Corporate Life since 1994, deputy member of the boards of Tapiola Life and Tapiola Corporate Life 1994-30.4.2001, deputy chairman of the board of Employees' Group Life Insurance Pool since 1998.

Seppo Maskonen (b. 1945)

Master of Political Sciences.
Deputy member of the board of Tapiola Pension 1989-18.4.2001, managing Director of Suomenmaa-yhtiöt since 1975.

Paavo Mäkinen (b. 1945)

Doctor of Agriculture and Forestry Sciences.
Member of the board of Tapiola Pension since 2000, operations manager of the Central Union of Agriculatural Producers and Forest Owners (MTK) since 1997.

Markku Paakkanen (b. 1951)

Licentiate of Philosophy, FASF.
Economy director of Tapiola Insurance Group since 1998, deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate since 1998.

Maj-Len Remahl (b. 1942)

Member of the board of Tapiola Pension since 1987.
Chairman of the Union of Commercial Employees in Finland since 1987 until 31.11.2000, chairman of Service Trade Union PAM since 1.12.2000, member of the board and executive committee of the Central Organisation of Finnish Trade Unions (SAK) since 1986, chairman of the International Federation of Commercial, Clerical, Professional and Technical Employees (FIET), 1999-2000, member of the board of management of the Labour Institute for Economic Research since 1996, deputy chairman of the Union Network International (UNI) since 2000 and chairman since 2001

Pekka Rinne (b. 1944)

Master of Agriculture, agricultural counsellor.
Deputy member of the board of Tapiola Pension 1988-12.2.2001, director of the Finnish Association of Academic Agronomists since 1982, deputy chairman of the board of the Confederation of Unions for Academic Professionals in Finland (AKAVA) since 1988, farmer in Halikko since 1969.
The board membership of Tapiola Pension terminated 12.2.2001.

Jari Saine (b. 1951)

Master of Philosophy, FASF.
Group director of the business field insurance savings and investments, managing director of Tapiola Life and Tapiola Corporate 1994-30.4.2001, member of the boards of Tapiola Life and Tapiola Corporate Life since 1994, member of the board of Tapiola General since 1.5.2001, deputy member of Tapiola Pension and Tapiola Corporate Life since 1.5.2001, member of the board of Tapiola Asset Management since 2001, member of the board of Retro Life Insurance Company since 1994, member of the supervisory board of Turva Insurance since 1996, member of the board of Seligson & Co since 1999.

Seppo Salisma (b. 1948)

Master of Laws.
Member of the board of Tapiola Pension since 2000, managing director of Turva Insurance since 1998, member of the board of the Federation of Finnish Insurance Companies since 1998, mmber of the board of Pikespo Invest since 1998.

Veikko Simpanen (b. 1942)

Member of the board of Tapiola Pension since 1999, social secretary of the Finnish Confederation of Salaried Employees (STTK) since 1979, ember of the board of the Federation of Accident Insurance Institutions since 1986, mmber of the board of the Central Pension Security Institute since 1998, mmber of the board of ETEK Employment Pension Fund since 1998, member of the board of the Helsinki and Uusimaa Hospital District since 2000.

Risto Suominen (b. 1947)

Licentiate of Political Sciences.
Member of the board of Tapiola Pension since 1999, managing director of the Federation of Finnish Enterprises since 1996, member of the board of the Central Pension Security Institute since 1998, member of the board of Finnvera since 1996.

Matti Sutinen (b. 1942)

Master of Engineering Science.
Member of the board of Tapiola Pension 1996-31.12.2001, managing director of Viestintätyönantajat VTA 1987-2001.

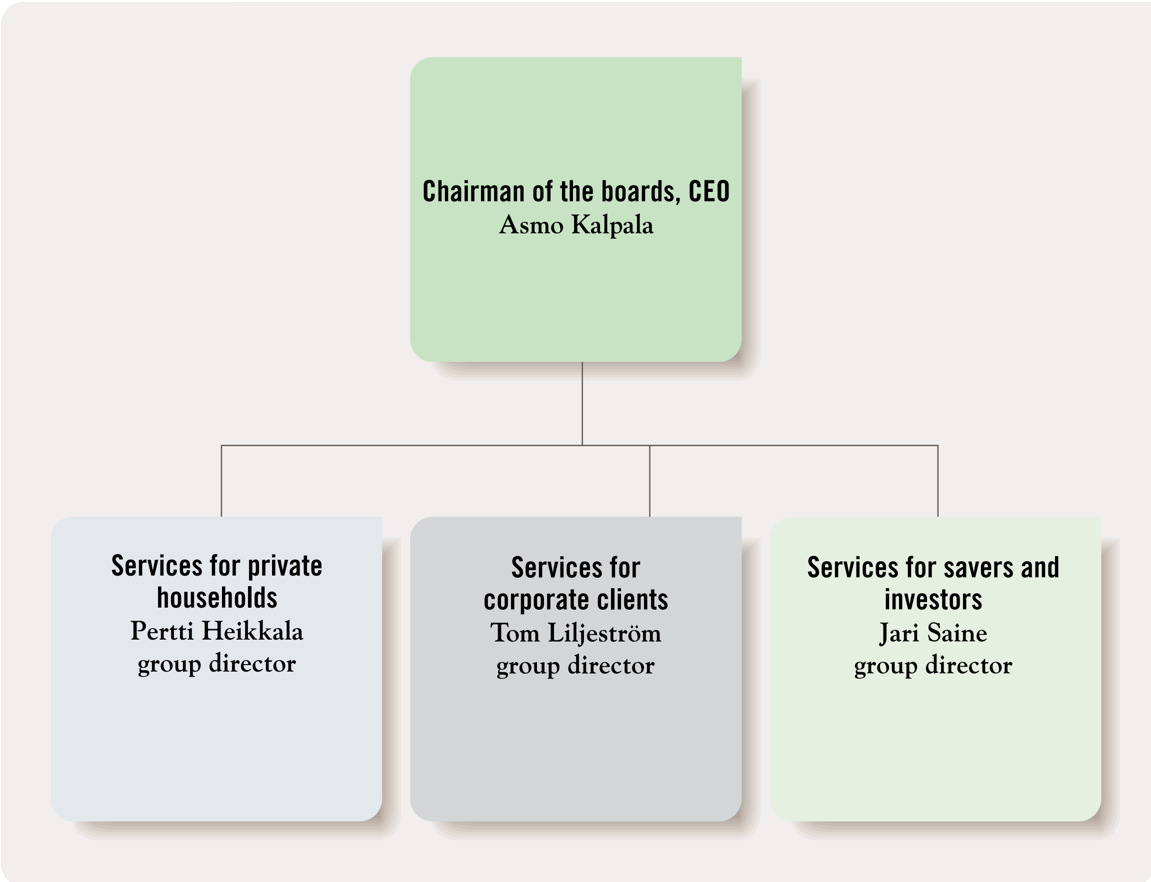
Aino Toikka (b. 1947)

Master of Philosophy.
Member of the board of Tapiola Pension since 1995.
Personnel director of SOK Corporation since 1991, member of the board of the Commercial Employers' Association since 1991, deputy chairman of the board of management of the Finnish Business College since 1995, member of the board of the Finnish Employers' Management Development Institute (FEMDI) since 2000.

Pauli Torkko (b. 1947)

Licentiate of Economic Sciences.
Member of the board of Tapiola Pension since 1989, deputy managing director of Orion-yhtymä, since 1984, member of the board of Orion-yhtymä since 1987, chairman of the board of the Salaried Staff's Pension Foundation of Orion-yhtymä since 1991, chairman of the Labour Market Advisory Committee of the Chemical Industry Association since 1997.

Tapiola establishes customer-segmented organization



Tapiola Group's customer segments are each represented by their own director at board level.

In the spring of 2001 Tapiola reorganized its businesses into three customer segments: private households, savers and investors, and companies, major clients and organizations. Each customer segment has its own representative at board level, i.e. a group director. The new organizational model promotes good and smooth internal co-operation as well as efficient decision-making. It further enhances Tapiola's work as a financial expert organization that genuinely cares for the interests of its customers.

Good discounts for private households

The year 2001 brought good results and strong development of Tapiola’s service for private household customers. Tapiola won almost 14,000 new private household customers and the segment’s share of the customer base rose significantly. At the end of 2001 there were altogether 690,000 private household customers in the Tapiola Group. In the review year, good care discounts totalling about EUR 5 million were distributed in accordance with the owner-customer programme on the basis of decisions made earlier.

The owner-customer programme together with its care models and associated network co-operation were further developed. Organizational and workflow prerequisites to care for the service needs of customers were improved both in the regions and in head office functions. The telephone service was expanded by setting up in Kuopio a telephone service unit covering the whole country.

The number, depth and permanence of customer relationships developed favourable. The customers’ willingness to recommend Tapiola to others, as well as customer satisfaction and the resilience of customer relationships also developed in the right direction. Significant progress was made in integrating savings and investment services into insurance services.

Strategic development work on the renewal of the Tapiola brand was carried out with the aim of raising Tapiola’s profile and image as an insurance and financial services group owned by its customers. External implementation of this high-profile and important reform began at the beginning of February 2002. This was preceded by an extensive internal marketing project, with particular attention being paid to the requirements of customer service and to the importance of competent personnel in internal and external service situations.

Tapiola is currently developing its products, service models and customer communications in a purposeful manner, improving its owner-customer benefits by raising the maximum amount of owner discount from 7 per cent to 10 per cent, honing its claims and care processes, ensuring that brand promises are kept in customer service work, and increasing its expertise in all sales channels of savings and investment services. Activities in the private household segment are characterized by Tapiola’s genuine customer perspective and its associated strongly developing internal co-operation throughout the group.

Pertti Heikkala
group director, private households

Solid growth in number of corporate clients

The number of Tapiola's corporate clients continued to rise in 2001, and at the end of the year they numbered about 53,000. The results of a corporate survey made by Gallup Finland were also a breakthrough for the company: of all Finnish insurance companies, Tapiola got top marks for standard of service.

Making further advances in customer-centredness, i.e. developing our activities so as to promote the customer's business, was one of most important areas of emphasis in the review year. Services were designed more clearly according to the needs of different customer groups. The scope of Tapiola's service promise was expanded towards predictive, systematic and comprehensive risk management, and its contents was enhanced in insurance, investment and financing solutions.

At the operational level this means purposeful interaction with the customer. Information was gathered in advance on what concerns were important to customers. The nature of the co-operation is therefore changing from carrying risks to preventing risks. The aim is to create more value added for the customer than is possible by merely compensating for losses after the event.

A more detailed knowledge of the customer's needs profile also helps Tapiola to allocated resources more precisely, thereby improving business efficiency. And, of course, it is Tapiola's owner-customers who ultimately benefit from this.

Meeting the needs of customers usually involves providing a wide range of products and services, many of which are highly tailored. A large number of experts are involved in creating a comprehensive solution. In addition to close collaboration with the customer, a willingness to co-operate also inside the organization is the key to finding new solutions. The importance of team spirit is underlined in Tapiola's new customer-segmented organization. The company's reorganization and its new internal management training will provide additional common tools for stimulating teamwork.

Tom Liljeström
group director, corporate clients

Tapiola's customer segments

The newest customer segment is savers and investors

Tapiola markedly strengthened its position in the savings and investment market during the review year. The company clearly bolstered its market position in endowment insurances and almost doubled its market share of premiums written for unit-linked insurances to 9.4 per cent.

The business environment was challenging in 2001as the price trend on the equities market was downward and interest rates were in decline for most of the year. This manifested itself as greater caution on the part of customers when selection savings and investment instruments. The capital of mutual fund companies and the capital of unit-linked savings policies developed somewhat more moderately than in the previous year. Despite the low level of interest rates, all low-risk and predominantly fixed-income forms of saving were popular.

Tapiola Asset Management Ltd and Tapiola Fund Management Company Ltd began operating in February 2001. The start-up of business operations went smoothly according to plan, and the funds managed by Tapiola have been sold both as direct unit investments and in combination with Tapiola's insurances. Tapiola Fund Management Company Ltd achieved a 1.1 per cent market share in its first year of operation.

Co-operation with Seligson & Co Rahastoyhtiö Oy has continued and also deepened. We have striven in our business concepts to ensure that the two companies' funds complement one another, thereby providing Tapiola's customers with a sufficiently diverse range of funds.

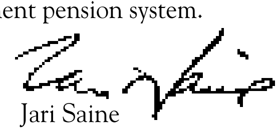
In Tapiola's regional services the organization specializing in savings and investment services has been refining its business model and has already achieved a fairly good level of preparedness. More use will be made of the office channel in the supply and sales of these services.

Considering Tapiola's expertise and long track record of successful investment, awareness of the company's presence in the savings and investment services market is not yet sufficiently good. Efforts will be made to remedy this situation by exploiting Tapiola's new brand and by highlighting the company's successful customer-centred approach to business and its strong investment expertise.

Good use is being made of e-business solutions in mutual fund services, but these still require much more development work in endowment and individual pension insurance services.

Networking with certain financial services companies has been fruitful and will be expanded as and when the opportunities arise. Co-operation with S Group, a leading Finnish retailing co-operative, has carved out a firm foothold in the product domain of this customer segment. During the first half of 2002 the company will study the feasibility of expanding its savings and investment services into basic banking services.

The growth outlook in this sector is quite good. In particular, further growth is expected in individual saving solutions that augment the statutory employment pension system.



Jari Saine
group director, savers and investors

Tapiola Fund Management Company among the middle-sized companies

Tapiola Fund Management Company Ltd grew during its first year in business to become a medium-sized mutual fund management company in spite of the difficult and highly volatile equity market. In exceeding the targets set for both market share and fund capital, the company also posted better-than-expected earnings. Winning the confidence of customers has been a very important matter for the new company's staff, and they have responded magnificently to the challenge.

Tapiola Fund Management Company Ltd began operating in January 2001 with a range of eleven cost-effective mutual fund solutions offering a good risk-return balance. The product range is divided into three fund families: fixed income funds, combined funds – in which investments are made in fixed income instruments and equities - and equity funds. The investments of Tapiola's equity funds are spread over a number of sectors globally. The aim is to achieve a good return at a reasonably risk. Tapiola's balanced funds have succeeded also in yield comparisons.

Tapiola Money Market fund is particularly suitable for treasury management and has been favoured by entrepreneurs and companies. The minimum investment in this fund is EUR 500. The fund does not collect any subscription or redemption fees, which makes the investment of surplus cash in the fund both easy and rewarding.

The magnitude of the annual management fees charged on the value of a mutual fund has great significance for long-term savers. Reasonably priced management fees are a key business principle, which will lay a solid foundation for mutual fund product sales in 2002.

The risk associated with equities investment can be reduced effectively by investing in funds monthly. With Tapiola Fund Management Company Ltd the monthly contribution can be as little as EUR 50. The value development and risk/return ratio of our fund can be followed on the company's website at , where unit subscriptions and redemptions can also be made.

Asko Sasi
managing director,
Tapiola Fund Management Company Ltd

Asset management company starts up at a challenging time

Tapiola Asset Management Company Ltd started up at the beginning of 2001 in challenging times. The outlook for the new year was then cautiously optimistic, but the rapidly worsening international economic situation once again sent equity investors scurrying for cover. Paradoxically, the market rallied quite strongly in the period following the September 11th terrorist attacks. The average rise in European equity prices over the fourth quarter was about 15 per cent. The year as a whole, however, was strongly negative.

The second weak investment year in a row further strengthens the notion that a long-term investment strategy is essential. The securities markets are characterized by ups and downs as well as strong and unpredictable volatility.

The relatively uncertain outlook for 2002 still requires moderation from investors, although there are some signs that economic recovery is in the offing. In normal circumstances easing of monetary policy supports the stock market, but weak corporate earnings and prevailing uncertainty are still casting a shadow over the prospects for higher share prices.

The Tapiola Group's own investments have been successful both in good and hard times. Now Tapiola is able to provide customers with direct access to this expertise. As an experienced investor offering new investment services, Tapiola can add value to its customers' investment portfolios in spite of the difficult investment climate. At the end of 2001 there were almost EUR 2.5 billion in customer funds under management.

The key factors driving Tapiola Asset Management Ltd's business are competent personnel, cost-effectiveness, and a systematic and controlled investment process supported by the company's own thorough investment research and analysis. Successful business requires not only in-depth knowledge and continuous monitoring of investment objects and markets, but also effective management of information used to support investment decision-making.

Tapiola places great importance on the continuous development of risk management methods and analytical tools. Success in investment also requires one to know and understand the reasons for success in the past. In 2002 Tapiola will place special emphasis on the development of new and more effective analytical methods. This development work will mean asset management services of even higher quality for our present and future customers.

Jyrki Mäkelä
managing director,
Tapiola Asset Management Ltd

Tapiola General

Annual raport 2001

Review by the Managing Director

Tapiola General's market share continues to grow

The premiums written for direct business in the industry as a whole rose by 6.6 per cent in the year 2001. The 10.1 per cent rise in Tapiola General's direct business clearly exceeded the industry average and substantially boosted the company's market share. Tapiola General's result extended the string of good performances in recent years. The operating profit of EUR 106.7 million represented 18.3 per cent of turnover. The good result increases the company's opportunities to develop its business and strengthens its ability to withstand even unexpected risks.

The general climate of opinion is generally very favourable towards Tapiola and its mutual form of ownership. The company's owner-customer programme, its commitment to quality, and increased network co-operation have all strengthened customer loyalty and attracted new customers. The company's insurance portfolio and the number of customers are both growing strongly.

The company continues to develop its products and services tailored to the needs of individual customer groups. Particular emphasis has been placed on improving the impression that customers have of claims handling.

Strategically important management training and strengthening of the staff's professional competence have succeeded very well according to an internal opinion survey. The attention given to staff well-being and fitness for work has also yielded good results.

Tapiola General has succeeded well in the private household and corporate insurance markets. On the household side, especially motor vehicle and motor liability insurances are clearly growing.

The September 11 terrorist attacks had a significant impact on the non-life reinsurance market. The availability of reinsurance deteriorated and prices rose sharply. Tapiola General together with certain other Finnish insurance companies set up a reinsurance pool to share the burden of any future terrorism claims.

Tapiola is also developing its business and corporate image by focusing on service and sales channels, products and their associated customer benefits, service-minded and competent personnel, customer-centred and high-quality service processes and the information systems and resources that support them, as well as risk management that covers the company's entire business.

Juha Seppänen
managing mirector
Tapiola General

Pertti Heikkala was the managing director of Tapiola General until 30.4.2001.

Administration and auditors

Supervisory board

Pentti Sihvola 1999-2002
chairman,
ophthalmologist, chairman, Kuopio
Reino Penttilä 2000-2003
deputy chairman, agricultural councilor, Nurmo
Heli Alanko 2000-2003
managing director, Järvenpää
Jukka Alho 2001-2004
managing director, Espoo
Martti Haaman 2000-2003
industrial councilor, Helsinki
Kari Haavisto 2000-2003
finance director, Helsinki
Veikko Hannus 2001-2004
welder, Kajaani
Arto Hiltunen 2000-2003
managing director, Porvoo
Risto Ihamuotila 1999-2002
chancellor, Helsinki
Heikki Ikonen 2000-2003
municipal councilor, Nurmes
Robert Ingman 1999-2002
managing director, Sipoo
Kari Jalas 2001-2004
Dr.Pol.Sc., Helsinki
Janne Juvonen 2001-2004
support, Kuopio
Olli Karkkila 2001-2002
chairman, Lohja
Markku Koskinen 2000-2003
director, Kärkölä
Olavi Kuusela 2000-2003
managing director, Helsinki
Juha Laaksonen 2001-2002
economy director, Helsinki
Pirkko Lahti 2000-2003
operations manager, Helsinki
Raimo Leivo 2001-2004
managing director, Tampere
Erkki Luhta 2001-2002
director, Helsinki
Ahti Manninen 2001-2004
managing director, Lappeenranta
Seppo Paatelainen 2001-2004
managing director, Seinäjoki
Pirkko Rantanen-Kervinen 1999-2002
managing director, Vantaa
Teuvo Salminen 1999-2002
deputy managing director, Espoo
Juhani Sormaala 2001-2004
managing director, Helsinki
Olli Vuorio 2001-2004
police commissioner, Vihti

Auditors

Mauno Tervo, B.Sc. (Econ.), C.P.A.
PricewaterhouseCoopers Oy
firm of certified public accountants,
responsible auditor
Ulla Holmström, B.Sc. (Econ), C:P.A.

Deputy auditors
Barbro Löfqvist, M.Sc. (Econ.), C.P.A.
Mirja Tonteri, B.Sc. (Econ.), C.P.A.

Board of directors

Asmo Kalpala, chairman, CEO
Pertti Heikkala, deputy chairman, group director, households
Tom Liljeström, group director, corporations and major clients
Jari Saine, group director, savers and investors

Deputy members:
Antti Calonius, director, major clients, international operations and brokers
Jari Eklund, director, investments
Juhani Heiskanen, deputy managing director, sales, marketing and regional services
Markku Paakkanen, director, economy and IT services

Annual report 2001

The growth in premiums written by Tapiola General exceeded the trend of the industry.

The company's operating profit in 2001 remained at a high level and was EUR 107.7 million (131.9 million), representing 28.8 per cent (37.7 %) of net premiums earned. The 10.1 per cent growth in premiums written for direct business was significantly higher than the industry average of 6.6 per cent. The company's market share of direct business in Finland rose by about 0.5 of a percentage point to 15.0 per cent. Tapiola General's risk-carrying capacity, i.e. solvency capital in relation to premiums earned, was 253.1 per cent (272.9 %), which provides the company with an excellent platform to operate from in these times of increasing competition.

Tapiola General achieved a good result, increased its market share and preserved a high level of solvency, even though there were a number of events that raised claims incurred during the review year. In Finland there were two large storms during the autumn of 2001. As a consequence of these, provisions in respect of forest, household, farm and corporate insurances were raised by approximately EUR 3.4 million. A site belonging to the group of one of our corporate clients was severely damaged by a large explosion in the south of France. Tapiola General's net share of this major claim was about EUR 1.3 million. The September 11 terrorist attacks did not result in any direct claims, but the indirect consequences were significant: reinsurers excluded losses caused by terrorist attacks and at the same time raised reinsurance premiums considerably. As a result of the reduced reinsurance protection, Tapiola had to limit its liability to losses arising from terrorism to EUR 3.0 million, and to raise the prices of its corporate insurances to cover the higher reinsurance premiums. At the beginning of 2002 Tapiola General together with certain other Finnish non-life insurance companies set up a terrorism pool, which provides additional financial protection from the consequences of terrorist attacks.

A key goal for Tapiola General in 2002 is the improvement of its combined ratio while maintaining a good rate of growth. In addition to income growth this will also require particularly tight control of expenses. The company will be focusing in particular on the development of its "Net" and "Best" projects and also on measured aimed at improving the claims service. The possible adoption of an insurance solution to the problem of recycling scrap motor vehicles may create new potential for insurance business.

An initiative by the European Commission is likely to lead already this year to the abolition of the compulsory no-claims bonus system for motor liability insurance. As a consequence of this change, the pricing and profitability of this class of insurance may be expected to exhibit greater volatility if the insurance companies alter their no-claims bonus practices.

Insurance

Direct insurance The premiums written for direct insurance totalled EUR 375.4 million (341.0 million), which was 10.1 per cent (7.7 %) higher than the previous year's figure. The company paid direct insurance claims totalling EUR 252.6 million (236.5 million), which was 6.8 per cent (11.3 %) higher than in 2000. The loss ratio for direct insurance was 85.7 per cent (78.7 %). Credit losses on premiums were EUR 2.6 million (2.7 million).

The premiums written for statutory accident insurance rose by 5.9 per cent (-5.7 %) to EUR 66.3 million (62.6 million). The profitability of this insurance class weakened significantly.

The premiums written for motor liability insurance grew by 14.9 per cent (14.7 %) to EUR 100.9 million (87.8 million). The profitability of the class weakened slightly compared with the previous year.

The premiums written for motor vehicle insurance rose by 9.4 per cent (10.9 %) to EUR 70.9 million (64.8 million). The profitability of the class remained at the previous year's good level.

The premiums written for fire, property, liability and legal expenses insurances were EUR 109.5 million (100.7 million), which was 8.8 per cent (8.1 %) higher than in 2000. Profitability weakened slightly but was still satisfactory. In addition to the explosion accident in France and the storms mentioned previously, the result was adversely affected by three claims in excess of EUR 1 million.

Reinsurance The premiums written for assumed domestic and foreign reinsurance were EUR 27.9 million (25.4 million), and the balance on the technical account before net investment income was a surplus of EUR 0.3 million (0.5 million).

The premiums written for domestic reinsurance were EUR 20.0 million (19.8 million). The balance on the technical account for domestic reinsurance before net investment income was a surplus of EUR 0.1 million (0.8 million).

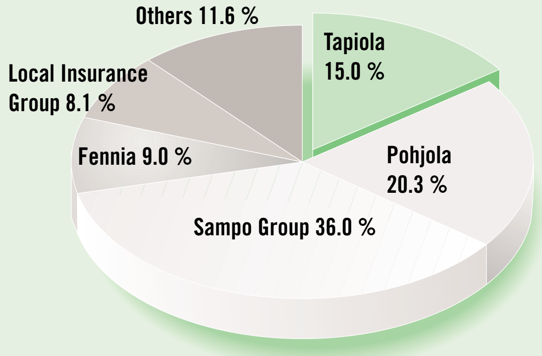
The company continued to pursue a very cautious policy in underwriting foreign reinsurance business. Premiums written were EUR 7.9 million (5.5 million). The balance on the technical account before net investment income was a surplus of EUR 0.2 million (-0.3 million).

The reinsurers' share was a deficit of EUR 6.9 million, compared with a surplus of EUR 3.3 million in the previous year.

Technical provisions The provision for unearned premiums rose by EUR 15.8 million (5.4 million) to EUR 134.1 million (118.3 million) and the provision for outstanding claims by EUR 50.5 million (36.4 million) to EUR 608.4 million (557.9 million).

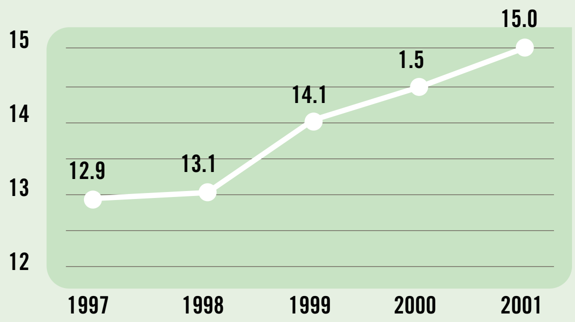
Markets shares of direct non-life insurance

Gross premiums written by all companies and associations EUR 2,506 million

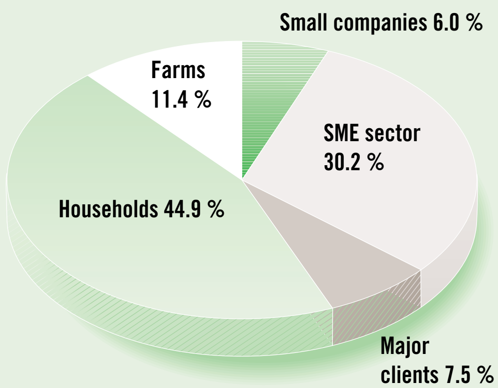


Development of market share in direct insurance

Premiums written by associations included

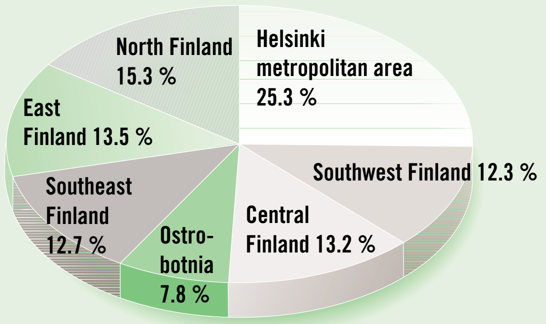


Premiums written by customer group 2001



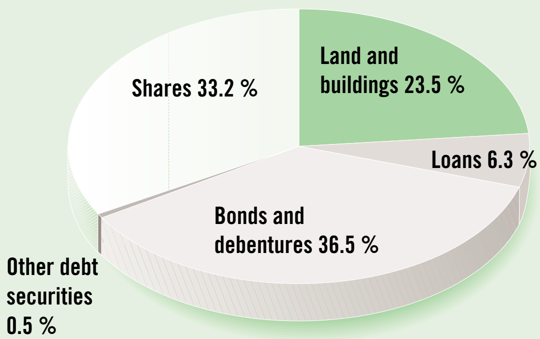
Premiums written by geographical area 2001

Based on reported domicile of policyholders, including major clients



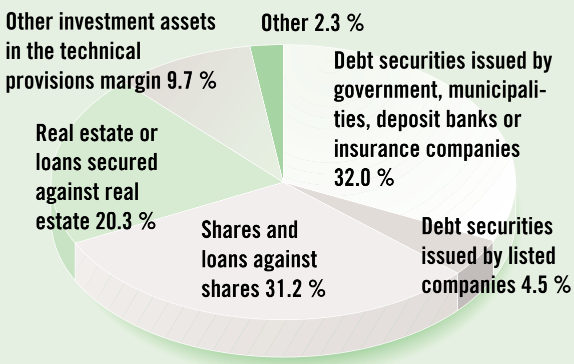
Investment assets

Current value at 31.2001 EUR 1,610.2 mill.



Investment risk profile

Current values at 31.12.2001



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

Investments

Net investment income rose by 4.7 per cent (44.2 %) to EUR 142.7 million (136.3 million). This total represented 38.1 per cent (38.9 %) of net premiums earned.

Dividend income rose to EUR 23.8 million (21.1 million).

Net interest and other income was EUR 46.9 million (36.2 million), net realized gains on investments EUR 57.4 million (79.7 million), and net income from investments in land and buildings EUR 9.1 million (9.1 million).

Value adjustments totalling some EUR 13.1 million (17.5 million) were made in respect of investments in shares, debt securities, and land and buildings. Of the total, EUR 10.3 million (15.2 million) related to shares, EUR 2.7 million (0.1 million) to debt securities, and EUR 0.1 million (0.7 million) to land and buildings.

Value readjustments totalled EUR 19.3 million (8.4 million). Of the total, EUR 16.7 million (4.3 million) related to shares, EUR 1.7 million (3.7 million) to debt securities, and EUR 0.9 million (0.4 million) to land and buildings.

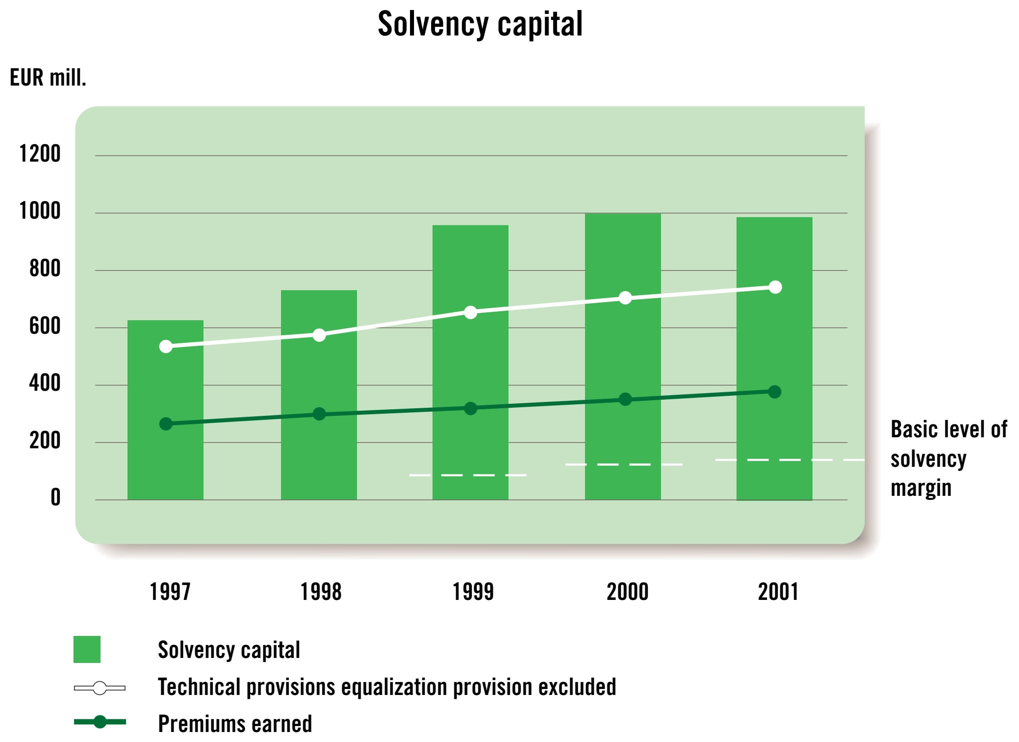
The book and current values of the company's investment assets at the end of the year were EUR 1,307.0 million (1,170.3 million) and EUR 1,610.2 million (1,572.0 million), respectively.

Operating expenses and organization

Net operating expenses as reported on the Profit and Loss Account were EUR 91.0 million (76.9 million), which was 18.4 per cent (10.2 %) higher than in the previous year. The ratio of operating expenses to premiums earned was 24.3 per cent (22.0 %).

Gross operating expenses, which include depreciation charges of EUR 5.9 million (4.7 million), are appropriately allocated to different functions. Investment expenses include only the expenses of the company's own organization.

The company's staff administered all the business operations of the Tapiola Group during the review year. With the exception of the managing director and the deputy managing director, the company's staff are



employed not only by the company but also by Tapiola Mutual Life Assurance Company and Tapiola Mutual Pension Insurance Company. Operating expenses are divided up among the group companies on the basis of amount of work involved in providing them with those services.

Salaries and commissions paid to the members of the Supervisory Board, to the members and deputy members of the Board of Directors and to the managing director and deputy managing director totalled EUR 644,681.65. Other salaries and commissions amounted to EUR 37,679,232.28, giving a combined total of EUR 38,323,913.93.

Result for the accounting period

The turnover for 2001 was EUR 581.4 million (550.6 million) and the operating profit EUR 107.7 million (131.9 million). The operating profit was 18.5 per cent (24.0 %) of turnover. Premiums written rose by 10.1 per cent (8.2 %) to EUR 403.3 million (366.5 million).

The balance on the technical account before the change in the equalization provision was a deficit of EUR 34.2 million (-3.1 million). The effect of exchange rates on the balance on the technical account was EUR +0.02 million (-0.1 million), and on investment income EUR +0.05 million (+1.4 million). The net effect of exchange rates on the company's result was therefore EUR +0.07 million (+1.3 million). The loss ratio, i.e. the ratio of earned premiums to claims incurred, was 84.7 per cent (78.8 %). The combined ratio, which also takes account of operating expenses, rose to 109.0 per cent (100.7 %).

The equalization provision grew by EUR 3.7 million (32.9 million) to EUR 405.3 million (401.6 million).

The current values of the solvency margin and solvency capital at the end of the year were EUR 542.1 million (553.9 million) and EUR 947.4 million (955.4 million), respectively. The risk-carrying capacity, which describes the company's solvency, was 253 per cent (273 %).

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

The full amount of depreciation permitted under the Business Taxation Act, i.e. EUR 6.6 million (5.4 million), was charged according to plan. The credit loss reserve was brought into line with the full amount.

The increase in the provision for the guarantee scheme for statutory accident insurances was EUR 3.0 million (0.5 million).

During the accounting period, EUR 58,953.23 was paid from the contingency reserve in the form of donations for generally beneficial purposes.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Group was EUR 846,811.24. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

The Board of Directors recommends that the profit for the accounting period amounting to EUR 73,489,060.98 be appropriated so that EUR 73,380,392.32 is transferred to the security reserve and EUR 108,668.66 is transferred to the contingency reserve.

The Balance Sheet showed assets totalling EUR 1,468,827,841.71 (1,336,860,288.69).

CONSOLIDATED FINANCIAL STATEMENTS

The Tapiola General Group comprises the parent company, Tapiola General Mutual Insurance Company, and its subsidiaries: Alma Insurance Company Ltd, Tapiola Safety, Tietotyö Oy, Aura-Karelia Oy, Tapiola Data, Omre Oy, Kestap Ky, and 47 (46) housing and real estate companies.

The group's associated companies are Suomen Vahinkotarkastus SVT Oy, Vakuutusneuvonta Aura Oy, Vakuutusneuvonta Pohja Oy, Kiinteistö Oy Huittisten Tapiola, Kiinteistö Oy Poimari, Vaasan Tekno Park Oy, Kiinteistö Oy Kiltakallio, Glasnost Oy, Pohja-yhtymä Oy, Tapiola Asset Management Ltd, Kiinteistö Oy SVT, Kehitysyhtiö Botnia Oy and Suomen Turvatarkastus Oy.

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

Insurance

The group's premiums written amounted to EUR 403.3 million (366.5 million), of which direct insurance accounted for EUR 375.4 million (341.0 million). The increase over the previous year was 10.1 per cent (7.7 %). Credit losses on premiums due were EUR 2.6 million (2.7 million).

The group's premiums written for assumed reinsurance were EUR 27.9 million (25.4 million), an increase of EUR 2.5 million (3.2 million) over the previous year. Reinsurance accounted for 6.9 per cent (7.0 %) of the group's gross premiums written.

Claims paid by the group totalled EUR 286.6 million (247.8 million). The provision for outstanding claims rose by EUR 48.4 million (33.7 million) to EUR 619.5 million (571.1 million).

The reinsurers' share of the result for the accounting period was EUR 7.0 million (-2.6 million).

Investments

Net investment income amounted to EUR 144.7 million (139.8 million). Realized gains on investments were EUR 58.0 million (79.8 million). Net interest and other income was EUR 53.9 million (41.3 million). Net income from investments in land and buildings was EUR 17.0 million (17.1 million). Planned depreciation of EUR 6.6 million (6.4 million) was charged in respect of buildings.

The net total of value adjustments and readjustments was EUR +4.8 million (-9.9 million).

The book and current values of investment assets at the end of the year were EUR 1,338.9 million (1,203.3 million) and EUR 1,671.5 million (1,633.8 million), respectively.

Operating expenses

Net operating expenses as reported on the Consolidated Profit and Loss Account were EUR 93.2 million (79.5 million), which was 17.2 per cent (13.2 %) higher than in 2000.

Result for the accounting period

The Group's turnover in the year 2001 was EUR 583.7 million (553.7 million). The Group's operating profit was EUR 106.7 million (132.8 million), representing 18.3 per cent (24.0 %) of turnover. The Group's solvency capital fell to EUR 987.7 million (997.1 million). The risk-carrying capacity, which describes the Group's solvency, was 264 per cent (285 %). The solvency figures take account of the deferred tax liability calculated from investment valuation differences.

Depreciation was charged according to plan and includes depreciation of goodwill on consolidation. The change in the depreciation difference and optional reserves as well as the depreciation difference and

Key financial indicators

	2001	2000	1999	1998	1997
SCALE OF OPERATIONS					
Gross premiums written, EUR million	403.3	366.5	338.9	310.6	276.7
Turnover, EUR million	583.7	553.7	473.6	439.3	370.5
LOSSES					
Loss ratio, %	84.9	78.7	91.2	82.8	85.2
EFFICIENCY					
Expense ratio, %	24.9	22.7	22.3	20.7	21.1
PERFORMANCE					
Combined ratio, %	109.8	101.4	113.5	103.5	106.2
Operating profit, EUR million	106.7	132.8	55.2	74.3	50.8
Operating profit as percentage of turnover	18.3	24.0	11.7	16.9	13.7
Profit or loss before extraordinary items, EUR million	102.9	100.0	53.2	35.8	5.9
Return om equity (ROE), % *)	-2.1	0.5	46.5	20.0	16.0
Return on assets (ROA), %	1.1	3.6	16.0	9.3	9.9
SOLVENCY					
Solvency capital, EUR million *)	987.7	997.1	957.6	729.8	626.1
Solvency capital as percentage of technical provisions *)	131.3	143.1	146.7	126.1	115.5
Risk-carrying capacity, % *)	263.8	284.9	304.0	245.3	234.2
Equity to assets ratio, % *)	32.4	33.7	34.9	26.3	23.7

*) The assumed realized tax debt is deducted from the valuation differences.
The definitions of the concepts and the formulae for the financial indicators are presented in the Readers' Guide on page 177.

optional reserves are divided among deferred tax liability, minority interests and capital and reserves. The credit loss reserve for other receivables was brought into line with the full amount.

The profit for the accounting period was EUR 72,279,465.27, of which the minority interest was EUR 332,922.27. The Balance Sheet showed assets totalling EUR 1,501,186,240.78.

Performance analysis

EUR milloin

	2001	2000	1999	1998	1997
Premiums earned	374.4	350.0	315.0	297.5	267.4
Claims incurred	-317.8	-275.5	-287.4	-246.3	-227.7
Operating expenses	-93.2	-79.5	-70.2	-61.6	-56.4
Other technical income and expenses	-0.5	-0.5	-0.5	-0.5	0.0
BALANCE ON TECHNICAL ACCOUNT BEFORE THE CHANGE IN THE EQUALIZATION PROVISION	-37.2	-5.5	-43.1	-10.9	-16.7
Net investment income and expenses	144.7	139.8	98.6	85.6	67.1
Other income and expenses, net	-0.7	-1.3	-0.4	-0.5	0.3
Share of profits and losses in associated undertakings	-0.2	-0.2	0.1	0.1	0.1
OPERATING PROFIT	106.7	132.8	55.2	74.3	50.8
Change in equalization provision	-3.7	-32.9	-2.0	-38.5	-44.9
Revaluation of investments and their adjustments	0.0	0.0	0.0	0.0	0.0
PROFIT OR LOSS BEFORE EXTRAORDINARY ITEMS	102.9	100.0	53.2	35.8	5.9
Extraordinary income	0.0	0.0	0.0	0.0	11.3
Extraordinary expenses	0.0	0.0	0.0	0.0	-11.3
LOSS OR PROFIT BEFORE APPROPRIATIONS AND TAXES	102.9	100.0	53.2	35.7	5.9
Income and other direct taxes	-31.0	-29.8	-15.6	-10.0	-5.9
Minority shares	0.3	0.0	-0.2	0.1	0.0
Profit from the accounting period	72.3	70.2	37.4	25.8	13.7

Real estate portfolio, income and vacant premises at 31.12.2001

Tapiola General

Real estate portfolio, EUR 1 000

Current value	427 376
Book value and loans	287 739
Valuation difference	139 638

Type of real estate	Current value EUR 1 000	Current value EUR/m²	Net yield EUR 1 000	Net yield %	Vacant floor area, m²	Vacancy rate
Non-residential premises						
Commercial and office premises	135 896	1 518	10 072	7.4	89 507	3.3
Industrial premises	22 529	517	2 501	11.1	43 578	6.1
Hotels	51 600	1 264	4 171	8.1	40 832	0.6
Total	210 024	1 208	16 744	8.0	173 917	3.4
Residential buildings *)	125 789	1 528	6 259	5.0	82 304	3.1
Other properties and premises						
Under construction acquired mid-year	38 879					
Undeveloped plots	3 381					
Forest holdings	516					
Shares in real estate investment companies	4 247					
Total	47 022				12 186	
In own use	44 542				35 337	
REAL ESTATE PORTFOLIO	427 376				303 744	

*) The net income from residential premises is augmented by a government interest subsidy of	EUR 373 209
Total income from investments (incl. interest subsidy) according to KTI-index	6.8 %
The average vacancy rate over the year for non-residential premises was	2.2 %

Financial Analysis

1000 euro	Parent company		Group	
Indirect financial analysis	**2001**	**2000**	**2001**	**2000**
Flow of liquid assets in activities:				
Profit on ordinary activities/ profit before extraordinary items	73 674	69 986	71 947	70 206
Amendments				
Change in technical provisions	61 300	79 270	59 260	76 694
De- and revaluations of investments	-6 151	9 073	-4 847	9 915
Depreciations according to plan	6 544	5 302	17 427	14 794
Other amendments	-27 112	-50 635	-25 941	-49 045
Flow of liquid assets change of working capital	**108 254**	**112 996**	**117 846**	**122 565**
Change of working capital:				
Increase (-)/decrease (+) of short receivables ex interest	5 575	-23 645	6 696	-21 841
Increase (+)/decrease (-) of short debts ex interest	-2 947	10 001	-5 476	4 952
Flow of liquid assets before financing items and taxes	**110 882**	**99 353**	**119 066**	**105 676**
Interest and fees for other financing expenses	-	-	-1 041	-994
Direct taces	-30 284	-29 016	-30 544	-29 370
Flow of liquid assets before extraordinary items	**80 598**	**70 336**	**87 482**	**75 311**
Flow of liquid assets in activities	**80 598**	**70 336**	**87 482**	**75 311**
Flow of liquid assets in investments				
Increase in investments (excl.liquid assets)	-131 202	-142 957	-137 411	-141 950
Income from investment disposal (excl.liquid assets)	57 396	79 652	57 954	79 807
Increase/decrease in minority interest	-	-	355	-1 221
Tangible and intangible assets and other investments and disposal income (net)	-6 784	-7 728	-11 016	-11 719
Flow of liquid assets in investments	**-80 590**	**-71 033**	**-90 117**	**-75 083**
Flow of liquid assets in financing				
Loans taken out	-	-	3 479	-
Loans repaid	-	-	-	-819
Increase of equity	-	-	-554	87
Dividens/interest on guarantee capital and other profit distribution	-59	-59	-59	-71
Flow of liquid assets in financing	**-59**	**-59**	**2 867**	**-804**
Change in flow of liquid assets	**-51**	**-756**	**231**	**-576**
Flow of liquid assets in the beginning of the accounting period	**6 072**	**6 827**	**7 952**	**8 528**
Flow of liquid assets at the end of the accounting period	**6 021**	**6 072**	**8 183**	**7 952**

Profit and Loss Account

1000 euro		Parent company		Group	
		2001	2000	2001	2000
Technical account:					
Premiums written					
Premiums written	*1	403 334	366 477	403 348	366 498
Reinsurers' share		-13 132	-11 027	-13 107	-11 137
		390 202	355 450	390 241	355 360
Change in provision for unearned premiums		-15 802	-5 405	-15 802	-5 405
Reinsurers' share		-80	66	-80	66
		-15 882	-5 339	-15 882	-5 339
		374 320	350 111	374 359	350 021
Claims incurred					
Claims paid		-283 530	-244 594	-286 556	-247 767
Reinsurers' share		7 748	9 312	7 875	10 281
		-275 782	-235 282	-278 681	-237 487
Change in provision for outstanding claims		-50 501	-36 393	-48 366	-33 661
Reinsurers' share		9 334	-4 162	9 239	-4 317
		-41 167	-40 555	-39 127	-37 979
		-316 949	-275 837	-317 808	-275 465
Change in provision for joint guarantee system		-510	-490	-510	-490
Net operating expenses	3	-91 039	-76 879	-93 193	-79 528
Balance on the technical account before the change in the equalization provision		**-34 178**	**-3 095**	**-37 152**	**-5 462**
Change in the equalization provision		-3 741	-32 886	-3 741	-32 886
Balance on the technical account	2	**-37 919**	**-35 981**	**-40 893**	**-38 348**
Non-technical account:					
Investment income	4	193 609	189 436	195 702	192 393
Investment charges	4	-50 931	-53 108	-51 006	-52 633
		142 678	136 328	144 695	139 760
Other income		297	110	420	239
Other expenses					
Depreciation on consolidation goodwill		-	-	-1	-53
Others		-1 098	-1 454	-1 105	-1 468
		-1 098	-1 454	-1 105	-1 522
Share of associated undertakings' loss		-	-	-197	-167
Direct taxes on ordinary activities					
Taxes for the accounting period		-30 302	-29 010	-30 558	-29 328
Taxes from previous years		18	-6	14	-42
Deferred tax		-	-	-429	-386
		-30 284	-29 016	-30 973	-29 756
Profit on ordinary activities		**73 674**	**69 986**	**71 947**	**70 206**

* Reference number in the Appendices

1000 euro	Parent company		Group	
	2001	**2000**	**2001**	**2000**
Profit after extraordinary items	**73 674**	**69 986**	**71 947**	**70 206**
Appropriations				
Increase in depreciation difference	-14	-36	-	-
Increase in optional reserves	-171	-13	-	-
	-185	-49	-	-
Minority interest in the loss for the accounting period	-	-	333	24
Profit for accounting period	**73 489**	**69 937**	**72 279**	**70 230**

Appendices to the Profit and Loss Account

1000 euro	Parent company		Group	
	2001	**2000**	**2001**	**2000**
1. Premiums written				
Direct insurance				
Domestic	375 397	341 019	375 397	341 019
Reinsurance	27 937	25 458	27 951	25 479
Premiums written before reinsurers' share	**403 334**	**366 477**	**403 348**	**366 498**
1.1. Items deducted from premiums written				
Credit loss on premiums	2 649	2 724	2 649	2 724
Premium tax	60 658	54 532	60 658	54 532
Fire brigade charges	1 104	915	1 104	915
Traffic safety payments	1 045	949	1 045	949
Industrial safety charges	1 142	1 090	1 142	1 090
Government medical expenses fee	7 674	7 418	7 674	7 418
Total	**74 271**	**67 628**	**74 271**	**67 628**

1000 euro

Parent company

2 Result by group of insurance class

Group of insurance class		Gross premiums written before reinsurers' share	Gross premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Gross operating expenses (before reinsurers' commissions and profit participations)	Reinsurers' share	Balance on the technical account margin before net investment income
Statutory	2001	66 278	66 428	-70 728	-6 970	-22	-11 293
accident	2000	62 591	62 945	-51 139	-6 678	-15	5 114
	1999	66 355	66 049	-43 542	-7 185	-12	15 311
Other accident	2001	19 075	16 040	-12 819	-7 667	-44	-4 491
and illnes	2000	16 610	16 016	-9 969	-7 375	-66	-1 395
	1999	14 590	14 255	-8 327	-6 298	-15	-385
Motor third party	2001	100 924	94 909	-86 338	-23 221	-228	-14 878
liability	2000	87 850	82 768	-68 601	-19 913	-144	-5 891
	1999	76 587	70 551	-104 304	-16 937	-20	-50 709
Land vehicles	2001	70 869	68 616	-50 106	-16 517	-116	1 878
	2000	64 764	62 244	-49 077	-14 515	-78	-1 426
	1999	58 412	54 943	-41 718	-12 916	-66	243
Ships and aircraft,	2001	5 260	5 096	-3 075	-1 199	-182	640
railway rolling stock	2000	5 148	5 055	-2 385	-1 157	-157	1 357
and transport	1999	4 987	4 953	-2 278	-1 006	-107	1 564
Fire and other damage	2001	87 389	84 275	-61 314	-24 226	-2 430	-3 696
to property	2000	78 844	81 272	-60 237	-17 950	1 005	4 089
	1999	72 350	67 765	-56 173	-14 924	1 317	-2 015
Liability	2001	17 165	16 717	-12 973	-4 507	-534	-1 297
	2000	17 432	17 564	-16 268	-4 604	-1 044	-4 352
	1999	15 645	15 720	-11 398	-4 276	-734	-688
Credit and suretyship	2001	162	173	7	-14	19	185
	2000	120	181	209	-9	-9	372
	1999	190	198	576	-15	-28	731
Legal expenses	2001	4 995	4 717	-4 225	-1 373	0	-881
	2000	4 443	4 780	-3 494	-1 999	0	-713
	1999	4 498	4 364	-4 200	-1 456	0	-1 292
Others	2001	3 280	3 121	-2 611	-658	21	-126
	2000	3 217	3 214	-2 586	-548	-356	-275
	1999	2 920	2 939	-3 934	-452	-290	-1 738
Direct	2001	**375 397**	**360 091**	**-304 182**	**-86 352**	**-3 516**	**-33 959**
insurance, total	2000	**341 019**	**336 038**	**-263 547**	**-74 747**	**-864**	**-3 120**
	1999	**316 533**	**301 736**	**-275 297**	**-65 464**	**47**	**-38 979**
Reinsurance	2001	27 937	27 441	-29 849	-7 752	10 451	291
	2000	25 458	25 034	-17 439	-4 675	-2 404	515
	1999	22 088	21 885	-19 269	-6 280	3 572	-92
Total	2001	**403 334**	**387 532**	**-334 031**	**-94 104**	**6 935**	**-33 668**
	2000	**366 477**	**361 072**	**-280 987**	**-79 422**	**-3 268**	**-2 605**
	1999	**338 620**	**323 621**	**-294 566**	**-71 744**	**3 619**	**-39 071**
Change in provision for	2001						-510
joint guarantee system	2000						-490
	1999						-471
Change in	2001						-3 741
equalization provision	2000						-32 886
	1999						-2 008
Balance on the	2001						**-37 919**
technical account	2000						**-35 981**
	1999						**-41 550**

1000 euro **Group**

2 Result by group of insurance class

Group of insurance class		Gross premiums written before reinsurers' share	Gross premiums earned before reinsurers' share	Claims incurred before reinsurers' share	Gross operating expenses (before reinsurers' commissions and profit participations)	Reinsurers' share	Balance on the technical account margin before net investment income
Statutory	2001	66 278	66 428	-70 728	-6 986	-22	-11 309
accident	2000	62 591	62 945	-51 139	-6 632	-15	5 160
	1999	66 355	66 049	-43 529	-7 084	-12	15 424
Other accident	2001	19 075	16 040	-12 819	-7 685	-44	-4 508
and illnes	2000	16 610	16 016	-9 969	-7 325	-66	-1 344
	1999	14 590	14 255	-8 325	-6 210	-15	-294
Motor third party	2001	100 924	94 909	-86 338	-23 274	-228	-14 931
liability	2000	87 850	82 768	-68 601	-19 777	-144	-5 754
	1999	76 587	70 551	-104 274	-16 700	-20	-50 442
Land vehicles	2001	70 869	68 616	-50 106	-16 554	-116	1 840
	2000	64 764	62 244	-49 077	-14 416	-78	-1 326
	1999	58 412	54 943	-41 706	-12 736	-66	435
Ships and aircraft,	2001	5 260	5 096	-3 075	-1 202	-182	637
railway rolling stock	2000	5 148	5 055	-2 385	-1 149	-157	1 365
and transport	1999	4 987	4 953	-2 277	-991	-107	1 578
Fire and other damage	2001	87 389	84 275	-61 314	-24 281	-2 430	-3 751
to property	2000	78 844	81 272	-60 237	-17 827	1 005	4 212
	1999	72 350	67 765	-56 157	-14 715	1 317	-1 790
Liability	2001	17 165	16 717	-12 973	-4 517	-534	-1 307
	2000	17 432	17 564	-16 268	-4 572	-1 044	-4 320
	1999	15 645	15 720	-11 394	-4 216	-734	-625
Credit and suretyship	2001	162	173	7	-14	19	185
	2000	120	181	209	-9	-9	372
	1999	190	198	576	-15	-28	731
Legal expenses	2001	4 995	4 717	-4 225	-1 376	0	-884
	2000	4 443	4 780	-3 494	-1 986	0	-699
	1999	4 498	4 364	-4 198	-1 436	0	-1 271
Others	2001	3 280	3 121	-2 635	-660	21	-152
	2000	3 217	3 214	-2 586	-544	-356	-271
	1999	2 920	2 939	-3 933	-446	-290	-1 731
Direct	2001	**375 397**	**360 091**	**-304 206**	**-86 548**	**-3 516**	**-34 179**
insurance, total	2000	**341 019**	**336 038**	**-263 547**	**-74 235**	**-864**	**-2 608**
	1999	**316 533**	**301 736**	**-275 217**	**-64 548**	**47**	**-37 983**
Reinsurance	2001	27 951	27 472	-30 716	-9 709	10 491	-2 463
	2000	25 479	25 071	-17 896	-7 842	-1 698	-2 364
	1999	22 335	22 132	-23 110	-7 640	4 000	-4 617
Total	2001	**403 348**	**387 563**	**-334 922**	**-96 257**	**6 975**	**-36 642**
	2000	**366 498**	**361 109**	**-281 443**	**-82 077**	**-2 562**	**-4 972**
	1999	**338 868**	**323 868**	**-298 328**	**-72 188**	**4 047**	**-42 600**
Change in provision for	2001						-510
joint guarantee system	2000						-490
	1999						-471
Change in	2001						-3 741
equalization provision	2000						-32 886
	1999						-2 008
Balance on the	2001						**-40 893**
technical account	2000						**-38 348**
	1999						**-45 079**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
3. Operating expenses covering staff and management				
3.1. Total operating expenses by function				
Claims paid	15 315	13 792	15 589	14 066
Operating expenses	91 039	76 879	93 193	79 528
Investment charges	3 961	3 065	4 413	3 297
Other charges	1 098	1 454	1 105	1 522
Total	**111 413**	**95 190**	**114 300**	**98 413**
3.2. Operating expenses				
Profit and Loss Account				
Insurance policy acquisiton costs	9 648	9 769	9 648	9 769
Commissions for reinsurance assumed	6 110	3 423	7 747	6 148
Other insurance policy acquisition costs	33 461	30 355	33 883	30 195
	49 218	43 547	51 278	46 111
Insurance policy management expenses	24 134	19 347	24 122	19 282
Administrative expenses	20 752	16 527	20 857	16 697
Commissions for reinsurance ceded	-3 065	-2 544	-3 064	-2 563
Total	**91 039**	**76 879**	**93 193**	**79 528**
3.3. Staff expenses				
3.3.1. Salaries and commissions				
Salaries and commissions	36 685	33 143	47 707	43 029
Pension expenses	7 138	5 899	9 071	7 438
Other pay-related expenses	2 649	2 773	3 709	3 751
Total	**46 472**	**41 815**	**60 488**	**54 218**
3.3.2. Management salaries and renumerations, pension commitments, loans and terms as well as guarantees and liability commitments	**2001**	**2000**	**2001**	**2000**
Managing director and deputy managing director				
Salaries and renumerations	364	435	551	613
Pension commitments	The pensionable age agreed at 60-63 years			
Loans and terms	See enclosure 17			
Guarantees and liability commitments	No guarantees or liability commitments given			
Members and deputy members of the board				
Salaries and renumerations	245	329	245	329
Pension commitments	The retirement age of the management and of the members of the board employed by the company has been agreed at 60-63 years			
Loans and terms	See enclosure 17			
Guarantees and liability commitments	No guarantees or liability commitments given			
Supervisory board				
Salaries and renumerations	35	34	35	34
Pension commitments	No pension commitments			
Loans and terms	No loans given			
Guarantees and liability commitments	No guarantees or liability commitments given			
3.3.3. Average staff during the accounting period				
Office	1 540	1 397	1 817	1 627
Sales force	259	207	259	207
Real estate	-	-	-	-

1000 euro	Parent company 2001	Parent company 2000	Group 2001	Group 2000
4. Analysis of net investment income				
Investment income:				
Income from investments in group companies				
Dividend income	2 132	-	-	-
Interest income	637	619	-	-
	2 769	619	-	-
Income from investments in participating interest				
Interest income	10	23	10	23
Income from investments in land and buildings in group companies				
Interest income	3 578	3 636	-	-
Other income	319	316	-	-
	3 896	3 952	-	-
Income from land and building investments in participating interest				
Interest income	214	222	214	222
Other companies				
Interest income	57	134	57	134
Other income	32 761	30 100	35 993	32 633
	32 818	30 234	36 051	32 767
Income from other investments				
Dividend income	21 629	21 122	21 631	21 128
Interest income	49 097	36 841	52 938	39 392
Other income	2 089	3 067	3 852	5 393
	72 815	61 030	78 421	65 914
Total	112 522	96 081	114 696	98 927
Value readjustments	19 346	8 426	18 707	8 382
Realized gains on investments	61 740	84 929	62 299	85 084
Total	**193 609**	**189 436**	**195 702**	**192 393**
Investment expenses:				
Expenses for land and buildings				
Group companies	-12 982	-13 420	-	-
Other companies	-14 847	-11 877	-21 450	-17 546
	-27 829	-25 297	-21 450	-17 546
Expenses for other investments	-3 752	-3 284	-3 681	-4 147
Interest expenses and expenses on other liabilities				
Group companies	-491	-377	-	-
Other companies	-663	-700	-1 041	-996
	-1 154	-1 077	-1 041	-996
Total	-32 735	-29 658	-26 172	-22 689
Devaluations and depreciations				
Devaluations	-13 195	-17 499	-13 861	-18 298
Planned depreciation on buildings	-657	-674	-6 629	-6 369
	-13 852	-18 173	-20 490	-24 666
Realized losses on investments	-4 345	-5 277	-4 345	-5 277
Total	**-50 931**	**-53 108**	**-51 006**	**-52 633**
Net investment income before revaluations and their adjustments	**142 678**	**136 328**	**144 695**	**139 760**
Net investment income on the Profit and Loss Account	**142 678**	**136 328**	**144 695**	**139 760**
Avoir fiscal fax credit included in dividend income	6 350	5 311	5 731	5 311

Balance Sheet

1000 euro	Note	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Assets		**2001**	**2000**	**2001**	**2000**
Intangible assets					
Other long-term expenses	9	**12 343**	**12 228**	**14 570**	**14 080**
Investments	5				
Investments in land and buildings	6				
Land and buildings		171 853	166 181	249 687	237 230
Loans to group companies		63 288	58 919	-	-
Loans to participating interest		3 026	3 083	3 026	3 083
		238 166	228 184	252 713	240 314
Investments in group companies and participating interests	7				
Shares and holdings in group companies		3 098	3 063	-	-
Debt securities and loans from group companies		109	109	-	-
Other shares and variable-yield securities and units in unit trusts		7 145	6 699	7 490	7 065
		10 353	9 872	7 490	7 065
Other investments					
Shares and holdings		367 647	295 731	367 795	295 879
Debt securities		580 315	532 935	580 298	534 836
Loans guaranteed by mortgages		42 807	24 669	42 807	24 669
Other loans	8	57 913	64 335	57 913	64 335
Deposits		8 294	13 386	26 935	33 616
Other investments		1 003	846	1 009	846
		1 057 978	931 900	1 076 757	954 181
Deposits with ceding undertakings		497	343	1 941	1 714
		1 306 995	**1 170 299**	**1 338 901**	**1 203 273**
Debtors	15				
Arising out of direct insurance operations					
Policyholders		77 633	68 923	77 633	68 923
Arising out of reinsurance operations		9 502	19 917	8 921	18 939
Other debtors		28 650	30 875	16 397	20 128
		115 785	**119 715**	**102 951**	**107 990**
Other assets					
Tangible assets					
Equipment	9	6 150	5 551	14 086	14 548
Other tangible assets		-	-	84	77
		6 150	5 551	14 170	14 625
Cash at bank and in hand		6 021	6 072	8 183	7 952
Other assets		684	500	684	500
		12 855	**12 123**	**23 036**	**23 077**
Prepayments and accrued income					
Interest and rents		18 092	19 181	18 091	19 269
Other prepayments and accrued income		2 759	3 315	3 637	4 115
		20 851	**22 496**	**21 728**	**23 384**
		1 468 828	**1 336 860**	**1 501 186**	**1 371 805**

Balance Sheet

1000 euro		Parent company		Group	
Liabilities		**2001**	**2000**	**2001**	**2000**
Capital and reserves	10				
Equivalent funds		6 875	6 875	6 875	6 875
Guarantee capital		1 766	1 766	1 766	1 766
Revaluation reserve		539	539	1 406	1 944
Other free funds		178 911	109 033	178 911	109 033
Part of optional reserves and depreciation difference transferred to capital and reserves		-	-	7 790	6 805
Group losses for previous years		-	-	-5 989	-5 278
Profit for the accounting period		73 489	69 937	72 279	70 230
Part included in profit for the accounting period of the change in depreciation difference and optional reserves		-	-	-1 001	-1 005
		261 581	**188 151**	**262 038**	**190 372**
Minority interest		**-**	**-**	**15 122**	**15 100**
Accumulated appropriations	11				
Accumulated depreciation difference		4 103	4 090	-	-
Optional reserves		1 620	1 449	-	-
		5 724	**5 539**	**-**	**-**
Technical provisions					
Provisions for unearned premiums		134 136	118 334	134 136	118 334
Reinsurers' share		-419	-499	-419	-499
		133 718	117 835	133 718	117 835
Provision for outstanding claims	12	608 377	557 876	619 514	571 148
Reinsurers' share		-14 177	-4 843	-14 358	-5 119
		594 199	553 033	605 155	566 029
Equalization provision		405 306	401 565	405 306	401 565
Change in provision for joint guarantee system		13 252	12 742	13 252	12 742
		1 146 475	**1 085 175**	**1 157 431**	**1 098 171**
Deposits received from reinsurers		**-**	**-**	**76**	**79**
Creditors	13/15				
Arising out of direct insurance operations		839	-	839	-
Arising out of reinsurance operations		1 065	1 230	8 660	10 118
Loans from financing institutes	13	-	-	7 793	4 313
Pension loans	13	-	-	104	112
Deferred tax	11/14	-	-	3 280	2 857
Other creditors		36 228	30 974	26 661	23 962
		38 132	**32 205**	**47 337**	**41 363**
Accruals and deferred income		**16 915**	**25 790**	**19 182**	**26 721**
		1 468 828	**1 336 860**	**1 501 186**	**1 371 805**

Appendices to the Balance Sheet

1000 euro — **Parent company** — **Group**

5. Current value and valuation difference of investments

Investments 31.12.2001	**Parent company: Remaining acquisition cost**	**Parent company: Book value**	**Parent company: Current value**	**Group: Remaining acquisition cost**	**Group: Book value**	**Group: Current value**
Investments in land and buildings						
Land and buildings	32 134	32 160	68 364	192 293	194 751	337 064
Group company shares	79 907	84 452	161 303	-	-	-
Land and buildings in participating interests	2 722	2 722	2 954	2 418	2 418	2 954
Other real estate shares	52 051	52 519	78 869	52 051	52 519	78 869
Loans to group companies	63 288	63 288	63 288	-	-	-
Loans to participating interests	3 026	3 026	3 026	3 026	3 026	3 026
	233 128	238 166	377 804	249 788	252 713	421 913
Investments in group companies						
Shares and other variable-yield securities and units in unit trusts	3 098	3 098	3 098	-	-	-
Loans	109	109	109	-	-	-
	3 207	3 207	3 207	-	-	-
Participating interests						
Other shares and variable-yield securities and units in unit trusts	7 145	7 145	7 145	7 490	7 490	7 490
Other investments						
Shares and other variable-yield securities and units in unit trusts	367 647	367 647	524 161	367 795	367 795	524 202
Debt securities	580 315	580 315	587 334	580 298	580 298	587 334
Loans guaranteed by mortgages	42 807	42 807	42 807	42 807	42 807	42 807
Other loans	57 913	57 913	57 913	57 913	57 913	57 913
Deposits	8 294	8 294	8 294	26 935	26 935	26 935
Other investments	1 003	1 003	1 003	1 009	1 009	1 009
	1 057 978	1 057 978	1 221 512	1 076 757	1 076 757	1 240 200
Deposits and ceding undertakings	497	497	497	1 941	1 941	1 941
	1 301 957	**1 306 995**	**1 610 166**	**1 335 976**	**1 338 901**	**1 671 544**
The remaining acquisition cost of debt securities consists of						
- the difference between the nominal value and acquisition price that is allocated to interest income (+) or deducted from it (-)		-220			-220	
The book value consists of						
Revaluations entered as income		714			714	
Other revaluations		4 324			2 210	
		5 038			2 924	
Valuation difference (difference between the current value and book values)			**303 172**			**332 643**

1000 euro	Parent company			Group		
5. Current value and valuation difference of investments						
Investments 31.12.2000	**Remaining acquisition cost**	**Book value**	**Current value**	**Remaining acquisition cost**	**Book value**	**Current value**
Investments in land and buildings						
Land and buildings	31 524	31 550	68 777	181 743	184 739	326 407
Group company shares	77 450	81 994	158 486	-	-	-
Land and buildings in participating interests	2 638	2 638	2 953	2 493	2 493	2 953
Other real estate shares	49 282	49 999	76 672	49 282	49 999	76 672
Loans to group companies	58 919	58 919	58 919	-	-	-
Loans to participating interests	3 083	3 083	3 083	3 083	3 083	3 083
	222 896	228 184	368 891	236 601	240 314	409 115
Investments in group companies						
Shares and other variable-yield securities and units in unit trusts	3 063	3 063	3 063	-	-	-
Loans	109	109	109	-	-	-
	3 173	3 173	3 173	-	-	-
Participating interests						
Other shares and variable-yield securities and units in unit trusts	6 699	6 699	6 699	7 065	7 065	7 065
Other investments						
Shares and other variable-yield securities and units in unit trusts	295 731	295 731	545 665	295 879	295 879	545 802
Debt securities	532 935	532 935	543 975	534 836	534 836	546 664
Loans guaranteed by mortgages	24 669	24 669	24 669	24 669	24 669	24 669
Other loans	64 335	64 335	64 335	64 335	64 335	64 335
Deposits	13 386	13 386	13 386	33 616	33 616	33 616
Other investments	846	846	846	846	846	846
	931 900	931 900	1 192 875	954 181	954 181	1 215 931
Deposits and ceding undertakings	343	343	343	1 714	1 714	1 714
	1 165 011	**1 170 299**	**1 571 980**	**1 199 560**	**1 203 273**	**1 633 825**
The remaining acquisition cost of debt securities consists of						
- the difference between the nominal value and acquisition price that is allocated to interest income (+) or deducted from it (-)		-7 045			-7 073	
The book value consists of						
Revaluations entered as income		714			714	
Other revaluations		4 574			2 998	
		5 288			3 712	
Valuation difference (difference between the current value and book values)			**401 682**			**430 552**

1000 euro	Parent company			Group	
6. Change in investments in land and buildings 31.12.2001	**Land and buildings**	**Loans to group companies**	**Loans to participating interests**	**Land and buildings**	**Loans to participating interests**
Acquisition cost at 1.1	219 055	58 919	3 083	305 144	3 083
Fully depreciated in the previous year	-	-	-	-256	-
Increases	7 591	9 360	-	23 586	-
Decreases	-2 689	-4 823	-58	-3 641	-58
Acquisition between items	-	-168	-	18 411	-
Acquisition cost at 31.12	223 957	63 288	3 026	343 243	3 026
Accumulated depreciations at 1.1	-9 330			-24 709	
Fully depreciated in the previous year	-			256	
Depreciations accumulated from decreases and transfer	256			-	
Depreciations in accounting period	-624			-6 597	
Decreases	-			-16 914	
Accumulated depreciations at 31.12	-9 699			-47 964	
Devaluations at 1.1	-48 832			-46 917	
Value adjustments of depreciations and transfer	631			631	
Devaluations in accounting period	-135			-2 482	
Devaluation cancellations	891			252	
Accumulated devaluations at 31.12	-47 444			-48 516	
Revaluations at 1.1	5 288			3 712	
Decreases	-250			-788	
Revaluations at 31.12	5 038			2 924	
Book value 31.12	**171 853**	**63 288**	**3 026**	**249 687**	**3 026**

Land and buildings for own use	Parent company 2001	Group 2001
Remaining aquisition coast	18 207	17 827
Book value	18 227	17 847
Current value	44 112	44 112

7. Investments in group companies and participating interests	Parent company 2001
Shares and holdings in group companies	
Acquisition cost at 1.1	10 127
Increases	34
Acquisition cost at 31.12	10 162
Devaluations at 1.1	-7 064
Devaluations at 31.12	-7 064
Book value at 31.12	**3 098**
Debt securities issued by loans to group companies	
Acquisition cost at 1.1	109
Acquisition cost at 31.12	109
Book value at 31.12	**109**

1000 euro	Parent company	Group
	2001	2001
Other shares and variable-yield securities and units in unit trusts		
Acquisition cost at 1.1	6 699	7 062
Increases	446	432
Decreases	-	-4
Acquisition cost at 31.12	7 145	7 490
Book value at 31.12	**7 145**	**7 490**
Total	**10 353**	**7 490**

Parent company	No.of shares	% of shares	Book value	Current value	Result for accounting period	Capital and reserves
7.1. Investments in group companies						
Alma Vakuutus Oy	1 300 000	100,00	1 716	1 716	181	2 590
Aura-Karelia Oy	300	100,00	45	45	2	31
Kestap Ky	50	100,00	8	8	0	8
Omre Oy	50	100,00	8	8	0	8
Tapiola Safety Oy	15	100,00	3	3	0	3
Tieto-Tapiola Oy	506	51,10	480	480	-821	64
Tietotyö Oy	4 000	100,00	839	839	1 258	2 155
Total	**1 304 921**		**3 098**	**3 098**	**620**	**4 860**
7.2. Investments in participating interests						
Tapiola Asset Management Ltd	5 600	35,00	1 035	1 035	65	2 987
Vakuutusneuvonta Aura	50	33,33	1	1	0	5
Vakuutusneuvonta Pohja	50	33,33	1	1	0	5
Suomen Vahinkotarkastus Oy	2 000	33,33	369	369	-7	1 250
Keskinäinen Vakuutusyhtiö Turva	3 826	88,35	5 740	5 740	344	8 790
Total	**11 526**		**7 145**	**7 145**	**403**	**13 037**

Group	No.of shares	% of shares	Book value	Current value	Result for accounting period	Capital and reserves
7.2. Investments in participating interests						
Tapiola Asset Management Ltd	5 600	35,00	1 049	1 049	65	2 987
Vakuutusneuvonta Aura	50	33,33	2	2	0	5
Vakuutusneuvonta Pohja	50	33,33	2	2	0	5
Suomen Vahinkotarkastus Oy	2 000	50,00	719	719	-7	1 250
Keskinäinen Vakuutusyhtiö Turva	3 836	89,00	5 757	5 757	344	8 790
Suomen Turvatarkastus Oy	34	34,00	-38	-38	-163	67
Total	**11 570**		**7 490**	**7 490**	**240**	**13 105**

Portfolio

1000 euro	Parent company			Group		
7.3. Other investments, shares and other variable-yield securities and units in unit trusts	No. of shares	Book value 31.12.2001	Current value 31.12.2001	No. of shares	Book value 31.12.2001	Current value 31.12.2001
YIT-Yhtymä Oyj	3 379 530	17 811	45 624	3 379 530	17 811	45 624
Nokia Oyj	1 003 200	1 629	29 053	1 003 200	1 629	29 053
Instrumentarium Oyj	349 889	7 469	16 331	349 889	7 469	16 331
Rentokil Initial Ord	2 840 004	10 151	12 882	2 840 004	10 151	12 882
Tietoenator Oyj	430 000	800	12 753	430 000	800	12 753
Uponor Oyj	656 100	6 045	12 302	656 100	6 045	12 302
Orion-Yhtymä Oyj	590 716	7 791	11 733	590 716	7 791	11 733
M-real Oyj	1 523 500	7 728	10 579	1 523 500	7 728	10 579
Wärtsilä Oyj Abp	462 288	6 884	9 589	462 288	6 884	9 589
Fortum Oyj	1 993 763	7 961	9 470	1 993 763	7 961	9 470
Ahold	273 040	8 009	8 923	273 040	8 009	8 923
Huhtamäki Oyj	248 441	6 210	8 820	248 441	6 210	8 820
Kesko Oyj	809 000	8 333	8 333	809 000	8 333	8 333
Lännen Tehtaat Oyj	614 000	6 079	7 184	614 000	6 079	7 184
Kone Oyj	85 426	2 237	7 090	85 426	2 237	7 090
Nokian Renkaat Oyj	202 000	3 462	7 088	202 000	3 462	7 088
VNU NV	203 844	7 035	7 035	203 844	7 035	7 035
Sanoma-WSOY Oyj	639 596	1 506	6 902	639 596	1 506	6 902
Lassila & Tikanoja Oyj	374 440	3 581	6 740	374 440	3 581	6 740
Orkla Ab	335 714	3 951	6 417	335 714	3 951	6 417
Heinz H.J.Co	135 000	5 793	6 299	135 000	5 793	6 299
Roche Genusshein	76 800	5 727	6 137	76 800	5 727	6 137
Tamro Oyj	1 688 375	5 623	6 061	1 688 375	5 623	6 061
Elisa Communications Oyj	419 671	5 478	5 712	419 671	5 478	5 712
Tamfelt Oyj Abp	206 642	3 082	5 452	206 642	3 082	5 452
Others		217 271	249 653		217 419	249 694
Total		**367 647**	**524 161**		**367 795**	**524 202**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
8. Other investments				
8.1. Other loans as guaranteed				
Bank guarantee	3 121	178	3 121	178
Insurance policy	14 498	11 738	14 498	11 738
Other security	4 493	4 085	4 493	4 085
Remaining acquisition cost	22 112	16 001	22 112	16 001
Total remaining acquisition cost of non-guaranteed items	35 801	48 333	35 801	48 333
	57 913	**64 335**	**57 913**	**64 335**

9. Change in tangible and intangible assets 31.12.2001

	Parent company		Group		
	Intangible assets and long-term expenditure	Equipment	Intangible assets and long-term expenditure	Consoli-dation goodwill	Equipment
Acquisition cost at 1.1	20 104	25 146	23 115	258	42 478
Fully depreciated in the previous year	-463	-	-501	-258	-
Increases	3 957	2 833	5 382	1	5 734
Decreases	-12	-184	-13	-	-252
Acquisition cost at 31.12	23 586	27 796	27 983	1	47 960
Accumulated depreciations according to plan at 1.1	-7 876	-19 595	-9 035	-258	-27 930
Fylly depreciated in the previous year	463	-	464	258	-
Depreciations accumulated from decreases and transfer	7	-	8	-	4
Depreciations according to plan	-3 837	-2 050	-4 849	-1	-5 948
Accumulated depreciations according to plan at 31.12	-11 243	-21 646	-13 413	-1	-33 874
Book value at 31.12	**12 343**	**6 150**	**14 570**	**0**	**14 086**

1000 euro

10.1. Change in capital and reserves

Parent company	1.1.2001	Increase	Decrease	31.12.2001
Equivalent funds	6 875	-	-	6 875
Guarantee capital	1 766	-	-	1 766
Revaluation reserve	539	-	-	539
Reserve fund	17	-	-	17
Security reserve	108 887	69 882	-	178 769
Contingency fund	130	55	-59	126
Profit for the accounting period	69 937	73 489	-69 937	73 489
Change in capital and reserves, total	**188 151**	**143 426**	**-69 996**	**261 581**

Group	1.1.2001	Increase	Decrease	31.12.2001
Equivalent funds	6 875	-	-	6 875
Guarantee capital	1 766	-	-	1 766
Revaluation reserve	1 944	-	-538	1 406
Reserve fund	17	-	-	17
Security reserve	108 887	69 882	-	178 769
Contingency fund	130	55	-59	126
Share of reserves and depreciation difference transferred to capital and reserve	6 805	1 001	-16	7 790
Group loss for previous years	-5 278	-	-712	-5 989
Profit for the accounting period	70 230	72 279	-70 230	72 279
Part included in profit for the accounting period of the change in depreciation difference and optional reserves	-1 005	1 005	-1 001	-1 001
	69 226	73 284	-71 232	71 278
Change in capital and reserves, total	**190 372**	**144 223**	**-72 556**	**262 038**

10.2. Analysis of the revaluation reserve	**Parent Company 2001**	**Group 2001**
Revaluation reserve at 1.1	539	1 944
Revaluation cancellations	-	-538
Revaluation reserve at 31.12	539	1 406
of which related to fixed assets	539	1 406

10.3. Distributable as profits		
Profit from accounting period	73 489	71 278
+ Other distributable capital and reserves		
Security reserve	178 769	178 769
Reserve fund	17	17
Contingency fund	126	126
Transfer to capital and reserves of optional reserves and depreciation difference	-	7 790
Other total capital and reserve	178 911	186 702
- Loss in balance sheet	-	-5 989
- Amount transferred to capital and reserves from group appropriations	-	-7 790
Total distributable assets	**252 400**	**244 200**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
11. Accumulated appropriations and change in group reserves				
Accumulated appropriations				
Depreciation difference				
Depreciation difference at 1.1.	4 090	4 053	8 320	6 928
Increase	253	36	2 586	2 130
Decrease	-240	-	-1 228	-738
Depreciation difference at 31.12.	4 103	4 090	9 678	8 320
Optional reserves				
Credit loss reserve at 1.1.	1 449	1 436	1 449	1 436
Increase	171	13	171	13
Credit loss reserve at 31.12.	1 620	1 449	1 620	1 449
Housing reserve at 1.1.			83	172
Increase	-	-	11	-
Decrease	-	-	-83	-89
Housing reserve at 31.12.	-	-	11	83
Optional reserves, total	**1 620**	**1 449**	**1 631**	**1 532**
Accumulated appropriations	**5 724**	**5 539**	**11 309**	**9 852**
Allocation				
Capital and reserve			-7 790	-6 805
Minority interest			-239	-190
Deferred tax			-3 280	-2 857
			0	0
Tax rate			29%	29%
Group reserve				
Group reserve at 1.1.			-	156
Decrease			-	-156
Group reserve 31.12.			**-**	**0**

	2001	2000	2001	2000
12. Provision for outstanding claims				
Undisputed recourse receivables deducted				
Statutory accident	2 562	1 940	2 562	1 940
13. Debts maturing after five years or later				
Loans to financing institutes	-	-	7 793	4 313
Pension loans	-	-	104	112
14. Deferred taxes				
Deferred taxes on the basis of the difference between taxable income and allocation difference in book result and other temporay differences	1 254	1 326	1 254	1 326
Deferred tax on the basis of valuation differences which probably will realize within the coming three (3) years	16 079	29 265	16 079	29 265

1000 euro	Parent company 2001	Parent company 2000	Group 2001	Group 2000
15. Receivables and debts				
15.1. Specification of receivables				
Receivables from group companies				
Reinsurance activities	1 633	2 715	-	-
Other receivables	12 468	11 178	-	-
Receivables from participating interests				
Other receivables	48	531	48	531
15.2. Velkojen erittely				
Debts to group companies				
Other debts	11 621	9 187	-	-
Debts to participating interests				
Other debts	82	2	82	2

16. Guarantees and liability commitments	2001 Guarantee/pledge/ security and other commitments	2000 Guarantee/pledge/ security and other commitments	2001 Guarantee/pledge/ security and other commitments	2000 Guarantee/pledge/ security and other commitments
16.1. Guarantees				
Guarantees for own debts				
Mortgages given	-	-	4 020	3 953
Pledges, covering derivative contracts	-	2 048	-	2 048
Guarantees, reinsurance business	294	267	294	1 808
	294	2 315	4 314	7 809
Guarantees for other depts				
Mortgages given	-	-	1 177	1 177
16.2. Liability commitments and guarantees not included in balance sheet				
Derivative contracts				
Forward exchange contracts				
Forward exchange contracts and future contracts, open				
Underlying security	9 776	-	9 776	-
Current value	0	-	0	-
Share derivative contracts				
Forward exchange contracts and future contracts, open				
Underlying security	3 099	13 936	3 099	13 936
Current value	-175	5 550	-175	5 550
Lending contracts of securities				
Securities lended				
Remaining acquisition cost	1 145	474	1 145	474
Current value	3 099	13 224	3 098	13 223

1000 euro	Parent company		Group	
	2001	2000	2001	2000
Value added tax liabilities				
In connection with group registrated VAT	The group has tax receivable in connection with VAT			
Liability to return deductions according to chapter 33 of the Value Added Tax Act	50	50	50	50
Other liability commitments				
Buying commitments	693	0	693	0
Subscription commitments	16 272	11 227	16 272	11 227

17. Insider loans

Monetary loans to a managing director, board member, supervisory board member, or auditor of the insurance company, a corporation or foundation belonging to the group, a corporation or foundation exercising authority in the insurance company, or corporation or foundation exercising authority in such a corporation or foundation

The loans do not exeed 200,000.00 euro

Monetary loans to a party who, on the basis of guarantee share ownership, can have at least 10 per cent of the insurance company's guarantee shares or voting rights conferred by guarantee shares or the same proportions of ownership or voting power in a corporation belonging to the same group as the insurance company

Recipient	Tapiola Mutual Life Assurance Company
Amount	21 864 430,44 euro
Repayment date	31.12.2008
Interest rate	5,20
Guarantee	unguaranteed

Key Figures pertaining to Solvency

1000 euro	Parent company	
	2001	2000
18. Solvency		
Solvency margin		
Capital and reserves after profit distribution	261 581	188 151
Optional reserves and accumulated depreciation difference	5 724	5 539
Valuation difference between current asset values and book values on the balance sheet	303 172	401 682
Intangible assets and insurance acquisition costs not entered as expenses (-)	-12 343	-12 228
Off-balance-sheet commitments [1])	-16 079	-29 265
Other items	-	-
	542 055	553 879
Solvency margin required under the insurance Companies Act, Chapter 11, Section 2	66 368	62 386
Equalization provision included in the technical provisions for years in which there are exceptionally large losses	405 306	401 565
Equalization provision in proportion to its full amount (%)	99	107
The solvency margin and the equalization provision in proportion to net premiums earned over the preceding 12 months (%) [1])		
- 2001	253,1	
- 2000	272,9	
- 1999	291,9	
- 1998	238,1	
- 1997	224,8	
The solvency margin and the equalization provision in proportion to technical provisions, net of reinsurance and reduced by the amount of the equalization provision (%) [1])		
- 2001	127,8	
- 2000	139,8	
- 1999	144,2	
- 1998	125,6	
- 1997	114,4	

[1]) Deferred tax which probably will realize in the near future (during 3 years) has been deducted

Proposal for the Appropriation of the profit

The Board of Directors proposes that the profit of the accounting period in the amount of 73 489 060,97 be appropriated as follows:

Transfer to security reserve	73 380 392.31
Transfer to the contingency reserve	108 668.66

If the Board of the Directos' proposal for the appropriation of profits is approved, the company's capital and reserves:

Equivalent funds	6 875 407.12
Guarantee capital	1 765 973.23
Revaluation reserve	539 477.76
Reserve fund	16 818.79
Security fund	252 149 021.23
Contingency reserve	234 639.62
	261 581 337.75

Espoo 7th March 2002

Asmo Kalpala

Juhani Heiskanen

Tom Liljeström

Jari Saine

Juha Seppänen
Managing director

Auditors' report

To the owners of the Tapiola General Mutual Insurance Company

We have examined the bookkeeping, financial statements and administration of the Tapiola General Mutual Insurance Company for the 2001 financial year. The financial statements prepared by the Board of Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of the audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo, C.P.A., has performed the supervisory audit of the company and a separate report was issued on 20th March 2002.

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

The financial statements, which show a surplus for the parent company amounting to FIM 436,946,114.51 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

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

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

Espoo, 2nd April, 2002

Mauno Tervo	**PricewaterhouseCoopers Oy**
C.P.A.	firm of certified public accountants
	Ulla Holmström
	C.P.A.

Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for 2001 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 4th April, 2002

Pentti Sihvola
chairman

Tapiola Pension

Annual report 2001

Review by the Managing Director

Decade of change begins for employment pension scheme

In November 2001 the central organizations of the labour market made an agreement on the development of employment pensions in the private sector. The main aim is to control the growth of the employment pension scheme's expenses by encouraging people to remain in work. Another goal was simplification of the employment pension scheme, but that does not yet appear to have been accomplished.

The Committee on Competition in the Statutory Employment Pension Scheme completed its report at the beginning of 2002 and submitted it to the government. The aim of the committee's work is the promotion of competitive conditions and the achievement of competitive neutrality. The committee's work still requires plenty of further studies, the most important of which from Tapiola Pension's perspective concern how the technical interest rate is to be defined and decided so as to produce a competitively neutral solution.

The introduction of the so-called last pension institution model at the beginning of 2004 and compensation for the discontinuation of doubling the old-age pension's basic amount in autumn 2003 will cause a great deal of work also for Tapiola Pension.

Important reforms were carried out in Tapiola Pension during the review year. A reorganization designed to further improve customer service and the promise of improved service conveyed by our new brand have already proven their worth. The company's market position is strong and the result of the red business was excellent right across the board. Tapiola Pension continued its established tradition of leading the sector in cost-effectiveness.

The company was successful in its investments in 2001. The return on Tapiola Pension's investments was easily the best of all the employment pension companies in Finland. In spite of the extremely challenging investment climate, Tapiola Pension managed to achieve a positive result in all of its different investment instruments.

The company continued with the international diversification of both fixed-income and equity investments. Foreign investments rose to account for over a half of the total value of the investment portfolio. The share of corporate bonds was increased towards the end of the year. The emphasis in fixed-income investments remained on euro-zone government bonds. The proportional share of equities in the investment portfolio remained at the level of the previous year.

Welfare-at-work services aimed at maintaining employees' fitness for work have been positively received by customers and will be were further developed during 2002.

In order to develop its customer-centered business model and make good on the brand promise made, Tapiola Pension will continue to assess its activities in accordance with the self-assessment principles of the Finnish Quality Award.

Olli-Pekka Laine
managing director
Tapiola Pension

Tom Liljeström was the managing director of Tapiola Pension until 30.4.2001.

Administration and auditors

Supervisory board

Ilkka Brotherus 2001-2004
chairman,managing director, Hausjärvi
Antti Oksanen 2001-2004
deputy chairman, mining councilor, Espoo
Hannu Aho 1999-2002
member of parliament, Perho
Veikko Autio 1999-2002
mining councilor, Turku
Tapio Eskelinen 2001-2004
specialist, Järvenpää
Reino Hanhinen 2001-2004
mining councilor, Espoo
Risto Ikäheimo 2001-2003
development manager, Helsinki
Timo Jaakkola 2000-2003
managing director, Espoo
Kaarlo Julkunen 2001-2002
II deputy chairman, Pori
Pekka Kaikkonen 2000-2003
managing director, Kouvola
Timo Kauranen 2001-2004
manging director, Helsinki
Lasse Kurkilahti 2001-2003
managing director, Helsinki
Eero Kurri 2000-2003
managing director, Helsinki
Leo Laukkanen 1999-2002
commercial councilor, Mikkeli
Rauno Lehtimäki 1999-2002
managing director, Hämeenlinna
Seppo Maskonen 2001-2003
managing director, Oulu
Jarmo Mäntyharju 2001-2004
farmer, Oripää
Erkki Niemi 1999-2002
managing director, Lahti
Siiri Nuutinen 2000-2003
chief shop steward, Helsinki
Max van der Pals 2001-2004
farmer, B.Sc. (agrculture), Lohja mlk
Risto Pieviläinen 1999-2002
social secretary, Helsinki
Heikki Pitkänen 2000-2003
director, Helsinki
Pertti Raitoharju 2001-2004
chairman, Vantaa
Olli Saariaho 2001-2004
research manager, Helsinki
Tapio Salomaa 1999-2002
foreman, Kokemäki
Mikko Suotsalo 2000-2003
managing director, Helsinki
Jouko Vehmas 2000-2003
managing director, Kouvola
Mauri Waenerberg 1999-2002
attorney-at-law, Helsinki

Auditors

Mauno Tervo, B.Sc. (Econ.), C.P.A.
PricewaterhouseCoopers Oy
firm of certified public accountants, responsible auditor
Ulla Holmström, B.Sc. (Econ), C:P.A.
Deputy auditors
Barbro Löfqvist, M.Sc. (Econ.), C.P.A.
Mirja Tonteri, B.Sc. (Econ.), C.P.A.

Board of directors 1.5.2001

Asmo Kalpala, chairman, CEO
Tom Liljeström, deputy chairman, group director, corporate services
Eeva-Liisa Inkeroinen, director
Ismo Luimula, responsible economist
Paavo Mäkinen, operations manager
Maj-Len Remahl, chairman
Seppo Salismaa, managing director
Veikko Simpanen, social secretary
Risto Suominen, director
Matti Sutinen, managing director
Aino Toikka, personnel director
Pauli Torkko, deputy managing director
Deputy members:
Pertti Heikkala, group director, households
Kari Kaukinen, consultant (general medicine)
Seppo Kemppinen, attorney-at-law
Jari Saine, group director, savers and investors

Board of directors 1.1.2002

Asmo Kalpala, chairman, CEO
Tom Liljeström, deputy chairman, group director, corporate services
Kari Kaukinen, consultant (general medicine)
Markku Koponen, director
Ismo Luimula, responsible economist
Paavo Mäkinen, operations manager
Maj-Len Remahl, chairman
Seppo Salismaa, managing director
Veikko Simpanen, social secretary
Risto Suominen, director
Aino Toikka, personnel director
Pauli Torkko, deputy managing director
Deputy members:
Pertti Heikkala, group director, households
Juha Hintsanen, managing director
Seppo Kemppinen, attorney-at-law
Jari Saine, group director, savers and investors

Solid customer bonuses and high return on investments guarantee the remunerative growth of Tapiola Pension.

Tapiola Pension's overall result was EUR 40.4 million (46.5 million) when the unrealized decline in investment valuation differences is taken into account. The company's premiums written rose 11.5 per cent (4.7 %) to EUR 898.9 million (806.4 million). Solvency exceeded the minimum requirement by a factor of 2.5 (2.7).

The 2001 level of the TEL (Employees' Pensions Act) pension insurance premium averaged 21.1 per cent (21.5), which includes a 4.4 percentage point (4.7) premium contribution from employees. The level of the YEL (Self-employed Persons' Pensions Act) pension insurance premium remained unchanged at 21.0 per cent.

Ensuring the continued growth of profitability was one of the biggest challenges facing Tapiola Pension this year. Good customer service, an investment yield better than reference indexes, and steady policyholder benefits are the key elements in achieving this goal.

Insurance

Premiums written Tapiola Pension's premiums written were EUR 898.9 million (806.4 million), which was 11.5 per cent (4.7 %) higher than the premiums written for statutory employment pension insurance in 2000.

Credit losses on premiums due were EUR 6.9 million (8.3 million), i.e. EUR 1.4 million less than in the previous year. TEL and YEL insurances accounted for EUR 3.7 million (6.0 million) and EUR 3.2 million (2.4 million) of the credit losses, respectively.

Pensions paid Tapiola Pension paid out pensions totalling EUR 705.6 million (649.8 million), i.e. EUR 55.8 million (43.1 million) or 8.6 per cent (7.1 %) higher than in the previous year.

The 2001 index increments on TEL and YEL pensions were 4.02 per cent (1.4 %) for over-65-year-olds and 4.09 per cent (1.9 %) for under-65-year-olds.

Tapiola Pension's key figures:	**2001**	**2000**	**change, %**
Premiums written, EUR mill.	905.8	814.8	+11.2
Turnover, EUR mill.	1 243.5	1 135.3	+9.5
Claims paid, EUR mill.		705.5	649.9
Technical provisions, EUR mill.	4 527.6	4 068.1	+11.3
Balance sheet total at current prices, EUR mill.	4 776.7	4 391.4	+8.8
Insured under TEL	162 440	160 643	+ 1.1
TEL policies	20 617	20511	+ 0.5
Total income subject to TEL, EUR mill.	36 56,0	3 387.0	+ 7.9
TEL pensions to be paid	74 751	7 2246	+3.5
YEL policies	39 111	36 959	+ 5.8
Total income subject to YEL, EUR mill.	522.1	481.2	+8.5
YEL pensions to be paid	17 369	16 744	+ 3.7
Pension applications	8 948	7920	+13.0

Investments

Net investment income amounted to EUR 272.5 million (246.1 million), which was 10.8 per cent (26.2 %) higher than in 2000. Net interest and other income was EUR 205.0 million (180.6 million), 13.5 per cent (27.7) higher than in the previous year.

Net realized gains on investments were EUR 38.7 million (73.7 million).

The value adjustment in respect of investments was EUR 33.7 million (40.8 million), of which EUR 33.6 million (37.6 million) related to shares.

Value readjustments on investments were EUR 27.2 million (3.9 million), of which EUR 26.2 million (2.5 million) related to shares and EUR 1.0 million (1.4 million) to land and buildings.

The book and current values of the company's investment assets at the end of the year were EUR 4,290.7 million (3,859.0 million) and EUR 4,494.4 million (4,112.6 million), respectively.

Operating expenses

Net operating expenses as reported on the Profit and Loss Account were EUR 20.4 million (17.8 million), an increase of 14.6 per cent or EUR 20.4 million (17.8 million) on the previous year. Gross operating expenses include depreciation items totalling EUR 2.0 million (1.7 million), and appropriate proportions have been allocated to claims incurred and investment charges.

Statutory charges were EUR 1.4 million (0.9 million).

Most of the staff are employed not only by the company but also by Tapiola General Mutual Insurance Company and Tapiola Mutual Life Assurance Company. The company's managing director, deputy managing director, actuary and members of the investment management committee as well as other personnel making investment decisions or related preparatory work are employed solely by the company. The payments for services produced using shared resources are included in the company's operating expenses under the same items as would have been used if the staff had been directly employed by Tapiola Pension.

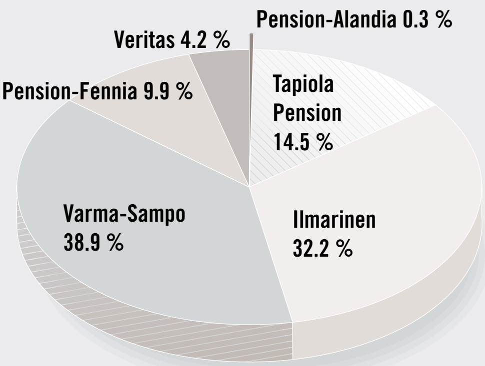
Salaries and commissions paid to members of the Supervisory Board, to the members and deputy members of the Board of Directors, and to the managing director and his deputy totalled EUR 543,261.80. Other salaries and commissions amounted to EUR 8,281,056.87. The total salaries and commissions figure was EUR 8,824,318.68.

Result for the accounting period

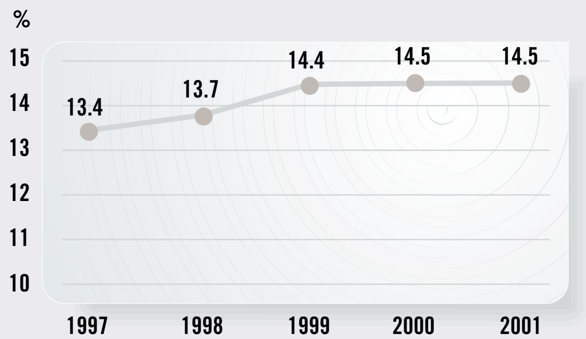
Turnover was EUR 1,243.5 million (1,135.3 million). The company's EUR 90.4 million (105.0 million)

Market shares 2001

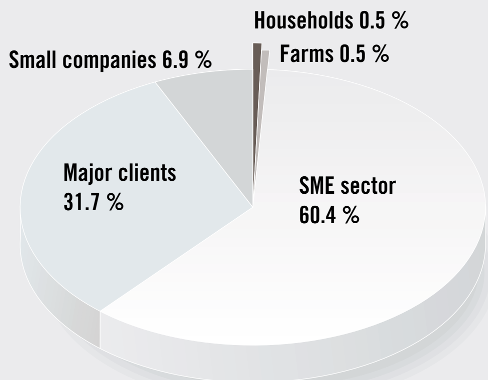
Preliminary data TEL (employees' pensions) and YEL (self-employed persons' pension). Premiums written EUR 6,179.8 million



Development of market share 2001

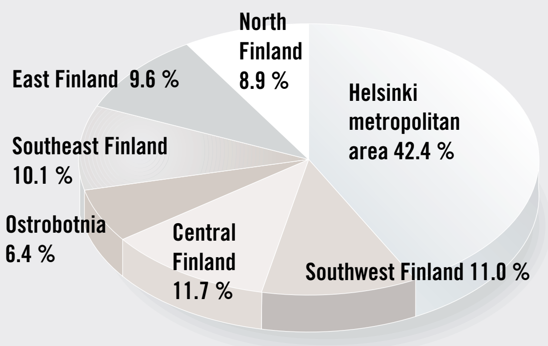


Premiums written by customer group 2001



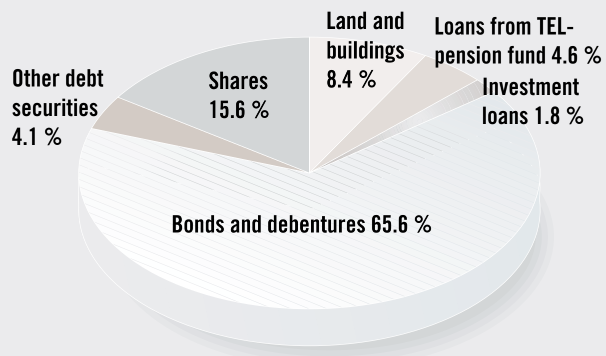
Premiums written by geographical area 2001

Based on domicile of policyholders including major client

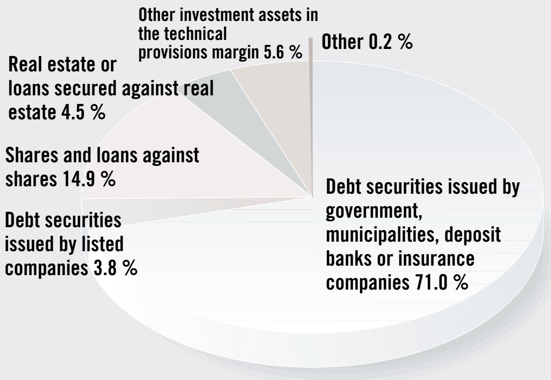


Investment assets

Current value at 31.12.2001 EUR 4,494.4 mill.



Investment risk profile



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

result can be regarded as good. The result was EUR 40.4 million (46.5 million) if the decline in unrealized investment valuation differences is taken into consideration.

The technical underwriting result, which describes purely insurance operations, was EUR 16.7 million (31.2 million). The result of the premium loss business was a surplus of EUR 7.8 million (4.1 million). The remainder of the technical underwriting result was EUR 8.9 million (27.1 million).

The administrative cost surplus, which describes the company's cost efficiency, was EUR 7.2 million (6.6 million). The investment return at book values was EUR 66.4 million (67.2 million). The change in valuation differences was EUR - 49.9 million (-58.5 million). The investment return at current values was EUR 16.5 million (8.7 million).

The amount set aside out of the result for premium discounts to customers was EUR 10.6 million (12.1 million).

The company's solvency margin is 16.9 per cent (18.4 %) of the technical provisions less certain items specified in the statute. The solvency limit defined on the basis of the structure of the company's investment portfolio is 6.7 per cent (6.7 %) of the above-mentioned technical provisions, so the company's solvency exceeds the required level by a factor of 2.5 (2.7).

The amount allocated out of the additional benefits provision for premium discounts to customers was EUR 15.0 million (25.0 million) at the end of the year, and in the year 2002 about EUR 7.4 million (12.4 million) will be used for TEL premium discounts. A total of EUR 83.9 million (50.8 million) was transferred to the unallocated provision for additional benefits from the credit loss reserve and the result in order to raise the company's solvency. The unallocated provision for additional benefits was EUR 465.6 million (381.7 million) at the end of 2001.

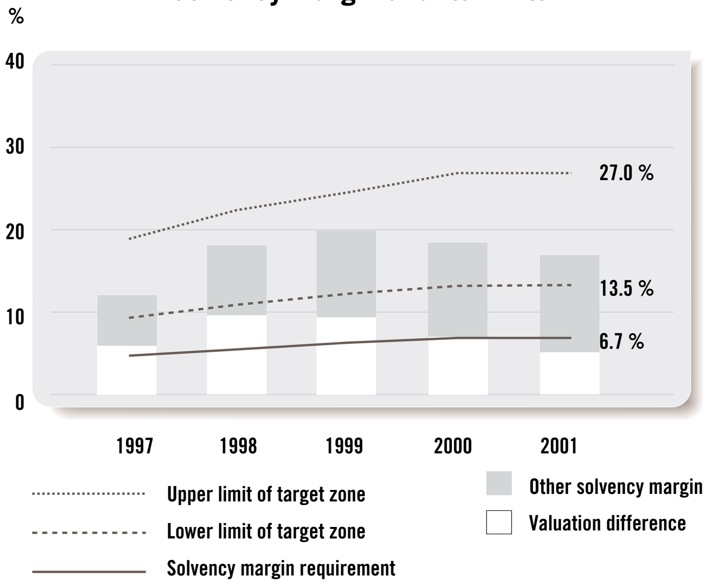
The current value of the company's assets has been calculated by adhering to a conservative valuation principle. The procedure is described in greater detail in the accounting principles of the financial statements.

Depreciation of EUR 2.0 million (1.7 million) was charged according to plan. The full amount of depreciation permitted under the Business Taxation Act was charged. The credit loss reserve was reduced to zero.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Group was EUR 212,772.36. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

The Profit and Loss Account shows a surplus of EUR 1,137,284.23. The Board of Directors recommends that the surplus be appropriated so that EUR

Solvency margin and its limits



1,136,950.38 is transferred to the security reserve and EUR 333.85 is transferred to the contingency reserve. The Balance Sheet shows assets totalling EUR 4,573,043,860.67 (EUR 4,137,906,296.93).

CONSOLIDATED FINANCIAL STATEMENTS

The Tapiola Pension Group comprised the parent company, Tapiola Mutual Pension Insurance Company, as well as Elkes Oy, Tapra Ky and 51 (45) housing and real estate companies as subsidiaries.

The associated companies of the group were Tapiola Asset Management Ltd, Vakuutusneuvonta Aura Oy, Vakuutusneuvonta Pohja Oy, Suomen Metsäsijoitus Oy, Pohja-Yhtymä Oy, Vaasan Tekno Park Oy and four real estate companies.

Insurance

Premiums written The group's premiums written were EUR 898.9 million (806.4 million), which was 11.5 per cent (4.7 %) higher than the premiums written for statutory employment pension insurance in 2000.

Credit losses on premiums due were EUR 6.9 million (8.3 million), i.e. EUR 1.4 million less than in 2000. TEL and YEL insurances accounted for EUR 3.7 million (6.0 million) and EUR 3.2 million (2.4 million) of the credit losses, respectively.

Pensions paid Tapiola Pension paid out pensions totalling EUR 705.6 million (649.8 million), i.e. EUR 55.8 million (43.1 million) or 8.6 per cent (7.1 %) higher than in the previous year.

The 2001 index increments on TEL and YEL pensions were 4.02 per cent (1.4 %) for over-65-year-olds and 4.09 per cent (1.9 %) for under-65-year-olds.

Investments

Net investment income amounted to EUR 270.1 million (245.7 million), which was 9.9 per cent (26.5 %) higher than in 2000. Net realized gains on investments were EUR 38.7 million (74.1 million). Net interest and other income was EUR 206.1 million (181.9 million). Net income from land and buildings was EUR 23.2 million (18.1 million). Depreciation of EUR 7.6 million (7.3 million) in respect of buildings was charged according to plan. The net total of value adjustments and readjustments was EUR –7.2 million (-36.6 million).

The book and current values of the company's investment assets at the end of the year were EUR 4,328.0 million (3 894.4 million) and EUR 4,540.4 million (4,153.4 million), respectively.

Operating expenses

Net operating expenses as reported on the Consolidated Profit and Loss Account rose by 14.6 per cent to EUR 20.4 million (17.7 million), which was EUR 2.7 million (2.7 million) higher than in the previous year. Statutory charges were EUR 1.4 million (0.9 million).

Result for the accounting period

Turnover was EUR 1,239.5 million (1,133.9 million).

Depreciation was charged according to plan and it includes depreciation on goodwill. The credit loss reserve was reduced to zero.

The Consolidated Profit and Loss Account shows a deficit of EUR 16,806,969.02. The Balance Sheet shows assets totalling EUR 4,609,860,684.96.

Return on investments, solvency and customer bonuses

EUR million	2001	2000	1999	1998	1997
Return on investments at current values	222.6	187.6	213.2	308.5	193
Return on capital employed, %	5.2	4.7	5.9	9.6	6.8
Solvency margin	680.5	666.8	661.3	555.1	342.8
Solvency margin/provision for unearned premiums	16.9	18.4	19.9	18.1	12
Solvency margin/limit	2.5	2.7	3.2	2.5	2.7
Equalization provision	243.6	226.8	196	155.5	111.1
Transfer to customer bonuses	10.6	12.1	15.1	16.7	17.3
Transfer as percentage of payroll	0.29	0.36	0.48	0.59	0.68
Payroll	3 656.4	3 387.4	3 176.6	2 827.0	2 549.0

Performance analysis

EUR million					
SOURCES OF SURPLUS					
Underwriting business result	16.8	31.2	42.9	43.7	32.6
Investment book result	66.5	67.2	40.5	33.2	37.8
Change in valuation difference	-49.9	-58.5	18.3	124.8	14.6
Return on investments at current value	16.6	8.7	58.8	158.0	52.4
Administration costs result	7.2	6.6	7.6	6.3	5.9
TOTAL	40.6	46.5	109.3	208.0	90.9
USE OF RESULT AND CHANGE IN RESERVES					
Change in solvency (+/-)					
Equalization provision	16.8	31.2	42.9	43.7	32.6
Solvency margin	13.1	3.2	51.3	147.6	41.1
Transfer to customer bonuses	10.6	12.1	15.1	16.7	17.3
Profit distribution proposal	0.0	0.0	0.0	0.0	0.0
TOTAL	40.5	46.5	109.3	208.0	91.0

Provision for current bonuses

Provision for current bonuses at 1.1.	25.0	40.0	53.6	54.6	52.6
Bonuses paid during financial year	20.6	27.2	28.7	17.7	15.3
Transfer to customer bonuses	10.6	12.1	15.1	16.7	17.3
Provision for current bonuses at 31.12	15.0	25.0	40.0	53.6	54.6

Specification of return on investment and result

EUR million	31.12.2001	31.12.2000
Direct net return	240.1	209.6
Loans	17.0	13.4
Bonds and debentures	179.7	157.2
Other debt instruments and deposits	5.1	5.3
Shares	21.6	21.5
Land and buildings	16.3	11.1
Other investments	0.0	2.6
Unallocated income, costs and operating expenses	0.3	-1.5
Book value adjustments 1)	32.4	36.6
Shares	31.4	38.3
Bond and debentures	0.0	0.1
Land and buildings	0.9	-1.3
Other investment	0.1	-0.6
Net book income	272.5	246.1
Change in valuation difference	-49.9	-58.5
Shares	-48.8	-91.3
Bond and debentures	-8.7	18.5
Land and buildings	7.5	14.3
Other investment	0.1	0.0
Total return on investments	222.6	187.6
Other interest items 2)	3.1	1.9
Required return on equalization provision	209.2	180.7
Investment book result	66.5	67.3
Result at current values	16.5	8.8

1) realization gains and losses and value adjustments in books
2) includes i.e. profit and loss account items not entered into income from investments.

Allocation of investments

	31.12.2001		31.12.2000	
	EUR mill.	%	EUR mill.	%
Loans 1)	288.8	6.3	285.2	6.8
Bonds and debentures 1)	3 061.9	66.4	2 874.6	68.5
Other debt instruments and deposits 1)	182.1	3.9	98.1	2.3
Shares	702.1	15.2	625.0	14.9
Land and buildings 2)	377.1	8.2	313.0	7.5
Total investments	4 612.1	100.0	4 195.8	100.0

1) interest included

2) in use and invested in included

Return on investments

	Total return 1) 1-12/2001 EUR mill.	Capital employed 2) 1-12/2001 EUR mill.	Return % on capital employed 1-12/2001 %	1-12/2001 %
Loans	17.2	299.0	5.7	5.2
Bonds and debentures	171.0	2 820.2	6.1	6.4
Other debt instruments and deposits	5.3	115.9	4.6	
Shares	4.2	696.5	0.6	-5.9
Land and buildings 3)	24.7	335.5	7.4	9.3
Other investments				
Total investments	222.4	4 267.1	5.2	4.8
Unallocated return, costs and operating expenses	0.3			
Total return 4)	222.7	4 267.1	5.2	4.7

1) Return on investments = from changed markets values the cash flow is deducted. Cash flow means difference between purchases/expenses and sales/return.
2) Capital employed = to market value in beginning of period monthly time weighted cash flow is added.
3) Return on land and buildings = Return of parent company (incl. fixed assets). Total return according to the KTI index was 7.9% (incl. interest subsidy).
4) Total return on investments = Net return from investments in profit and loss account + change in valuation difference.

Loading profit

EUR million	2001	2000	1999	1998	1997
Loading costs in premiums	30.4	26.5	25.3	22.5	20.6
Other income	0.7	1.1	0.3	0.7	0.6
Operating expenses by function	-23.7	-20.7	-17.8	-16.6	-15.1
Other expenses	-0.2	-0.4	-0.1	-0.2	-0.1
Loading profit	7.2	6.6	7.6	6.3	5.9
Loading costs/ loading costs in premiums, %	76.9	76.2	70.2	72.7	72.0

Real estate portfolio, income and vacant premises at 31.12.2001

Tapiola Pension

Real estate portfolio, EUR 1 000

Current value	402 721
Book value and loans	365 206
Valuation difference	37 515

Type of real estate	Current value EUR 1 000	Current value EUR/m²	Net yield EUR 1 000	Net yield %	Vacant floor area, m²	Vacancy rate
Non-residential premises						
Commercial and office premises	155 700	1 504	12 305	7.9	103 515	1.0
Industrial premises	16 684	612	1 323	7.9	27 268	0.0
Hotels	34 607	3 227	2 240	6.5	10 723	0.0
Total	206 991	1 463	15 868	7.7	141 506	0.7
Residential buildings *)	89 859	1 458	5 692	6.3	61 632	2.2
Other properties and premises						
Under construction						
acquired mid-year	83 936					
Undeveloped plots	7 508					
Shares in real estate						
investment companies	8 103					
Total	99 547				34 538	
In own use	6 324				4 837	
REAL ESTATE PORTFOLIO	402 721				242 512	

*) The net income from residential premises is augmented by a government interest subsidy of	EUR 1 037 720
Total income from investments (incl. interest subsidy) according to KTI-index	7.9 %
The average vacancy rate over the year for non-residential premises was	1.1 %

Financial analysis

1000 euro	Parent company		Group	
Indirect financial analysis	**2001**	**2000**	**2001**	**2000**
Flow of liquid assets in activities				
Profit (loss) on ordinary activities/ profit (loss) before extraordinary items	-20 841	10 854	-17 045	9 611
Amendments				
Change in technical provisions	459 455	358 652	459 455	358 652
De- and revaluations of investments	6 236	36 883	7 173	36 648
Change in obligatory uncovered liabilities	-	7 135	-	7 135
Depreciations according to plan	2 262	1 706	10 041	9 225
Other amendments	-36 513	-69 745	-39 305	-67 947
Flow of liquid assets before change of working capital	**410 598**	**345 485**	**420 319**	**353 324**
Change of working capital				
Increase (-)/decrease (+) of short receivables ex interest	-6 908	-33 127	-10 031	-30 740
Increase (+)/decrease (-) of short debts ex interest	-3 475	3 339	-2 792	6 372
Flow of liquid assets before financing items and taxes	**400 216**	**315 696**	**407 496**	**328 956**
Interest and fees for other financing expenses			-1 774	-1 275
Direct taxes	-2 216	-3 913	-2 326	-4 005
Flow of liquid assets before extraordinary items	**398 000**	**311 783**	**403 396**	**323 677**
Flow of liquid assets in activities	**398 000**	**311 783**	**403 396**	**323 677**
Flow of liquid assets in investments				
Increase in investments (excl. liquid assets)	-438 086	-381 224	-448 431	-396 046
Income from investment disposal (excl. liquid assets)	38 729	73 659	38 729	74 096
Increase/decrease of minority share			-1 501	-541
Tangible and intangible assets and other investments and disposal income (net)	-2 143	-2 320	-2 679	-2 777
Flow of liquid assets in investments	**-401 500**	**-309 886**	**-413 882**	**-325 267**
Flow of liquid assets in financing				
Loans taken out			6 993	10 673
Increase of equity			23	-7 205
Dividens/interest on guarantee capital and other profit distribution	-2	-	-2	-
Flow of liquid assets in financing	**-2**	**-**	**7 014**	**3 468**
Change in flow of liquid assets	**-3 502**	**1 897**	**-3 472**	**1 878**
Flow of liquid assets in the beginning of the accounting period	**6 653**	**4 756**	**6 720**	**4 843**
Flow of liquid assets at the end of the accounting period	**3 151**	**6 653**	**3 249**	**6 720**

Profit and Loss Account

1000 euro		Parent company		Group	
		2001	2000	2001	2000
Technical account:					
Premiums written	*1	898 909	806 444	898 909	806 444
Investment income	4	337 698	320 465	333 528	319 082
Claims incurred					
Claims paid	2	-705 584	-649 842	-705 584	-649 842
Change in provision for outstanding claims		-180 633	-162 950	-180 633	-162 950
		-886 217	-812 792	-886 217	-812 792
Change in provisions for unearned premiums		-278 822	-195 702	-278 822	-195 702
Change in uncovered liabilities					
Obligatory uncovered liabilities		-	-7 135	-	-7 135
Statutory charges		-1 360	-854	-1 360	-854
Operating expenses	3	-20 390	-17 786	-20 386	-17 742
Investment charges	4	-65 161	-74 406	-63 450	-73 338
Other technical expenses		-3 050	-3 111	-3 050	-3 111
Balance on the technical account		**-18 393**	**15 124**	**-20 848**	**14 853**
Non-technical account:					
Other income					
Decrease in group reserve				272	80
Other income		2	2	2	2
		2	2	275	83
Other expenses					
Decrease in consolidation goodwill				0	-33
Other expenses		-234	-359	-234	-359
		-234	-359	-234	-392
Share of participating interests' losses				-81	-70
Direct taxes on ordinary activities					
Taxes for the accounting period		-2 210	-3 912	-2 319	-4 003
Taxes from previous years		-6	-1	-7	-2
Deferred tax		-	-	6 170	-858
		-2 216	-3 913	3 844	-4 863
Profit/loss on ordinary activities		**-20 841**	**10 854**	**-17 045**	**9 611**
Profit/loss after extraordinary items		**-20 841**	**10 854**	**-17 045**	**9 611**
Appropriations					
Decrease in optional reserves		21 978	-2 500	-	-
		21 978	-2 500	-	-
Minority interest in the loss for the accounting period				238	110
Profit/loss for the accounting period		**1 137**	**8 354**	**-16 807**	**9 721**

* Reference number in the Appendices

Appendices to the Profit and Loss Account

1000 euro	Parent company		Group	
	2001	2000	2001	2000
1. Premiums written				
Direct insurance				
Basis insurance under the Employees' Pensions Act				
Employers' contribution	630 630	553 941	630 630	553 941
Employees' contribution	164 537	159 209	164 537	159 209
	795 167	713 150	795 167	713 150
Additional pension insurance under the Employees' Pensions Act	5 500	5 369	5 500	5 369
Persons' Pensions Act minimum cover	98 841	87 975	98 841	87 975
Additional pension insurance under the Self-employed Persons' Pensions Act	519	643	519	643
	900 027	807 137	900 027	807 137
Transitional charge payable to the State Pension Fund	-1 100	-691	-1 100	-691
Premiums written before reinsurers' share	**898 927**	**806 446**	**898 927**	**806 446**
Reinsurers' share	-18	-3	-18	-3
Premiums written	**898 909**	**806 444**	**898 909**	**806 444**
Credit loss on premiums				
Employees' Pensions Act	-3 640	-5 952	-3 640	-5 952
Self-employed Persons' Pensions Act	-3 225	-2 394	-3 225	-2 394
	-6 865	-8 347	-6 865	-8 347
1.1. Amortization of uncovered liabilities	**-**	**13 550**	**-**	**13 550**

1000 euro	Parent company		Group	
	2001	**2000**	**2001**	**2000**
2. Claims paid				
Direct insurance				
Paid to pension beneficiaries				
Basis insurance under the Employees' Pensions Act	505 357	465 720	505 357	465 720
Additional pension insurance under the Employees' Pensions Act	9 008	8 624	9 008	8 624
Insurance under the Self-employed Persons' Pensions Act minimum cover	100 599	92 788	100 599	92 788
Additional pension insurance under the Self-employed Persons' Pensions Act	770	672	770	672
	615 734	567 803	615 734	567 803
Paid/Received liability distribution renumeration				
Pensions under the Employees' Pensions Act	65 868	60 942	65 868	60 942
Pensions under the Self-employed Persons' Pensions Act	16 425	14 792	16 425	14 792
	82 294	75 735	82 294	75 735
Paid/Received joint guarantee charges	3 645	2 977	3 645	2 977
	701 673	646 515	701 673	646 515
Claims management expenses	3 276	2 906	3 276	2 906
Rehabilitation management expenses	635	421	635	421
Claims paid before reinsurers' share	**705 584**	**649 842**	**705 584**	**649 842**
Claims paid, total	**705 584**	**649 842**	**705 584**	**649 842**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
3. Operating expenses covering staff and management				
3.1. Total operating expenses by function				
Claims paid				
Claims management expenses	3 276	2 906	3 276	2 906
Rehabilitation management expenses	635	421	635	421
	3 911	3 327	3 911	3 327
Operating expenses	20 390	17 786	20 386	17 742
Investment charges				
Expenses for land and buildings	1 092	930	1 387	1 367
Expenses for other investments	1 970	1 755	1 970	1 755
	3 062	2 684	3 357	3 122
Other expenses	234	359	234	392
Total	**27 597**	**24 156**	**27 889**	**24 582**
3.2. Operating expenses in Profit and Loss Account				
Insurance policy aquisition cost				
Commissions for direct insurance	877	811	877	811
Other insurance policy aquisition costs	6 535	5 731	6 535	5 731
	7 412	6 542	7 412	6 542
Insurance policy management expenses	6 403	5 791	6 403	5 791
Administrative expenses	6 578	5 454	6 575	5 409
Commissions for reinsurance ceded	-3	-1	-3	-1
Total	**20 390**	**17 786**	**20 386**	**17 742**
3.3. Staff and management bodies				
3.3.1. Staff expenses				
Salaries and commissions	9 106	8 425	9 180	8 505
Pension expenses	1 828	1 564	1 838	1 574
Other social expenses	644	574	648	578
Total	**11 578**	**10 563**	**11 667**	**10 656**

3.3.2. Management salaries and renumerations, pension commitments, loans and terms as well as guarantees and liability commitments	**2001**	**2000**	**2001**	**2000**
Managing director				
Salaries and renumerations	211	175	211	175
Pension commitments	The pensionable age agreed at 60-63 years			
Loans and terms	No loans given			
Guarantees and liability commitments	No guarantees or liability commitments given			
Members and deputy members of the board				
Salaries and renumerations	289	165	289	165
Pension commitments	The retirement age of the management and of the members of the board employed by the company has been agreed at 60-63 years			
Loans and terms	No loans given			
Guarantees and liability commitments	No guarantees or liability commitments given			
Supervisory board				
Salaries and renumerations	43	43	43	43
Pension commitments	No pension commitments			
Loans and terms	No loans given			
Guarantees and liability commitments	No guarantees or liability commitments given			

3.3.3. Average staff during the accounting period				
Office	8	8	8	8
Sales	-	-	-	-
Real estate	-	-	-	-

1000 euro	Parent company 2001	Parent company 2000	Group 2001	Group 2000
4. Analysis of net investment income				
Investment income:				
Income from investments in group companies				
Interest income	443	221	-	-
Income from investments				
Participating interests, interest income	0	0	0	0
Income from investments in land and buildings				
Group companies, interest income	7 872	6 619	-	-
Income from investments in land and buildings				
Participating interests, interest income	213	222	213	222
Income from investments in land and buildings				
Other companies, interest income	46	20	46	20
Other companies, other income	29 170	21 872	34 007	25 865
	29 216	21 891	34 053	25 885
Income from other investments				
Dividend income	19 766	18 586	19 766	18 586
Interest income	208 950	184 249	209 163	184 317
Other income	3 308	4 149	3 309	4 152
	232 024	206 985	232 238	207 055
Total	269 768	235 938	266 505	233 162
Value readjustments	27 251	3 935	26 345	4 891
Realized gains on investments	40 678	80 592	40 678	81 029
Total	**337 698**	**320 465**	**333 528**	**319 082**
Investment expenses:				
Expenses for land and buildings				
Group companies	-16 823	-15 946	-	-
Other companies	-5 076	-2 638	-11 841	-8 957
	-21 898	-18 584	-11 841	-8 957
Expenses for other investments	-6 811	-7 313	-6 809	-7 313
Interest expenses and expenses on other liabilities				
Group companies	-837	-433	-	-
Participating interests	-	-	0	-
Other companies	-67	-232	-1 774	-1 275
	-904	-665	-1 774	-1 275
Total	-29 613	-26 562	-20 424	-17 545
Devaluations and depreciations				
Devaluations	-33 487	-40 818	-33 518	-41 539
Planned depreciation on buildings	-112	-92	-7 559	-7 320
	-33 599	-40 910	-41 078	-48 859
Realized losses on investments	-1 949	-6 933	-1 949	-6 933
Total	**-65 161**	**-74 406**	**-63 450**	**-73 338**
Net investment income before revaluations and their adjustments	**272 537**	**246 060**	**270 078**	**245 744**
Net investment income on the Profit and Loss Account	**272 537**	**246 060**	**270 078**	**245 744**
Avoir fiscal tax credit included in dividend income	1 685	3 436	1 684	3 436

Balance Sheet

1000 euro		Parent company		Group	
Assets		**2001**	**2000**	**2001**	**2000**
Intangible assets					
Other long-term expenses	9	**5 185**	**5 724**	**5 316**	**5 876**
Investments	5				
Investments in land and buildings	6				
Land and buildings		171 549	150 849	365 355	306 954
Loans to group companies	8	165 051	129 007	-	-
Loans to participating interests		3 018	3 076	3 018	3 076
		339 618	282 932	368 373	310 030
Investments in group companies and participating interests	7				
Shares and other variable-yield securities and units in unit trusts		17	17	-	-
Other shares and variable-yield securities and units in unit trusts		1 854	1 599	1 817	1 518
Debt securities and loans in participating interests		2 750	2 859	2 750	2 859
		4 621	4 475	4 567	4 377
Other investments					
Shares and other variable-yield securities and units in unit trusts	7	602 669	480 223	611 127	488 596
Debt securities		2 998 180	2 731 361	2 998 180	2 731 361
Loans guaranteed by mortgages	8	41 818	44 432	41 818	44 432
Other loans	8	240 646	266 609	240 646	266 609
Deposits		63 200	45 484	63 200	45 484
Other investments		-	3 496	93	3 496
		3 946 513	3 571 606	3 955 064	3 579 980
		4 290 752	**3 859 014**	**4 328 004**	**3 894 387**
Debtors	15				
Arising out of direct insurance operations					
Policyholders		76 904	63 787	76 904	63 787
Other debtors		20 848	25 564	16 786	18 922
		97 752	**89 351**	**93 689**	**82 709**
Other assets					
Tangible assets					
Equipment	9	554	22	1 511	750
Other tangible assets		-	-	22	25
		554	22	1 533	775
Cash at bank and in hand		3 151	6 653	3 249	6 720
Other assets		22	22	22	22
		3 728	**6 697**	**4 804**	**7 518**
Prepayments and accrued income					
Interest and rents		122 182	124 010	122 186	124 012
Other prepayments and accrued income		53 444	53 110	55 862	54 985
		175 627	**177 120**	**178 048**	**178 997**
		4 573 044	**4 137 906**	**4 609 861**	**4 169 487**

Balance Sheet

1000 euro		Parent company		Group	
Liabilities		**2001**	**2000**	**2001**	**2000**
Capital and reserve	10				
Equivalent funds		841	841	841	841
Guarantee capital		807	807	807	807
Revaluation reserve		-	-	101	101
Other free funds		13 579	5 227	13 579	5 227
Amount of optional reserves and depreciation difference transferred to equity		-	-	3 116	18 214
Group losses for previous years		-	-	-6 986	-6 308
Profit for the accounting period		1 137	8 354	-16 807	9 721
Amount included in profit/loss for the accounting period of the change in depreciation difference and optional reserves		-	-	15 121	-2 045
		16 365	**15 229**	**9 772**	**26 558**
Minority interest		**-**	**-**	**20 924**	**22 663**
Accumulated appropriations	11				
Optional reserves		**-**	**21 978**	**-**	**-**
Group reserve	11	**-**	**-**	**1 589**	**176**
Technical provisions	12				
Provisions for unearned premiums		2 947 259	2 668 437	2 947 259	2 668 437
Provisions for outstanding claims		1 580 367	1 399 734	1 580 367	1 399 734
		4 527 626	**4 068 171**	**4 527 626**	**4 068 171**
Creditors					
Reinsurance		17	-	-	-
Loans from financing institutes	13			28 900	21 908
Deferred tax	11/14			1 467	7 524
Other creditors		25 653	26 643	13 598	16 230
		25 670	**26 643**	**43 965**	**45 663**
Accruals and deferred income		**3 383**	**5 885**	**5 985**	**6 256**
		4 573 044	**4 137 906**	**4 609 861**	**4 169 487**

Appendices to the Balance Sheet

1000 euro	Parent company			Group		
5. Current value and valuation difference of investments Investments 31.12.2001	**Remaining acquisition cost**	**Book value**	**Current value**	**Remaining acquisition cost**	**Book value**	**Current value**
Investments in land and buildings						
Land and buildings	1 399	1 399	1 399	313 584	313 685	364 692
Group company shares	117 394	118 234	154 848	-	-	-
Land and buildings in participating interests	2 156	2 156	2 390	1 910	1 910	2 390
Other real estate interests	49 760	49 760	50 426	49 760	49 760	50 426
Loans to group companies	165 051	165 051	165 051	-	-	-
Loans to participating interests	3 018	3 018	3 018	3 018	3 018	3 018
	338 778	339 618	377 133	368 272	368 373	420 526
Investments in group companies						
Shares and other variable-yield securities and units in unit trusts	17	17	17	-	-	-
Participating interests						
Other shares and variable-yield securities and units in unit trusts	1 854	1 854	1 854	1 817	1 817	1 817
Debt securities and loans	2 750	2 750	2 750	2 750	2 750	2 750
	4 604	4 604	4 604	4 567	4 567	4 567
Other investments						
Shares and other variable-yield securities and units in unit trusts	602 669	602 669	700 247	611 127	611 127	702 750
Debt securities	2 998 180	2 998 180	3 066 775	2 998 180	2 998 180	3 066 775
Loans guaranteed by mortgages	41 818	41 818	41 818	41 818	41 818	41 818
Other loans	240 646	240 646	240 646	240 646	240 646	240 646
Deposits	63 200	63 200	63 200	63 200	63 200	63 200
Other investments	-	-	-	93	93	93
	3 946 513	3 946 513	4 112 687	3 955 064	3 955 064	4 115 283
	4 289 912	**4 290 752**	**4 494 441**	**4 327 903**	**4 328 004**	**4 540 376**
The remaining aquisition cost of debt securities consists of						
- the difference between the nominal value and acquisition price that is allocated to interest income (+) or deducted from it (-)		-52 405			-52 405	
The book value consists of						
Other revaluations		840			101	
Valuation difference (difference between the current and book values)			**203 689**			**212 372**

1000 euro	Parent company			Group		
5. Current value and valuation difference of investments Investments 31.12.2000	**Remaining acquisition cost**	**Book value**	**Current value**	**Remaining acquisition cost**	**Book value**	**Current value**
Investments in land and buildings						
Land and buildings	1 399	1 399	1 399	261 882	261 983	301 098
Group company shares	103 519	104 359	134 341	-	-	-
Land and buildings in participating interests	2 054	2 054	2 388	1 935	1 935	2 388
Other real estate shares	43 036	43 036	42 762	43 036	43 036	42 762
Loans to group companies	129 007	129 007	129 007	-	-	-
Loans to participating interests	3 076	3 076	3 076	3 076	3 076	3 076
	282 092	282 932	312 973	309 929	310 030	349 324
Investments in group companies						
Shares and other variable-yield securities and units in unit trusts	17	17	17	-	-	-
Investments in participating interests						
Shares and other variable-yield securities and units in unit trusts	1 599	1 599	1 599	1 518	1 518	1 518
Debt securities and loans	2 859	2 859	2 859	2 859	2 859	2 859
	4 459	4 459	4 459	4 377	4 377	4 377
Other investments						
Shares and other variable-yield securities and units in unit trusts	480 223	480 223	626 641	488 596	488 596	631 187
Debt securities	2 731 361	2 731 361	2 808 528	2 731 361	2 731 361	2 808 528
Loans guaranteed by mortgages	44 432	44 432	44 432	44 432	44 432	44 432
Other loans	266 609	266 609	266 609	266 609	266 609	266 609
Deposits	45 484	45 484	45 484	45 484	45 484	45 484
Other investments	3 496	3 496	3 496	3 496	3 496	3 496
	3 571 606	3 571 606	3 795 191	3 579 980	3 579 980	3 799 737
	3 858 174	**3 859 014**	**4 112 640**	**3 894 286**	**3 894 387**	**4 153 438**
The remaining aquisition cost of debt securities consists of						
- the difference between the nominal value and acquisition price that is allocated to interest income (+) or deducted from it (-)		-71 099			-71 099	
- yield on index-linked loans		-			20 000	
		-71 099			-51 099	
The book value consists of						
Other revaluations		840			101	
Valuation difference (difference between the current and book values)			**253 626**			**259 051**

1000 euro	Parent company			Group	
6. Change in investments in land and buildings 31.12.2001	**Land and buildings**	**Loans to group companies**	**Loans to participating interests**	**Land and buildings**	**Loans to participating interests**
Acquistion cost at 1.1	182 061	129 007	3 076	353 358	3 076
Fully depreciated in the previous year	-	-	-	-449	-
Increases	19 228	39 319	-	65 344	-
Decreases	294	-3 274	-58	264	-58
Transfers between items	-	-	-	8 037	-
Acquistion cost at 31.12	201 583	165 051	3 018	426 555	3 018
Accumulated depreciations at 1.1				-25 024	
Fully depreciated in the previous year	-			449	
Depreciations in accounting period	-			-7 447	
Decreases	-			-8 037	
Accumulated depreciations at 31.12	-			-40 060	
Devaluations at 1.1	-32 052			-21 481	
Devaluation of value and transfer	168			168	
Value adjustment of accounting period	-			-31	
Value readjustment	1 009			103	
Devaluations at 31.12	-30 874			-21 242	
Revaluations at 1.1	840			101	
Revaluations at 31.12	840			101	
Book value at 31.12	**171 549**	**165 051**	**3 018**	**365 355**	**3 018**

Land and buildings for own use	**2001**	**2001**
Remaining aquisition cost	5 274	3 041
Book value	5 274	3 041
Current value	5 317	5 317

7. Investments in group companies and participating interests	**Parent company 2001**	**Group 2001**
Shares and holdings in group companies		
Acquisition cost at 1.1	17	-
Acquisition cost at 31.12	17	-
Book value at 31.12	**17**	**-**
Other shares and variable-yield securities and units in unit trusts		
Acquisition cost at 1.1	1 599	1 518
Increases	255	300
Acquisition cost at 31.12	1 854	1 817
Book value at 31.12	**1 854**	**1 817**

1000 euro	Parent company	Group
	2001	2001
Debt securities and loans to participating interests		
Acquisition cost at 1.1	2 859	2 859
Decreases	-109	-109
Acquisition cost at 31.12	2 750	2 750
Book value at 31.12.	**2 750**	**2 750**
Total	**4 621**	**4 567**

Parent company	No.of shares	% of shares	Book value	Market value	Result for accounting period	Capital and reserves
7.1. Investments in group companies						
Tapra Ky	50	100,00	8	8	0	8
Elkes Oy	50	100,00	8	8	0	8
Total	**100**		**17**	**17**	**0**	**17**
7.2. Investments in participating interests						
Tapiola Asset Management Ltd	3 200	20,00	591	591	65	2 961
Suomen Metsäsijoitus Oy	7 500	25,00	1 261	1 261	132	4 742
Vakuutusneuvonta Aura Oy	50	33,33	1	1	0	5
Vakuutusneuvonta Pohja Oy	50	33,33	1	1	0	5
Total	**10 800**		**1 854**	**1 854**	**197**	**7 713**

Group	No.of shares	% of shares	Book value	Market value	Result for accounting period	Capital and reserves
7.2. Investments in participating interests						
Tapiola Asset Management Ltd	3 200	20,00	631	631	65	2 961
Suomen Metsäsijoitus Oy	7 500	25,00	1 183	1 183	132	4 742
Vakuutusneuvonta Aura Oy	50	33,33	2	2	0	5
Vakuutusneuvonta Pohja Oy	50	33,33	2	2	0	5
Total	**10 800**		**1 817**	**1 817**	**197**	**7 713**

Portfolio

1000 euro	Parent company			Group		
7.3. Other investments shares and other variable-yield securities and units in unit trusts	**No.of shares**	**Book value 31.12.2001**	**Market value 31.12.2001**	**No.of shares**	**Book value 31.12.2001**	**Market value 31.12.2001**
Orion-Yhtymä Oyj	1 099 220	20 973	21 874	1 099 220	20 973	21 874
Instrumentarium Oyj	425 665	11 694	20 006	425 665	11 694	20 006
Nokia Oyj	636 200	5 281	18 424	636 200	5 281	18 424
Lassila & Tikanoja Oyj	863 900	11 274	15 550	863 900	11 274	15 550
Fortum Oyj	3 146 176	13 711	14 944	3 146 176	13 711	14 944
Uponor Oyj	793 800	10 912	14 884	793 800	10 912	14 884
Ahold	440 570	13 286	14 398	440 570	13 286	14 398
Rentokil Initial Ord	2 730 004	9 655	12 383	2 730 004	9 655	12 383
Wärtsilä Oyj Abp	592 286	9 268	12 303	592 286	9 268	12 303
Unilever N.V.	180 000	9 799	11 853	180 000	9 799	11 853
Kemira Oyj	1 732 000	9 787	11 518	1 732 000	9 787	11 518
Stockmann Oyj Abp	840 484	11 262	11 262	840 484	11 262	11 262
Fiskars Oyj Abp	1 327 587	10 301	11 208	1 327 587	10 301	11 208
Kesko Oyj	1 000 000	10 300	10 300	1 000 000	10 300	10 300
Nokian Renkaat Oyj	292 500	5 658	10 264	292 500	5 658	10 264
Tamro Oyj	2 427 500	8 076	8 715	2 427 500	8 076	8 715
Tietoenator Oyj	289 700	8 154	8 619	289 700	8 154	8 619
ING Groep N.V.	285 000	8 162	8 162	285 000	8 162	8 162
Suez Lyonn	236 235	8 032	8 032	236 235	8 032	8 032
Roche Genusshein	100 000	7 991	7 991	100 000	7 991	7 991
Merck & Co.	110 000	6 850	7 339	110 000	6 850	7 339
VNU NV	210 635	7 269	7 269	210 635	7 269	7 269
Orkla Ab	370 714	4 369	7 087	370 714	4 369	7 087
Finnair Oyj	1 747 700	6 554	6 554	1 747 700	6 554	6 554
Novartis Ag Reg	160 000	5 655	6 474	160 000	5 655	6 474
Others		368 396	412 834		376 854	415 336
Total		**602 669**	**700 247**		**611 127**	**702 750**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
8. Other investments				
8.1. Other loans as guaranteed				
Bank guarantee	189 317	198 256	189 317	198 256
Surety	27 717	31 743	27 717	31 743
Insurance policy	828	535	828	535
Other security	11 022	23 729	11 022	23 729
Remaining acquisition cost	228 884	254 262	228 884	254 262
Remaining acquisition cost of unguaranteed loan	11 762	12 347	11 762	12 347
	240 646	**266 609**	**240 646**	**266 609**
8.2. Total amount of pension loans				
Other loans guaranteed by mortgages	3 392	3 821	3 392	3 821
Other loans	202 473	225 135	202 473	225 135
Remaining acquisition cost	**205 865**	**228 956**	**205 865**	**228 956**

9. Change in intangible and tangible assets 31.12.2001

	Parent company		Group		
	Intangible assets and long-term expenditure	Equipment	Intangible assets and long-term expenditure	Consoli-dation goodwill	Equipment
Acquisition cost at 1.1.	10 573	202	10 746	143	2 113
Fully depreciated in the previous year	-449	-	-449	-143	-
Increases	1 440	721	1 440	0	1 281
Decreases	-35	-3	-35	-	-3
Acquisition cost at 31.12.	11 528	920	11 701	0	3 392
Accumulated depreciations at 1.1.	-4 849	-180	-4 870	-143	-1 363
Fully depreciated in the previous year	449	-	449	143	-
Accumulated depreciations of devaluations and transfer	21	-	21	-	-
Depreciations in accounting period	-1 965	-185	-1 986	0	-496
Accumulated depreciations at 31.12.	-6 343	-365	-6 386	0	-1 859
Book value at 31.12.	**5 185**	**554**	**5 316**	**0**	**1 533**

1000 euro

10.1. Change in capital and reserves

Parent company	1.1.2001	Increase	Decrease	31.12.2001
Equivalent funds	841	-	-	841
Guarantee capital	807	-	-	807
Security reserve	5 178	8 352	-	13 530
Contingency reserve	49	1	-2	49
Profit for the accounting period	8 354	1 137	-8 354	1 137
Change in capitals and reserves, total	**15 229**	**9 491**	**-8 355**	**16 365**

Group	1.1.2001	Increase	Decrease	31.12.2001
Equivalent funds	841	-	-	841
Guarantee capital	807	-	-	807
Revaluations reserve	101	-	-	101
Security reserve	5 178	8 352	-	13 530
Contingency reserve	49	1	-2	49
Amount of reserves and depreciation difference transferred to equity	18 214	23	-15 121	3 116
Group loss for previous years	-6 308	-	-678	-6 986
Group profit for the accounting period	9 721	-	-26 528	-16 807
Amount included in profit for the accounting period of the change in depreciation difference and optional reserves	-2 045	2 045	15 121	15 121
	7 676	2 045	-11 407	-1 686
Change in capital and reserves, total	**26 558**	**10 422**	**-27 207**	**9 772**

10.2. Analysis of the revaluation reserve

	Parent company 2001	Group 2001
Revaluation reserve at 1.1.	-	101
Revaluation reserve at 31.12.	-	101
of which related to fixed assets	-	101

10.3. Allocation of equity after proposed profit distribution

	Parent company	Group
Owners share of quarantee capital:		
Guarantee capital	807	807
Owners share of guarantee capital	807	807
Policyholders' share after proposed profit distribution	15 557	8 965
Total	16 365	9 772

10.4. Distributable as profits

	Parent company	Group
Profit from accounting period	1 137	-1 686
+ Other distributable capital		
Security reserve	13 530	13 530
Contingency reserve	49	49
Transfer from capital and reserves to equity	-	3 116
Other capital and reserves total	13 579	16 695
- Loss in balance sheet	-	-6 986
- Amount transferred to capital and reserves from group appropriations	-	-3 116
Total distributable assets	**14 716**	**4 907**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
11. Accumulated appropriations and change in group reserves				
Accumulated appropriations				
Depreciation difference				
Depreciation difference at 1.1.	-	-	3 890	3 506
Increases	-	-	886	637
Decreases	-	-	-40	-254
Depreciation difference at 31.12.	-	-	4 736	3 890
Optional reserves				
Credit loss reserve at 1.1.	21 978	19 478	21 978	19 478
Increases	-	2 790	-	2 790
Decreases	-21 978	-290	-21 978	-290
Credit loss reserve at 31.12.	0	21 978	0	21 978
Housing reserve at 1.1.			79	79
Housing reserve at 31.12.			79	79
Optional reserves total			**79**	**22 057**
Accumulated appropriations, total	**0**	**21 978**	**4 814**	**25 946**
Allocation				
Capital and reserve			-3 116	-18 214
Minority interest			-231	-208
Deferred tax			-1 467	-7 524
			0	0
Tax rate			29%	29%
Group reserve				
Group reserve at 1.1.			176	235
Increases	-	-	1 413	-
Decreases	-	-	-	-59
Group reserve at 31.12.	**-**	**-**	**1 589**	**176**

12. Specification of technical provisions				
12.1. Technical provisions	**2001**	**2000**	**2001**	**2000**
Provision for unearned premiums				
Future pensions	2 466 706	2 261 754	2 466 706	2 261 754
Unallocated additional benefits provision	465 602	381 729	465 602	381 729
Allocated additional benefits provision	14 951	24 955	14 951	24 955
Provision for unearned premiums	2 947 259	2 668 437	2 947 259	2 668 437
Provision for outstanding claims				
Future pensions	1 336 762	1 172 885	1 336 762	1 172 885
Equalization provision	243 604	226 849	243 604	226 849
Provision for outstanding claims	1 580 367	1 399 734	1 580 367	1 399 734
Technical provisions, total	**4 527 626**	**4 068 171**	**4 527 626**	**4 068 171**
12.2. Additional benefits as chapter 6 par. 14 TVYL				
Allocated additional benefits provision at 1.1.	24 955	40 047	24 955	40 047
Customer bonuses during accounting year (-)	-20 599	-27 202	-20 599	-27 202
Transfer to allocated additional benefits provision (+)	10 596	12 110	10 596	12 110
Allocated additional benefits provision at 31.12.	14 951	24 955	14 951	24 955

1000 euro	Parent company		Group	
	2001	2000	2001	2000
13. Debts maturing after five years or later				
Subordinated liabilities	-	-	28 900	21 908
14. Deferred taxes				
Deferred taxes on the basis of the difference between taxable income and allocation difference in book result and other temporary differences	244	244	244	244
Deferred tax on the basis of valuation differences will not realize in the near future				
15. Receivables and debts				
15.1. Other prepayments and accrued income, portfolio transfer receivable				
Joint guarantee receivable	1 825	5 470	1 825	5 470
Receivable in bankrupt estate	6 327	6 327	6 327	6 327
	8 152	11 797	8 152	11 797
15.2. Specification of receivables				
Receivables from group companies				
Other receivables	5 784	8 656	-	-
Receivables from participating interests				
Other loans	0	1	0	1
15.3. Specification of loans				
Loans to group companies				
Other loans	12 261	11 127	-	-
Loans to participating interests				
Other loans	37	-	37	-

16. Guarantees and liability commitments	**2001** Guarantee/pledge/ security and other commitments	**2000** Guarantee/pledge/ security and other commitments	**2001** Guarantee/pledge/ security and other commitments	**2000** Guarantee/pledge/ security and other commitments
16.1. Guarantees				
Guarantees for own debts				
Mortgages given	-	-	8 809	7 899
Pledges covering derivate contracts	-	2 062	-	2 062
	-	2 062	8 809	9 961
16.2. Liability commitments and guarantees not included in balance sheet				
Derivative contracts				
Currency derivative contracts				
Forward and future contracts, open				
Underlying asset	19 521	-	19 521	-
Current value	0	-	0	-
Forward and future contracts, closed				
Underlying asset	10 130	-	10 130	-
Current value	0	-	0	-

1000 euro	Parent company		Group	
	2001	2000	2001	2000
Share derivative contracts				
Option cantracts, open				
Purchased				
Underlying asset	-	1 425	-	1 425
Current value	-	135	-	135
Lending contracts of securities				
Securities lended				
Remaining aquisition cost	-	336	-	336
Current value	-	473	-	473
Value added tax liabilities				
In connection with group registrated VAT	The group has tax receivables in connection with VAT			
Liability to return deductions according to chapter 33 of the Value Added Tax Act	127	105	127	4 658
Other liability commitments				
Subscription commitments	29 307	21 454	29 307	21 454

17. Insider loans

Monetary loans to a managing director, board member, supervisory board member, or auditor of the insurance company, a corporation or foundation belonging to the group, a corporation or foundation exercising authority in the insurance company, or a corporation or foundation exercising authority in such a corporation or foundation

Above-mentioned loans have not been granted

Monetary loans to a party who, on the basis of guarantee share ownership, can have at least 10 per cent of the insurance company's guarantee shares of voting rights conferred by guarantee shares or the same proportion of ownership or voting power in a corporation belonging to the same group as the insurance company

Above-mentioned loans have not been granted

Monetary loans if the balance sheet of the pension insurance company contains monetary loans to companies belonging to the same group as pension insurance company or to a foundation in the co-operation group meant in TVYL 5 & 4

Above-mentioned loans have not been granted

Monetary loans granted to managing director, board member, supervisory board member or auditor belonging to the co-operation group

The loans do not exceed euro 200 000.00

Key Figures pertaining to Solvency

1000 euro	Parent company 2001	2000
18. Solvency		
Solvency margin		
Capital and reserves after profit distribution	16 365	15 229
Optional reserves and accumulated depreciation difference	-	21 978
Valuation difference between curent asset values and book balues on the balnce sheet	203 689	253 626
Unallocated additional benefits provision	465 602	381 729
Intangible assets and insurance aquisition costs not entered as expenses (-)	-5 185	-5 724
	680 470	**666 838**
Solvency margin required under the Insurance Companies Act, Section 17	180 656	162 469
Solvency ratio % (realized solvency margin/technical provision used when calculationg solvency)	16,9	18,4
Solvency limit %	6,7	6,7
Lower limit of target zone % (2 x solvency limit)	13,5	13,4
Upper limit of target zone % (4 x solvency limit)	27,0	26,8

Proposal for the Appropriation of the Profit

The Board of Directors proposes that the profit for the accounting period in the amount of 1 137 284,24 euro be appropriated as follows:

Transfer to security reserve	1 136 950.39
Transfer to the contingency reserve	333.85

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

Equivalent funds	840 939.63
Guarantee capital	807 302.05
Security reserve	14 666 996.32
Contingency reserve	49 285.20
	16 364 523.20

Espoo, 7th March 2002

Asmo Kalpala	Kari Kaukinen	Markku Koponen
Tom Liljeström	Ismo Luimula	Paavo Mäkinen
Maj-Len Remahl	Seppo Salisma	Veikko Simpanen
Risto Suominen	Aino Toikka	Pauli Torkko

Olli-Pekka Laine
Managing director

Auditors' report

To the owners of the Tapiola Mutual Pension Insurance Company

We have examined the bookkeeping, financial statements and administration of the Tapiola Mutual Pension Insurance Company for the 2001 financial year. The financial statements prepared by the Board of Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of the audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo, C.P.A., has performed the supervisory audit of the company and a separate report was issued on 20th March 2002.

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

The financial statements, which show a surplus for the parent company amounting to FIM 6,761,985.00 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

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

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

Espoo, 2nd April, 2002

Mauno Tervo
C.P.A.

PricewaterhouseCoopers Oy
firm of certified public accountants
Ulla Holmström
C.P.A.

Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for 2001 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 4th April, 2002

Ilkka Brotherus
chairman

Tapiola Life

Annual report 2001

Tapiola grows strongly in life insurances

The premiums written for endowment insurance by the life insurance companies started to decline in 2001 owing to a fall-off in new sales. Premiums written for group pension insurance also fell as there were fewer one-time dissolutions of pension foundations than in the previous year. On the other hand, premiums written for individual pension insurance continued to rise steadily: annual growth rates of 9.2 per cent for pension insurances and 6.6 per cent for pure risk insurances were achieved.

Tapiola focused intently on life insurance in the review year and will continue to do so in 2002 as well. This emphasis is apparent from the growth already achieved in market share, a trend that is expected to continue this year too.

Sales of unit-linked insurance products that were launched in 2000 developed very favourably in the review year despite the unsettled business environment. Indeed, our share in these products is actually much bigger than our overall market share. The factors behind our success in unit-linked insurance are sufficiently simple business models based on the needs of customers and the strong commitment of the sales organization to these products.

Our specialist life insurance organization is now up to full strength and it is expected to make a strong showing in the year ahead.

Life insurance is part of the social security system's so-called third pillar, which means people's own preparedness to meet their future security needs. This third pillar is less important in Finland than in other countries, but the changing age structure of the population and growing general affluence will make it more important in the future. This trend creates a very favourable outlook for life insurance. The growing need for care of the elderly brought about by the changing age structure of the population is creating entirely new opportunities for traditional pure risk insurance. People's growing general affluence, their concern for pension security and their growing awareness of the existence of optional alternatives will ensure that saving under life insurance and especially individual pension insurance will extend its already two-decade-long growth track into the future. Increasing competition for qualified personnel will create demand for companies' reward systems in which group pension insurances are a very functional element.

Juha-Pekka Halmeenmäki
managing director
Tapiola Life and Tapiola Corporate Life

Jari Saine was the managing director of the life companies until 30.4.2001.

Administration and auditors

Supervisory board

Tuula Entelä 1999-2002
chairman,
investment director, Espoo
Jouko Havunen 1999-2002
deputy chairman, L.Econ., Laihia
Seppo Aaltonen 1999-2002
director, Helsinki
Vesa Ekroos 1999-2002
chairman, Espoo
Heikki Kanniainen 2001-2004
account manager, Helsinki
Vesa Kämäri 2000-2003
general lieutenant, Helsinki
Saara Lampelo 2001-2004
managing director, Oulu
Merja Lehtonen 1999-2002
domestic science teacher, Riihimäki
Sisko Mäkelä 2000-2003
B.Sc. (agriculture), Pyhäntä
Simo Nuutinen 2000-2003
farmer, Lieksa
Arja Pohja 2000-2003
consumer advisor, Turku
Riitta Ronkainen 2001-2004
chemist, Jalasjärvi
Asko Sarkola 2000-2003
theater director, Espoo
Jouko Setälä 1999-2002
managing director, Helsinki
Arto Tuominen 2001-2004
chairman, Espoo

Auditors

Mauno Tervo, B.Sc. (Econ.), C.P.A.
PricewaterhouseCoopers Oy
firm of certified public accountants, responsible auditor
Ulla Holmström, B.Sc. (Econ), C:P.A.

Deputy auditors
Barbro Löfqvist, M.Sc. (Econ.), C.P.A.
Mirja Tonteri, B.Sc. (Econ.), C.P.A.

Board of directors

Asmo Kalpala, chairman, CEO
Pertti Heikkala, deputy chairman, group director, households
Tom Liljeström, group director,
corporations and major clients
Jari Saine, group director, savers and investors

Deputy members:
Antti Calonius, director, major clients, international operations and brokers
Jari Eklund, director, investments
Juhani Heiskanen, deputy managing director,
sales, marketing and regional services
Markku Paakkanen, director, economy and
IT services

Annual report 2001

Tapiola Life increased its premiums written, bucking the trend in the industry as a whole.

Tapiola Life's operating profit was EUR 30.6 million (40.2 million). Premiums written rose 3 per cent (32.2 %) to EUR 174 million (169.7 million). The premiums written by the Tapiola Life Group rose 9.0 per cent, whereas the premiums written in the life insurance industry as a whole is estimated to have declined by about 20 per cent. The overall market share rose 7.4 per cent (5.6 %). Solvency capital was EUR 203.1 million (227.1 million), corresponding to a solvency ratio of 17.0 per cent (20.7 %). The value of the company's investments continued to develop favourably. Considering the general development of solvency in life assurance companies, the company's solvency can be regarded as good in spite of its slight decline.

Tapiola Life's current position with regard to earnings, growth and solvency provide a good starting point for favourable development in the year ahead. The emphasis in product development during 2002 will be on pure risk insurance. Customer service will be improved by developing Internet-based solutions for the handling of insurance business.

Insurance

Premiums written Tapiola Life's premiums written were EUR 174.7 million (169.7 million). Premiums written rose 3.0 per cent (32.2 %). Life insurance accounted for 71 per cent (73 %) or EUR 124.7 million (123.6 million) of premiums written, a rise of 0.9 per cent (51.8 %) over the level of the previous year. The share of individual pension insurance was 29 per cent (27 %) or EUR 49.9 million (46.0 million), representing an 8.6 per cent (-1.9 %) increase compared with the previous year.

Premiums written for unit-linked insurance were EUR 45.6 million (56.4 million), of which life insurance accounted for 85 per cent (95 %), i.e. EUR 39.0 million (53.8 million), and individual pension insurance for 15 per cent (5 %), i.e. EUR 6.6 million (2.6 million).

The provision for unearned premiums from insurance other that unit-linked products rose by EUR 74.6 million (141.4 million) to EUR 1,087.0 million (1,012.4 million). The provision for unearned premiums from unit-linked insurance rose by EUR 36.8 million (53.5 million) to EUR 95.1 million (58.3 million).

Claims paid Claims paid by Tapiola Life totalled EUR 103.7 (74.3 million), which was 39.6 per cent (7.7 %) higher than the figure for 2000. Repayments of savings totals were EUR 49.8 million (22.7 million), which was EUR 27.1 million (-0.8 million) more than in the previous year. The amount of surrenders fell to EUR 11.0 million (16.4 million).

Investments

Net investment income amounted to EUR 74.8 million (78.1 million), which was 4.2 per cent (+27.0 %) lower than in the previous year.

Net interest and other income was EUR 45.1 million (32.4 million).

Net income from investments in land and buildings was EUR 15.9 million (14.5 million).

Realized net gains on investments totalling EUR 10.8 million (34.0 million) were recognized as income in 2001.

Value adjustments totalled EUR 12.5 million (14.5 million). Value adjustments in respect of shares and of land and buildings were EUR 11.6 million (10.6 million) and EUR 0.9 million (3.9 million), respectively.

Value readjustments, which increased investment income, totalled EUR 12.1 million (4.1 million). Value readjustments in respect of shares and of land and buildings were EUR 11.2 million (1.1 million) and EUR 0.9 million (3.1 million), respectively.

The book value of investments other than assets covering unit-linked insurances at the end of the year was EUR 1,211.0 (1,103.4 million). The current value of these investments was EUR 1,348.9 million (1,265.7 million). Assets covering unit-linked insurances totalled EUR 100.6 million (80.7 million).

Operating expenses

Net operating expenses as reported on the Profit and Loss Account were EUR 23.1 million (18.3 million), which was EUR 4.8 million (1.7 million) higher than in the previous year.

Gross operating expenses, which include depreciation charges of EUR 1.0 million (0.8 million), are appropriately allocated to different functions. Investment expenses include only the expenses of the company's own organization.

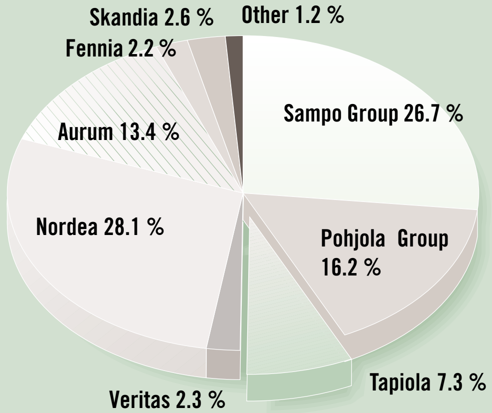
Salaries and commissions totalled EUR 8.8 million (7.2 million), which was 23.0 per cent (5.3 %) higher than in the previous year.

The staff handling the company's business are employed not only by the company but also by Tapiola General Mutual Insurance Company and Tapiola Mutual Pension Insurance Company. The managing director and deputy managing director are employed by the company and the subsidiary Tapiola Corporate Life Insurance Company. The payments for services produced using shared resources are included in the company's operating expenses under the same items as would have been used if the staff had been directly employed by Tapiola Life.

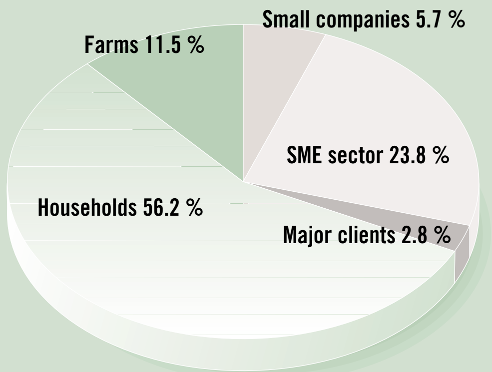
Salaries and commissions paid to members of the Supervisory Board, to members and deputy members of the Board of Directors and to the managing director and the deputy managing director totalled EUR 372,048.85. Other salaries and commissions amounted

Market shares of Finnish life insurers 2001

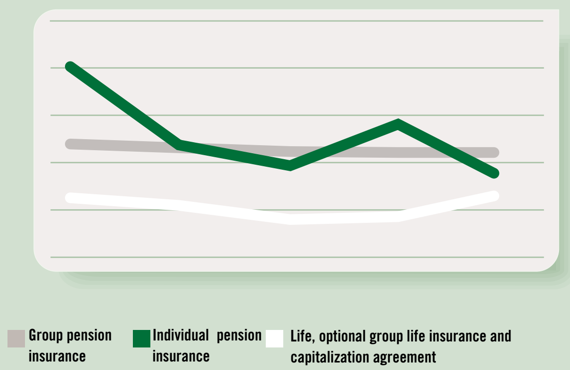
Life, group life and individual and group pension insurance. Total premium income of companies EUR 3,184.5 mill. including dissolved pension foundations



Premiums written by customer group 2001

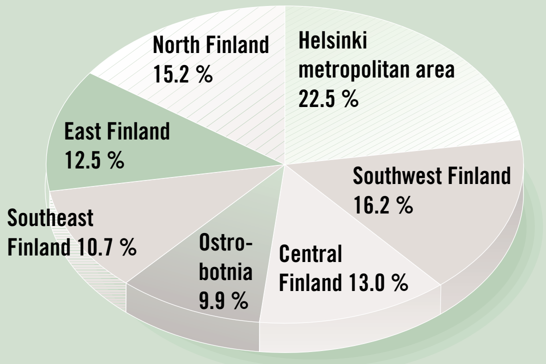


Tapiola Development of market share in life insurance classes



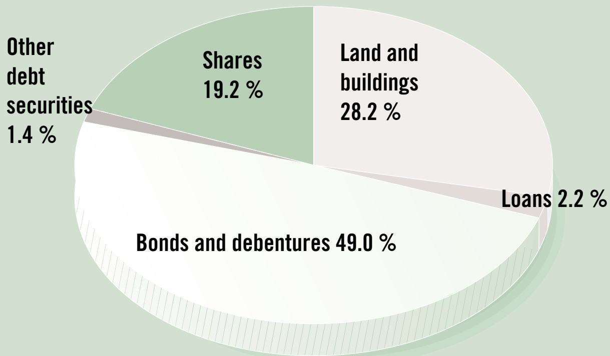
Premiums written by geographical area 2001

Based on domicile of policyholder including major clients



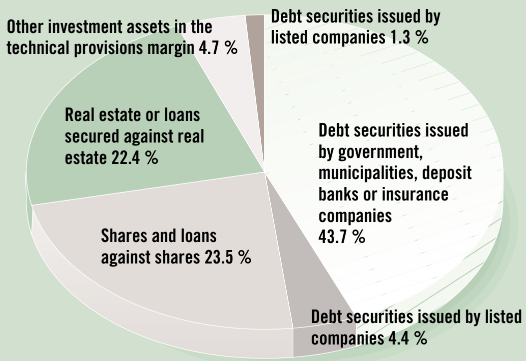
Investment assets

Current value at 31.2001 EUR 1,348.91 mill.



Investment risk profile

Current value at 31.12.2001



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

to EUR 10,496,754.99. The total salaries and commissions figure was EUR 10,868,803.83.

Result for the accounting period

Turnover for 2001 was EUR 293.6 million (286.2 million). The company's operating profit was EUR 30.6 million (40.2 million). The operating profit represented 10.4 per cent (14.0 %) of turnover.

The company's technical result of EUR 35.1 million (40.9 million) was good and will allow competitive policyholder bonuses. The technical result comprises the profit on risk premiums collected, the administrative cost result and the interest business result.

The profit on risk premiums collected, which describes purely insurance operations, was EUR 7.7 million (8.6 million). The administrative cost result was a deficit of EUR 8.6 million (4.2 million). Balancing the administrative cost business will be one of the company's most important challenges in future years. The interest business result was EUR 36.0 million (36.5 million).

Tapiola Life's solvency ratio was 17.0 per cent (20.7 %). The company's solvency has fallen slightly with the narrowing of valuation differences, but it remains at a good level.

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

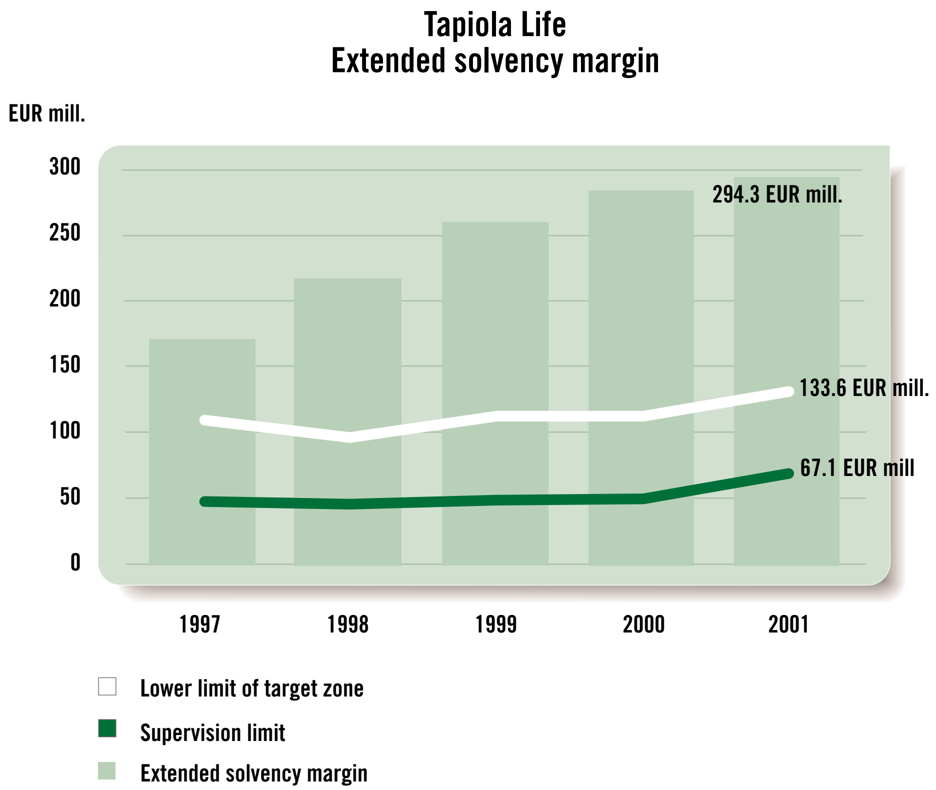
Depreciation of EUR 1.8 million (1.7 million) was charged according to plan. Depreciation permitted under the Business Taxation Act was charged in full.

The credit loss reserve was brought into line with the full amount.

EUR 17.6 million (19.5 million) was set aside in the closing of the accounts for policyholder bonuses in the year 2001. In addition to this, EUR 11.9 million (19.0 million) was set aside for future additional benefits. Altogether EUR 45.6 million (33.6 million) has been set aside for future additional benefits.

Donations of EUR 672.75 were made from the contingency reserve during the accounting period.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Group was



EUR 195,910.68. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

The Board of Directors recommends that the surplus of EUR 396,338.01 for the accounting period be appropriated so that the whole amount is transferred to the security reserve.

The Balance Sheet showed assets totalling EUR 1,344,762,087.46 (1,222,720,153.83).

Consolidated financial statements

Tapiola Mutual Life Assurance Group consisted of the parent company, Tapiola Mutual Life Assurance Company, Tapiola Corporate Life Insurance Company, Hentap Oy, Varepa Oy, Rekra Oy, Sasnep Ky, Omaeläke Oy and 65 (67) housing and real estate companies.

Associated companies are Tapiola Data Ltd, Tapiola Asset Management Ltd, Pohja-Yhtymä Oy, Glasnost Oy, Kiinteistö Oy Kiltakallio, Kiinteistö Oy Mariankatu 27, Vakuutusneuvonta Aura Oy and Vakuutusneuvonta Pohja Oy.

Premiums written The group's premiums written were EUR 233.3 million (213.6 million), an increase of 9.3 per cent (19.9 %). Premiums written for life insurance rose 15.1 per cent (38.7 %) to EUR 155.7 million (135.3 million), representing 67 per cent (65 %) of the total. Individual pension insurance accounted for 33 per cent (37 %) of premiums written , i.e. EUR 77.6 million (78.3 million), which was 0.9 per cent (-3.0 %) lower than in the previous year.

The provision for unearned premiums from insurance other that unit-linked products rose by EUR 155.3 million (161.0 million) to EUR 1,348.5 million (1,193.2 million). The provision for unearned premiums from unit-linked insurance rose by EUR 41.8 million (55.7 million) to EUR 102.4 million (60.5 million).

Claims paid Claims paid amounted to EUR 139.6 million (108.9 million), which was 28.2 per cent (6.2 %) higher than in the previous year. The provision for outstanding claims fell by EUR 24.2 million (rose by 29.5 million) to EUR 410.0 million (434.2 million).

Investments

Net investment income fell by 18.3 per cent (+22.9 %) to EUR 109.5 million (112.6 million).

Realized net gains on investments totalling EUR 16.9 million (49.3 million) were recognized as income in 2001. Net interest and other income was EUR 70.7 million (51.0 million). The net income from investments in land and buildings was EUR 27.8 million (25.5 million). Depreciation of EUR 9.4 million (9.8 million) in respect of buildings was charged according to plan.

The net total of value adjustments and readjustments was EUR +0.1 million (-12.9 million).

The book value of investments other than assets covering unit-linked insurances at the end of the year was EUR 1,764.6 (1,607.8 million). The current value of these investments was EUR 1,971.5 million (1,849.2 million). Assets covering unit-linked insurances totalled EUR 109.7 million (91.9 million).

Operating expenses

Net operating expenses as reported on the Profit and Loss Account were EUR 29.6 million (24.0 million).

Gross operating expenses, which include depreciation charges of EUR 1.9 million (1.9 million), are appropriately allocated to different functions. Investment expenses include only the expenses of the company's own organization.

Result for the accounting period

The group's turnover was EUR 402.1 million (376.7 million). The group's operating profit was EUR 56.1 million (49.9 million). The operating profit represented 14.0 per cent (13.3 %) of turnover.

The group's solvency capital declined by EUR 21.6 million (14.2 million) to EUR 294.5 million (316.0 million). The solvency capital as a percentage of technical provisions, the ratio that describes the group's solvency, was 17.0 per cent (19.7 %).

Depreciation was charged according to plan and included depreciation of consolidated goodwill. The credit loss reserve was brought into line with the maximum amount. The change in the depreciation difference and optional reserves as well as the depreciation difference and optional reserves are divided among deferred tax liability, minority interests and capital and reserves. Provisions were EUR 10.9 million (10.4 million) at the end of the year.

The deficit for the accounting period was EUR 1,863,364.04. The minority interest was EUR 9,885.19. The Balance Sheet showed assets totalling EUR 1,924,911,051.00.

Tapiola Corporate Life not included

EUR Million	2001	2000	1999	1998	1997
SOURCES					
Risk business	8.0	8.4	9.3	7.6	7.7
Cost business	-8.2	-4.2	-2.2	-0.8	-0.7
Interest business	34.2	36.5	20.2	15.0	11.3
Other items affecting the operating profit	-3.4	-0.5	-0.8	-0.2	-1.3
OPERATING PROFIT	30.6	40.2	26.4	21.5	17.0
USE OF PROFIT					
Customer bonuses	-17.6	-19.5	-14.1	-14.0	-14.1
Additional bonuses provision	-11.9	-19.0	-7.9	-5.6	-1.2
Equalization provision	0.1	0.2	-2.9	-1.9	-1.5
Extraordinary costs, reserves, taxes, depreciations etc.	-0.8	-1.3	-1.2	0.0	0.0
Profit for the financial year	0.4	0.5	0.3	0.2	0.2

Tapiola Life group
Key financial indicators

	2001	2000	1999	1998	1997
GENERAL FINANCIAL INDICATORS					
Turnover. EUR million	402.1	376.7	315.1	285.7	295.3
Operating profit or loss, EUR million	56.1	49.9	30.0	26.3	15.6
Operating profit as percentage of turnover, %	14.0	13.3	9.5	9.2	5.3
Profit or loss before extraordinary items, EUR million	0.0	1.6	0.4	-0.6	-7.0
Above as a percentage of turnover, %	0.0	0.4	0.1	-0.2	-2.4
Profit or loss before provisions and taxes. EUR million	0.0	1.5	0.4	-0.6	-7.0
Above as percentage of turnover, %	0.0	0.4	0.1	-0.2	-2.4
Return on equity (ROE), %	-15.1	-4.8	17.4	21.2	4.9
Return on assets (ROA), %	4.5	5.5	7.9	8.0	5.9
Equity ratio, %	11.5	14.1	16.4	15.4	13.0
KEY FINANCIAL INDICATORS FOR LIFE INSURANCE					
Gross premiums written, EUR million	233.4	213.6	178.2	157.6	195.0
Expense ratio, %	149.7	130.4	121.9	112.0	105.8
Solvency margin, EUR million	234.3	270.9	285.4	240.3	177.0
Equalization provision, EUR million	51.9	36.2	35.4	32.8	30.4
Solvency capital, EUR million	294.4	316.0	330.3	282.6	217.2
Solvency ratio, %	117.0	119.7	122.6	121.4	118.0
OTHER INDICATORS					
Minimum solvency margin. EUR million	77.6	72.3	66.5	58.8	54.5
Solvency margin ratio, %	301.7	374.9	429.0	408.8	324.8
Market share of premiums written, %	7.3	5.6	6.4	7.0	10.2
Market share without dissolved pension foundation, %	7.7	6.1	6.3	7.5	9.3
Market share of insurance savings, %	9.2	8.9	10.4	12.4	13.7
STRUCTURE OF INVESTMENT PORTFOLIO					
Investments in land and buildings, EUR million	503.0	516.0	484.2	501.2	488.5
%	25.5	27.9	28.0	31.8	35.6
Shares, EUR million	369.3	322.1	357.0	209.2	107.0
%	18.7	17.4	20.6	13.3	7.8
Debt securities, EUR million	1015.9	903.2	760.8	727.9	695.5
%	51.5	48.8	44.0	46.2	50.7
Other fixed income securities, EUR million	39.5	65.3	99.1	115.5	51.5
%	2.0	3.5	5.7	7.3	3.7
Loans, EUR million	43.8	42.6	29.9	21.5	29.8
%	2.2	2.3	1.7	1.4	2.2
Other investments, EUR million	0.0	0.0	0.0	0.0	0.7
%	0.0	0.0	0.1	0.1	0.1

Real estate portfolio, income and vacant premises at 31.12.2001

Tapiola Life

REAL ESTATE PORTFOLIO, EUR 1 000

Current value	390 072
Book value and loans	302 579
Valuation difference	87 493

Type of real estate	Current value EUR 1 000	Current value EUR/m²	Net yield EUR 1 000	Net yield %	Vacant floor area, m²	Vacancy rate
Non-residential premises						
Commercial and office premises	224 818	1 568	14 709	6.5	143 418	3.8
Industrial premises	4 939	575	357	7.2	8 589	0.0
Hotels	49 295	1 136	3 748	7.6	43 381	0.0
Total	279 052	1 428	18 815	6.7	195 388	2.8
Residential buildings *)	83 304	1 488	4 027	4.8	56 001	3.9
Other properties and premises						
Under construction acquired mid-year	1 933					
Undeveloped plots	4 941					
Forest holdings	5					
Shares in real estate investment companies	1 819					
Total	8 698				3 765	
In own use	19 019				14 780	
REAL ESTATE PORTFOLIO	390 072				269 934	

*) The net income from residential premises is augmented by a government interest subsidy of	EUR 215 449
Total income from investments (incl. interest subsidy) according to KTI-index	7.8 %
The average vacancy rate over the year for non-residential premises was	2.8 %

Financial Analysis

1000 euro	Parent company		Group	
Indirect financial analysis	**2001**	**2000**	**2001**	**2000**
Flow of liquid assets in activities				
Profit (loss) on ordinary activities/				
profit (loss) before extraordinary items	97	356	-1 873	-749
Amendments				
Change in technical provisions	121 314	152 808	172 919	190 488
De- and revaluations of investments	3 596	9 929	4 233	12 509
Depreciations according to plan	1 844	1 651	11 316	10 566
Other amendments	-8 537	-31 445	-12 542	-45 048
Flow of liquid assets before change of working capital	**118 314**	**133 298**	**174 052**	**167 766**
Change of working capital:				
Increase (-)/ decrease (+) of short receivables ex interest	2 846	2 906	3 036	-2 147
Increase (+)/decrease (-) of short debts ex interest	632	1 121	-5 352	5 978
Flow of liquid assets before financing items and taxes	**121 792**	**137 325**	**171 736**	**171 597**
Interests and fees for other financing expenses	-1 140	-1 140	-2 181	-1 888
Direct taxes	-1 120	-1 445	-1 635	-1 983
Flow of liquid assets before extraordinary items	**119 533**	**134 740**	**167 920**	**167 726**
Flow of liquid assets in activities	**119 533**	**134 740**	**167 920**	**167 726**
Flow of liquid assets in investments				
Increase in investments (excl. liquid assets)	-131 513	-170 279	-188 640	-217 454
Income from investment disposal	10 796	34 030	16 867	49 343
(excl. liquid assets)			-657	-763
Increase/decrease of minority share				
Tangible and intangible assets and other investments and disposal income (net)	-1 621	-1 600	-2 124	-2 217
Flow of liquid assets in investments	**-122 338**	**-137 849**	**-174 553**	**-171 091**
Flow of liquid assets in financing				
Loans taken out			2 190	1 503
Increase of equity			-428	-1 524
Dividends/interest on guarantee capital and other profit distribution	-1	-1	-1	-1
Flow of liquid assets in financing	**-1**	**-1**	**1 762**	**-21**
Change in flow of liquid assets	**-2 806**	**-3 110**	**-4 872**	**-3 386**
Flow of liquid assets in the beginning of the accounting period	**6 227**	**9 337**	**10 554**	**13 940**
Flow of liquid assets at the end of the accounting period	**3 421**	**6 227**	**5 682**	**10 554**

Profit and Loss Account

1000 euro		Parent company 2001	Parent company 2000	Group 2001	Group 2000
Technical account:					
Premiums written					
Premiums written	*1	174 691	169 664	233 351	213 578
Reinsurers' share		-1 838	-1 761	-3 057	-3 048
		172 854	167 903	230 294	210 530
Investment income	4	122 115	116 110	173 097	162 732
Investment revaluations	4	942	1 745	1 009	1 745
Claims incurred					
Claims paid	2	-103 718	-74 276	-139 621	-108 924
Reinsurers' share		1 890	1 550	2 899	2 410
		-101 828	-72 726	-136 722	-106 514
Change in provision for outstanding claims		-10 048	-11 558	24 121	-29 466
Reinsurers' share		60	-57	77	-60
		-9 988	-11 615	24 198	-29 525
		-111 815	-84 340	-112 524	-136 040
Change in provision for unearned premiums					
Change in provision for unearned premiums		-111 426	-141 387	-197 286	-161 252
Reinsurers' share		100	194	169	290
		-111 326	-141 193	-197 117	-160 962
Operating expenses	3	-23 051	-18 300	-29 591	-23 988
Investment charge	4	-44 110	-38 482	-59 261	-50 560
Amendments in investment revaluations	4	-4 183	-1 308	-5 365	-1 357
Other expenses		-	-27	-	-30
Balance on technical account		**1 425**	**2 106**	**542**	**2 069**
Non-technical account:					
Other income					
Decrease in group reserve				-	15
Other income		5	3	19	9
		5	3	19	23
Other expenses					
Other expenses		-213	-308	-290	-434
Share of participating interests' losses				-310	-45
Direct taxes on ordinary activities					
Taxes for the accounting period		-1 115	-1 439	-1 629	-1 951
Taxes from previous years		-5	-6	-7	-32
Change in deferred tax		-	-	-198	-379
		-1 120	-1 445	-1 834	-2 362
Profit/loss on ordinary activities		**97**	**356**	**-1 873**	**-749**
Profit/loss after extraordinary items		**97**	**356**	**-1 873**	**-749**
Appropriations					
Increase in depreciation difference		274	62	-	-
Increase in optional reserves		25	6	-	-
		299	68	-	-
Minority interest in the profit/loss for the accounting period				10	-198
Profit/loss for the accounting period		**396**	**424**	**-1 863**	**-947**

* Reference number in the Appendices

Appendices to the Profit and Loss Account

1000 euro	Parent company		Group	
	2001	2000	2001	2000
1. Premiums written				
Direct insurance				
Life insurance				
Investment-linked life insurance	38 964	53 781	41 743	55 692
Capitalization agreements	-	-	2 102	34
Other life insurance	80 304	65 060	100 746	69 278
Employees' group life insurance	3 714	3 428	4 811	4 490
Other group life insurance	1 734	1 369	6 325	5 788
	124 717	123 637	155 728	135 281
Pension insurance				
Investment-linked individual pension insurance	6 624	2 612	9 714	4 244
Optional employment pension insurance	43 304	43 377	67 862	74 015
	49 928	45 989	77 576	78 259
	174 644	169 626	233 304	213 540
Reinsurance	47	38	47	38
Premiums written before reinsurers' share	**174 691**	**169 664**	**233 351**	**213 578**
Premiums written before credit losses and reinsurers' share				
Continuous premiums	130 922	93 833	184 429	124 157
Lump-sum premiums	43 723	75 793	48 875	89 383
Total	**174 644**	**169 626**	**233 304**	**213 540**
Premiums from agreements entitled to bonuses	129 056	113 233	181 847	153 604
Premiums from investment-linked insurances	45 588	56 393	51 457	59 936
Total	**174 644**	**169 626**	**233 304**	**213 540**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
1.1. The effect of bonuses and rebates on the result from life assurance				
Bonuses				
Life insurance				
Capitalization agreements	-	-	175	160
Other life insurance	13 474	21 171	14 194	21 528
Other group life insurance	13	5	242	183
	13 487	21 176	14 611	21 871
Pension insurance				
Individual pension insurance	15 005	16 430	16 147	17 298
	28 492	**37 606**	**30 758**	**39 169**
Rebates				
Life insurance				
Individual life insurance	701	732	701	732
Employees' group life insurance			8 646	7 444
Other group life insurance	262	154	277	167
	963	886	9 624	8 342
	29 456	**38 492**	**40 382**	**47 511**
2. Claims paid before reinsurers' share				
Direct insurance				
Life insurance	76 933	45 030	81 409	49 329
Surrenders	10 739	16 161	12 195	16 892
	87 672	61 191	93 604	66 221
Pension insurance	15 610	12 852	45 078	42 010
Surrenders	282	233	785	693
	15 891	13 085	45 863	42 703
	103 564	74 276	139 467	108 924
Reinsurance	154	-	154	-
Claims paid, total	**103 718**	**74 276**	**139 621**	**108 924**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
3. Operating expenses covering staff and management				
3.1. Total operating expenses by function				
Claims paid	2 302	1 987	2 779	2 412
Operating expenses	23 051	18 300	29 591	23 988
Investment management charges	1 846	1 158	3 083	2 108
Other expenses	213	308	290	434
Total	**27 411**	**21 753**	**35 744**	**28 942**
3.2. Operating expenses in Profit and Loss Account				
Insurance policy acquisition costs				
Commissions for direct insurance	3 182	1 938	3 438	2 148
Other insurance policy acquisition costs	9 139	7 523	11 365	9 427
	12 321	9 461	14 803	11 575
Insurance policy management expenses	5 020	4 446	7 726	6 982
Administrative expenses	5 709	4 393	7 209	5 573
Commissions for reinsurance ceded	-	-	-147	-142
Total	**23 051**	**18 300**	**29 591**	**23 988**
3.3. Staff and management bodies				
3.3.1. Staff expenses				
Salaries and commissions	8 799	7 155	12 150	10 291
Pension expenses	1 712	1 313	2 361	1 887
Other pay-related expenses	645	502	879	717
Total	**11 155**	**8 970**	**15 391**	**12 896**

3.3.2. Management salaries and renumerations, pension commitments, loans and terms as well as guarantees and liability commitments	**2001**	**2000**	**2001**	**2000**
Managing director and deputy managing director				
Salaries and renumerations	192	220	342	388
Pension commitments	The pensionable age agreed at 60-63 years			
Loans and terms	No loans given			
Guarantees and liability commitments	No guarantees or liability commitments given			
Members and deputy members of the boards				
Salaries and renumerations	155	141	422	284
Pension commitments	The retirement age of the management and of the member of the board employed by the company has been agreed at 60-63 years			
Loans and terms	No loans given			
Guarantees and liability commitments	No guarantees or liability commitments given			
Supervisory board				
Salaries and renumerations	25	25	76	90
Pension commitments	No pension commitments			
Loans and terms	No loans given			
Guarantees and liability commitments	No guarantees or liability commitments given			
3.3.3. Average staff during the accounting period				
Office	2	2	2	2
Sales	-	-	-	-
Real estate	-	-	-	-

1000 euro	Parent company		Group	
	2001	2000	2001	2000
4. Analysis of net investment income				
Investment income:				
Income from investments in group companies				
Interest income	407	500	-	-
Income from investments in participating interests				
Interest income	1	2	2	2
Income from investments in land and buildings				
Interest income	5 404	5 442	-	-
Other income	176	173	-	-
	5 580	5 615	-	-
Participating interests				
Interest income	69	69	69	69
Other companies				
Interest income	37	49	50	60
Other income	30 012	28 219	46 061	41 776
	30 049	28 268	46 111	41 836
Income from other investments				
Dividend income	7 416	7 913	10 430	11 151
Interest income	47 060	33 346	72 380	52 292
Other income	1 348	1 250	2 049	1 799
	55 824	42 509	84 859	65 242
Total	91 931	76 962	131 042	107 149
Devaluation cancellations	12 121	4 126	16 237	4 738
Realized gains on investments	18 063	35 022	25 819	50 845
Total	**122 115**	**116 110**	**173 097**	**162 732**
Investment expenses:				
Expenses for land and buildings				
Group companies	-12 629	-12 884	-	-
Other companies	-7 202	-6 587	-19 455	-17 840
	-19 831	-19 470	-19 455	-17 840
Expenses for other investments	-2 118	-1 217	-3 121	-1 846
Interest expenses and expenses on the liabilities				
Group companies	-297	-202	-	-
Participating interests			-11	-2
Other companies	-1 277	-1 281	-2 170	-1 886
	-1 574	-1 483	-2 181	-1 888
Total	-23 524	-22 170	-24 757	-21 575
Value adjustments on investments				
Devaluation	-12 475	-14 490	-16 114	-17 634
Planned depreciation on buildings	-845	-830	-9 438	-9 849
	-13 320	-15 320	-25 552	-27 484
Realized losses on investments	-7 267	-992	-8 952	-1 501
Total	**-44 110**	**-38 482**	**-59 261**	**-50 560**
Net investment income before revaluations and other adjustments	**78 004**	**77 628**	**113 836**	**112 172**
Investment revaluation	942	1 745	1 009	1 745
Investment revaluations and their adjustments	-4 183	-1 308	-5 365	-1 357
	-3 241	436	-4 356	387
Net investment income on the Profit and Loss Account	**74 763**	**78 064**	**109 480**	**112 559**
Avoir fiscal tax credit included in dividend income	950	1 225	1 357	1 604
Investment-linked insurances' part of the net income from investments in the profit and loss account	-8 038	-1 075	-9 566	-1 123

Balance Sheet

1000 euro		Parent company		Group	
Assets		**2001**	**2000**	**2001**	**2000**
Intangible assets					
Other long-term expenses	9	**3 797**	**3 829**	**5 207**	**5 261**
Investments	5				
Investments in land and buildings	6				
Land and buildings		209 307	216 440	372 513	396 205
Loans to group companies		82 627	83 679	-	-
Loans to participating interests		821	989	821	989
		292 755	301 108	373 333	397 194
Investments in group companies and participating interests	7				
Shares and holdings in group companies		11 464	11 464	-	-
Debt securities issued by and loans to group companies		5 968	5 968	-	-
Other shares and variable-yield securities and units in unit trusts		1 199	817	1 373	1 044
		18 632	18 250	1 373	1 044
Other investments					
Shares and other variable-yield securities and units in unit trusts	7	202 600	151 273	300 545	221 311
Debt securities		662 964	588 164	1 019 428	918 840
Loans guaranteed by mortgages		15 295	13 677	30 385	20 709
Other loans	8	8 262	11 203	13 412	21 934
Deposits		10 500	20 014	25 900	26 742
Other investments		-	-	267	-
		899 621	784 332	1 389 937	1 209 536
		1 211 007	**1 103 689**	**1 764 643**	**1 607 774**
Investments as coverage of investment-linked insurances	10	**100 630**	**80 677**	**109 720**	**91 931**
Debtors	16				
Arising out of direct insurance operations					
Policyholders		1 019	996	2 425	1 865
Arising out of reinsurance operations		-	-	-	-
		1 019	996	2 425	1 865
Other debtors		4 754	4 624	3 942	2 918
		5 774	**5 620**	**6 366**	**4 783**
Other assets					
Tangible assets					
Equipment	9	546	110	1 619	1 329
Other tangible assets		-	-	65	72
		546	110	1 684	1 401
Cash at bank and in hand		3 421	6 227	5 682	10 554
Other assets		53	36	53	36
		4 020	**6 373**	**7 419**	**11 991**
Prepayments and accrued income					
Interest and rents		19 509	22 450	29 708	34 092
Other prepayments and accrued income		24	83	1 847	2 082
		19 533	**22 532**	**31 555**	**36 174**
		1 344 762	**1 222 720**	**1 924 911**	**1 757 914**

Balance Sheet

1000 euro		Parent company		Group	
Liabilities		**2001**	**2000**	**2001**	**2000**
Capital and reserves	11				
Equivalent funds		4 482	4 482	4 482	4 482
Guarantee capital		2 018	2 018	2 018	2 018
Revaluation reserves		353	353	5 113	5 389
Free funds		5 162	4 739	5 162	4 739
Share of reserves and depreciation difference transferred to capital and reserves				7 496	7 180
Group loss for previous years				-14 338	-12 105
Profit/loss for the accounting period		396	424	-1 863	-947
Part included in profit for the accounting period of the change in depreciation difference and optional reserves				-468	-862
		12 412	**12 017**	**7 602**	**9 893**
Minority interest				**8 259**	**8 926**
Accumulated appropriations	12				
Accumulated depreciation difference		4 665	4 939	-	-
Optional reserves		1 127	1 152	-	-
		5 792	**6 091**	**-**	**-**
Subordinated liabilities		**21 864**	**21 864**	**21 864**	**21 864**
Technical provisions					
Provisions for unearned premiums	13	1 086 977	1 012 378	1 352 727	1 197 233
Reinsurers' share		-3 291	-3 190	-4 179	-4 009
		1 083 686	1 009 188	1 348 548	1 193 224
Provision for outstanding loans		114 923	104 875	410 706	434 842
Reinsurers' share		-555	-495	-724	-646
		114 368	104 380	409 982	434 195
		1 198 054	**1 113 568**	**1 758 530**	**1 627 419**
Technical provisions of investment-linked insurances					
Technical provisions		**95 141**	**58 313**	**102 355**	**60 548**
Deposits received from reinsurers		**-**	**12**	**-**	**140**
Creditors	16				
Arising out of reinsurance operations		-	-	44	53
Amounts owed to financial institutions	14	49	53	11 962	9 772
Deferred tax	12/15			3 155	3 025
Other creditors		8 254	8 026	5 777	5 808
		8 304	**8 079**	**20 937**	**18 657**
Accruals and defferred income		**3 195**	**2 776**	**5 363**	**10 467**
		1 344 762	**1 222 720**	**1 924 911**	**1 757 914**

Appendices to the Balance Sheet

1000 euro	Parent company			Group		
5. Current value and valuation difference of investments						
Investments 31.12.2001	**Remaining acquisition cost**	**Book value**	**Current value**	**Remaining acquisition cost**	**Book value**	**Current value**
Investments in land and buildings						
Land and buildings	19 895	26 161	33 959	253 453	317 984	424 613
Group company shares	84 793	145 642	202 947	-	-	-
Shares to participating interests	1 191	1 191	1 186	1 623	1 623	1 740
Other real estate shares	35 949	36 314	58 709	52 540	52 906	75 838
Loans to group companies	82 627	82 627	82 627	-	-	-
Loans to participatings interests	821	821	821	821	821	821
	225 275	292 755	380 248	308 437	373 333	503 012
Investments in group companies						
Shares and other variable-yield securities and units in unit trusts	11 464	11 464	11 464	-	-	-
Loans	5 968	5 968	5 968	-	-	-
	17 433	17 433	17 433	-	-	-
Investments in participating interests						
Shares and other variable-yield securities and units in unit trusts	1 199	1 199	1 199	1 373	1 373	1 373
Other investments						
Shares and other variable-yield securities and units	202 600	202 600	246 882	300 545	300 545	368 284
Debt securities	662 964	662 964	669 091	1 019 428	1 019 428	1 028 847
Loans guaranteed by mortgages	15 295	15 295	15 295	30 385	30 385	30 385
Other loans	8 262	8 262	8 262	13 412	13 412	13 412
Deposits	10 500	10 500	10 500	25 900	25 900	25 900
Other investments	-	-	-	267	267	267
	899 621	899 621	950 029	1 389 937	1 389 937	1 467 095
	1 143 528	**1 211 007**	**1 348 909**	**1 699 747**	**1 764 643**	**1 971 479**
The remaining acquisition cost of debt securities consists of						
- the difference between the nominal value and acquisition price that is allocated to interest income (+) or deducted form it (-)		-3 842			-5 152	
The book value consists of						
Revaluations entered as income		56 356			5 916	
Other revaluations		11 124			58 980	
		67 480			64 896	
Valuation difference (difference between the current and book values)			**137 902**			**206 836**

1000 euro	Parent company			Group		
5. Current value and valuation difference of investments						
Investments 31.12.2000	**Remaining acquisition cost**	**Book value**	**Current value**	**Remaining acquisition cost**	**Book value**	**Current value**
Investments in land and buildings						
Land and buildings	21 102	27 473	35 725	293 118	342 531	437 467
Group company shares	83 484	151 009	201 044	-	-	-
Shares to participating interests	1 107	1 107	1 125	1 122	1 122	1 197
Other real estate shares	36 386	36 851	60 546	52 087	52 552	76 311
Loans to group companies	83 679	83 679	83 679	-	-	-
Loans to participatings interests	989	989	989	989	989	989
	226 746	301 108	383 107	347 316	397 194	515 963
Investments in group companies						
Shares and other variable-yield securities and units in unit trusts	11 464	11 464	11 464	-	-	-
Loans	5 968	5 968	5 968	-	-	-
	17 433	17 433	17 433	-	-	-
Investments in participating interests						
Shares and other variable-yield securities and units in unit trusts	817	817	817	1 044	1 044	1 044
Other investments						
Shares and other variable-yield securities and units in unit trusts	151 273	151 273	215 709	221 311	221 311	321 062
Debt securities	588 164	588 164	603 755	918 840	918 840	941 694
Loans guaranteed by mortgages	13 677	13 677	13 677	20 709	20 709	20 709
Other loans	11 203	11 203	11 203	21 934	21 934	21 934
Deposits	20 014	20 014	20 014	26 742	26 742	26 742
	784 332	784 332	864 359	1 209 536	1 209 536	1 332 141
	1 029 327	**1 103 689**	**1 265 715**	**1 557 896**	**1 607 774**	**1 849 148**
The remaining acquisition cost of debt securities consists of						
- the difference between the nominal value and acquisition price that is allocated to interest income (+) or deducted form it (-)		-11 109			-17 765	
- yield on index-linked loans		3 000			5 000	
		-8 109			-12 765	
The book value consists of						
Revaluations entered as income		62 303			5 916	
Other revaluations		12 057			43 963	
		74 360			49 878	
Valuation difference (difference between the current and book values)			**162 026**			**241 374**

1000 euro	Parent company			Group	
6. Change in investments 31.12.2001	**Land and buildings**	**Loans to group companies**	**Loans to participating interest**	**Land and buildings**	**Loans to group companies**
Acquisition cost at 1.1	198 302	83 679	989	439 282	989
Increases	1 375	3 401	-	12 052	-
Decreases	-3 334	-4 453	-168	-23 897	-168
Transfers between items	-	-	-	4 333	-
Acquisition cost at 31.12	196 343	82 627	821	431 770	821
Accumulated depreciations at 1.1	-9 385			-46 633	
Depreciations accumulated from decreases and transfers	-			-26 660	
Decreases				1 785	
Depreciations in accounting period	-645			-8 929	
Accumulated depreciations at 31.12	-10 030			-80 437	
Devaluations at 1.1	-47 581			-46 323	
Value adjustments of depreciations and transfer	2 186			2 240	
Devaluations in accounting period	-897			-496	
Devaluation cancellations	959			861	
Devaluations at 31.12	-45 333			-43 717	
Revaluations at 1.1	75 105			49 878	
Decreases	-4 591			-4 058	
Transfers between items	-2 186			19 076	
Revaluations at 31.12	68 328			64 896	
Book value at 31.12	**209 307**	**82 627**	**821**	**372 513**	**821**

Land and buildings for own use	Parent company 2001	Group 2001
Remaining acquisition cost	9 558	4 990
Book value	9 730	5 162
Current value	16 228	7 426

7. Investments in group companies and participating interests, other investments, shares and other variable-yield securities and units in unit trusts	**Parent company 2001**
Shares and holdings in group companies	11 464
Acquisition cost at 1.1	11 464
Acquisition cost at 31.12	**11 464**
Book value at 31.12.	
Debt securities issued by and loans to group companies	5 968
Acquisition cost at 1.1	5 968
Acquisition cost at 31.12	**5 968**
Book value at 31.12	

1000 euro	Parent company	Group
	2001	2001
Other shares and variable-yield securities and units in unit trusts		
Acquisition cost at 1.1	817	1 044
Increases	382	329
Transfers between items	-	0
Acquisition cost at 31.12	1 199	1 373
Book value at 31.12	**1 199**	**1 373**
Total	**18 632**	**1 373**

Parent company	No.of shares	% of shares	Book value	Current value	Result for accounting period	Capital and reserves
7.1. Investments in group companies						
Hentap Oy	50	100,00	8	8	0	8
Varepa Ky	50	100,00	8	8	0	8
Tapiola Corporate Life Insurance Company	3 108 222	95,97	11 448	11 448	710	21 180
Total	**3 108 322**		**11 464**	**11 464**	**710**	**21 197**
7.2. Investments in participating interests						
Tapiola Asset Management Ltd	4 800	30,00	885	885	65	2 987
Vakuutusneuvonta Aura Oy	50	33,33	1	0	0	5
Vakuutusneuvonta Pohja Oy	50	33,33	1	0	0	5
Tieto-Tapiola Oy	330	33,30	313	313	-821	64
Total	**5 230**		**1 199**	**1 197**	**-755**	**3 061**

Group	No.of shares	% of shares	Book value	Current value	Result for accounting period	Capital and reserves
7.2. Investments in participating interests						
Tapiola Asset Management Ltd	7 103	44,40	1 075	1 075	65	2 987
Vakuutusneuvonta Aura Oy	50	33,33	2	2	0	5
Vakuutusneuvonta Pohja Oy	50	33,33	2	2	0	5
Tieto-Tapiola Oy	330	33,30	295	295	-821	64
Total	**7 533**		**1 373**	**1 373**	**-755**	**3 061**

Portfolio

1000 euro	Parent company			Group		
7.3. Other investments, shares and other variable-yield securities and units in unit trusts	No.of shares	Book value 31.12.2001	Current value 31.12.2001	No.of shares	Book value 31.12.2001	Current value 31.12.2001
YIT-Yhtymä Oyj	924 200	6 095	12 477	1 059 415	7 223	14 302
Instrumentarium Oyj	163 108	4 954	7 666	223 395	6 845	10 454
Nokia Oyj	244 000	1 954	7 066	356 000	2 882	10 310
Rentokil Initial Ord	1 390 590	4 969	6 307	2 023 826	7 235	9 180
Wärtsilä Oyj Abp	275 614	4 443	5 733	390 688	6 313	8 126
Orion-Yhtymä Oyj	281 680	5 274	5 605	366 080	6 916	7 285
M-real Oyj	776 870	2 829	5 397	911 870	3 655	7 334
Huhtamäki Oyj	146 000	4 070	5 183	197 000	5 496	6 994
Heinz Hj Comp.	110 000	4 781	5 132	165 000	7 160	7 699
Uponor Oyj	271 200	3 806	5 085	384 300	5 424	7 206
Fortum Oyj	895 625	4 056	4 254	1 292 646	5 818	6 140
Kone Oyj	50 220	1 352	4 168	71 320	1 866	5 920
Roche Genusshein	51 900	4 147	4 147	81 700	6 529	6 529
Kesko Oyj	400 200	4 122	4 122	585 400	6 030	6 030
Ahold	123 322	3 504	4 030	188 134	5 342	6 148
Tamro Oyj	1 106 000	3 683	3 971	1 587 102	5 286	5 698
Orkla Ab	205 300	2 313	3 924	295 471	3 326	5 648
Nokian Renkaat Oyj	106 000	2 086	3 720	157 000	3 029	5 509
Lassila & Tikanoja Oyj	204 400	2 556	3 679	291 100	3 660	5 240
VNU NV	101 122	3 490	3 490	138 571	4 782	4 782
Kemira Oyj	455 500	2 548	3 029	659 500	3 688	4 386
Adidas- Salomon AG	35 000	2 550	2 951	47 000	3 421	3 962
Vivendi Environnement	75 000	2 810	2 810	123 000	4 608	4 630
Tamfelt Oyj Abp	105 949	1 782	2 805	145 582	2 556	3 854
Elisa Communications Oyj	203 350	2 768	2 768	203 350	2 768	2 768
Others		115 658	127 363		178 686	202 153
Total		**202 600**	**246 882**		**300 545**	**368 284**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
8. Other investments				
8.1. Other loans as guaranteed				
Bank guarantee	113	14	164	98
Insurance policy	4 104	4 378	4 130	4 378
Other security	1 281	1 446	1 298	1 513
Remaining acquisition cost	5 499	5 838	5 592	5 989
Remaining acquisition cost of unguaranted loans	2 763	5 365	7 820	15 945
	8 262	**11 203**	**13 412**	**21 934**

9. Change in tangible and intangible assets 31.12.2001

	Parent company		Group	
	Intangible assets and long-term expenditure	Equipment	Intangible assets and long-term expenditure	Equipment
Acquisition cost at 1.1	6 234	562	8 302	5 945
Fully depreciated in the previous year	-46	-	-102	-
Increases	989	621	1 294	831
Decreases	-8	-3	-14	-13
Acquisition cost at 31.12	7 169	1 180	9 481	6 763
Accumulated depreciation at 1.1	-2 405	-452	-3 041	-4 617
Fully depreciated in the previous year	46	-	102	-
Depreciations accumulated from decreases and increases	5	-	8	8
Transfer between items	-1 017	-182	-1 342	-536
Accumulated depreciation at 31.12	-3 371	-634	-4 273	-5 144
Book value at 31.12	**3 797**	**546**	**5 207**	**1 619**

1000 euro	Parent company		Group	
10. Investments as coverge of investment-linked insurances	Original acquisition cost	Current value	Original acquisition cost	Current value
Shares and other variable-yield securities and units in unit trusts	104 229	98 070	113 385	106 464
Receivable from premium intermediary	42	42	42	42
Cash at bank and in hand	2 518	2 518	3 214	3 214
Accumulated interests	-	-	1	1
Total	**106 789**	**100 630**	**116 641**	**109 720**
Investments acquired in advance	6 181	5 489	7 980	7 365
Investments corresponding to the technical provision of investment-linked insurances	**100 608**	**95 141**	**108 661**	**102 355**
Cash at bank and in hand etc. include paid but not yet invested net premiums of insurances valid at the closing of the accounts	1 500		1 500	

11.1. Change in capital and reserves

Parent company	**1.1.2001**	**Increase**	**Decrease**	**31.12.2001**
Equivalent funds	4 482	-	-	4 482
Guarantee capital	2 018	-	-	2 018
Revaluation reserve	353	-	-	353
Security reserve	4 647	424	-	5 072
Contingency reserve	91	-	-1	90
Profit for the accounting period	424	396	-424	396
Change in capital and reserves, total	**12 017**	**821**	**-425**	**12 412**

Group	**1.1.2001**	**Increase**	**Decrease**	**31.12.2001**
Equivalent funds	4 482	-	-	4 482
Guarantee capital	2 018	-	-	2 018
Revaluation reserve	5 389	130	-406	5 113
Security reserve	4 647	424	-	5 072
Contingency reserve	91	-	-1	91
Share of reserves and depreciation difference transferred to capital and reserve	7 180	477	-161	7 496
Group loss for previous years	-12 105	-	-2 233	-14 338
Loss for the accounting period	-947	947	-1 863	-1 863
Part included in loss of the accounting period of the change in depreciation difference and optional reserves	-862	862	-468	-468
	-1 809	1 809	-2 331	-2 331
	9 893	**2 841**	**-5 133**	**7 602**
Change in capital and reserves, total				

11.2. Analysis of the revaluation reserve	Parent company **2001**	Group **2001**
Revaluation reserve 1.1		5 389
Increase		130
Decrease		-406
Revaluation reserve 31.12		5 113
of which related to fixed assets		5 113
Revaluations of investment assets	353	
Revaluation of fixed assets	-	

1000 euro	Parent company	Group
	2001	2001
11.3. Distributable as profits		
Profit/loss from accounting period	396	-2 331
+ Other distributable capital		
Security reserve	5 072	5 072
Contingency reserve	90	91
Transfer to capital and reserves of optional reserves and depreciation difference		7 496
Other distributable capital total	5 162	12 658
- Loss in balance sheet		-14 338
- Amount transferred to capital and reserves from group appropriations		-7 496
Total distributable assets	**5 558**	**-11 507**

12. Accumulated appropriations and changes in group reserve	Parent company 2001	Parent company 2000	Group 2001	Group 2000
Accumulated appropriations				
Depreciation difference at 1.1	4 939	5 001	8 539	7 382
Increase	0	38	690	2 652
Decrease	-274	-100	-248	-1 495
Depreciation difference at 31.12	4 665	4 939	8 980	8 539
Optional reserves				
Credit loss reserve at 1.1	1 152	1 158	1 546	1 453
Increase	-	-	46	99
Decrease	-25	-6	-25	-6
Credit loss reserve at 31.12	1 127	1 152	1 568	1 546
Housing reserve at 1.1			346	346
Increase			25	-
Decrease			-41	-
Housing reserve at 31.12			331	346
Optional reserves, total			**1 898**	**1 892**
Accumulated appropriations, total	**5 792**	**6 091**	**10 879**	**10 431**
Allocation				
Capital and reserves			-7 496	-7 180
Minority interest			-228	-226
Deferred tax			-3 155	-3 025
			0	0
Tax rate			29%	29%

13. Provisions for unearned premiums	**2001**	**2000**	**2001**	**2000**
Deferred acquisition cost deducted from provisions for outstanding claims in life insurance (zillmerization)				
Life insurance	131	272	131	275
Pension insurance	1 123	1 698	1 123	1 751
	1 254	**1 970**	**1 254**	**2 027**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
14. Debts maturing after five years or later				
Loans from financing institutes	49	53	11 962	9 772
15. Defferred taxes				
Deferred taxes on the basis of the difference between taxable income and allocation difference in book result and other temporary differences	3 226	3 496	3 226	3 496
Deferred tax on the basis of valuation differences will not realize in the near future				
16. Receivables and debts				
16.1. Specification of receivables				
Group companies				
Other loans	2 217	3 341	-	-
Participating interests				
Other loans	11	28	11	28
16.2. Specification of loans				
Loans to group companies				
Other loans	5 566	4 510	-	-
Loans to participating interests				
Other loans	186	228	216	228

17. Guarantees and liability commitments

	2001 Guarantee/pledge/ security and other commitments	2000 Guarantee/pledge/ security and other commitments	2001 Guarantee/pledge/ security and other commitments	2000 Guarantee/pledge/ security and other commitments
17.1. Guarantees				
Guarantees for own debts				
Mortgages given	-	-	3 958	4 967
Assets pledged, covering derivates	-	1 031	-	2 062
	-	1 031	3 958	7 029
Security for group company debts				
Land and building pledge			17	19
Security for other companies' debts				
Land and building pledge			2 860	3 205

1000 euro	Parent company		Group	
	2001	2000	2001	2000
17.2. Liability commitments and guarantees not included in balance sheet				
Derivate contracts				
Currency derivative contracts				
Forward and future contracts, open				
Underlying asset	5 866	-	9 776	-
Current value	0	-	0	-
Share derivative contracts				
Forward and future contracts, open				
Underlying asset	564	-	752	258
Current value	-46	-	-61	600
Loan contracts on securities				
Securities loaned				
Remaining aquisition cost	364	-	490	10
Current value	564	-	752	258
Value added tax liabilities				
In connection with group registrated VAT	The group has tax receivable in connection with VAT			
Liability to return deductions according to chapter 33 of the Value Added Tax Act	277	235	290	1 039
Other liability commitments				
Subscription commitments	9 029	6 446	9 029	11 586

18. Specification of loans

18.1. Capital loans

Recipient	Tapiola General Mutual Insurance Company
Amount	21 864 430,44 euro
Drawal date	23.12.1998
Repayment date	31.12.2008
Interest rate	5,20 %

The interest may be paid with the distributable means of the recipient

Guarantee	No guarantee

18.2. Insider loans

Monetary loans to a managing director, board member, supervisory board member, or auditor of the insurance company, a corporation or foundation belonging to the group, a corporation or foundation exercising authority in the insurance company, or a corporation or foundation exercising authority in such a corporation of foundation

Above-mentioned loans have not been granted

Monetary loans to a party who, on the basis of guarantee share ownership, can have at least 10 per cent of the insurance company's guarantee shares or voting rights conferred by guarantee shares or the same proportion of ownership or voting power in a corporation belonging to the same group as the insurance company

Above-mentioned loans have not been granted

Key Figures pertaining to solvency

1000 euro	Parent company 2001	2000
19. Solvency margin		
Solvency margin		
Capital and reserves after profit distribution		
Optional reserves and accumulated	12 412	12 017
depreciation difference	5 792	6 091
Valuation difference between current asset values		
and book values on the balance sheet	137 902	162 026
Subordinated loans	21 864	21 864
Intangible assets and insurance acquisition cost		
not entered as expenses (-)	-3 797	-3 829
Other items	-	-
	174 173	**198 169**
Solvency margin required under the Insurance Companies Act, Chapter 11, Section 4	54 652	50 785
Equalization provision included in the technical provisions for the years in which there are exceptionally large losses	28 882	28 950
The solvency margin and the equalization provision in proportion to technical provisions, net of reinsurance and reduced by the amount of the equalization provision (%)		
- 2001	17,0	
- 2000	20,7	
- 1999	24,4	
- 1998	22,9	
- 1997	19,9	

Proposal for the Appropriation of the Profit

The Board of Directors proposes that the profit of the accounting period in the amount of 396 338.01 euro be transferred to security reserve.

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

Equivalent funds	4 482 208.24
Guarantee capital	2 018 255.12
Revaluation reserve	353 194.65
Security reserve	5 467 875.49
Contingecy fund	90 667.76
	12 412 201.26

Espoo, 7th March 2002

Asmo Kalpala

Juhani Heiskanen

Tom Liljeström

Jari Saine

Juha-Pekka Halmeenmäki
Managing director

Auditors' report

To the owners of the Tapiola Mutual Life Insurance Company

We have examined the bookkeeping, financial statements and administration of the Tapiola Mutual Mutual Insurance Company for the 2001 financial year. The financial statements prepared by the Board of Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of the audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo, C.P.A., has performed the supervisory audit of the company and a separate report was issued on 20th March 2002.

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

The financial statements, which show a surplus for the parent company amounting to FIM 2,356,518.82 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

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

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

Espoo, 2nd April, 2002

Mauno Tervo
C.P.A.

PricewaterhouseCoopers Oy
firm of certified public accountants
Ulla Holmström
C.P.A.

Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for 2001 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 4th April, 2002

Tuula Entelä
chairman

Tapiola Corporate Life

Annual report 2001

Tapiola Corporate Life offers benefits for key personnel

Tapiola Corporate Life provides corporate clients of the Tapiola Group with cover against personal risks as well as supplementary pension solutions as part of comprehensive personnel planning. The company also collaborates with Tapiola Fund Management Company and Tapiola Asset Management Company in meeting the savings and investment needs of corporate and institutional clients. Tapiola Corporate Life's role in this collaboration is to produce guaranteed-return instruments. In this business area the capitalization agreement product was renewed to better serve customers seeking a steady long-term return on their investments.

No pension foundations or funds were incorporated into Tapiola Corporate Life during the review year.

Increasing competition for qualified personnel among companies is creating a demand for long-term personnel reward systems, for which supplementary pension insurance is particularly suitable. The company will therefore be placing even greater emphasis on these reward solutions in the marketing and sales of group pension insurance products.

Juha-Pekka Halmeenmäki
managing director
Tapiola Life and Tapiola Corporate Life

Jari Saine was the managing director until 30.4.2001.

Administration and auditors

Supervisory board

Marjut Nordström 2000-2003
chairman, managing director,
Asikkala
Antero Taanila 2001-2004
deputy chairman, provincial councilor,
Kokkola
Jari Bachmann 1999-2002
managing director, Helsinki
Timo Hanttu 1999-2002
managing director, Lappeenranta
Magnus Hästö 2001-2004
director, Helsinki
Veikko Kantero 2000-2003
managing director, Espoo
Kari Neilimo 2000-2003
professor, Kangasala
Joel Nemes 1999-2002
managing director, Espoo
Kuisma Niemelä 2001-2004
managing director, Jyväskylä
Jorma Niiniaho 2001-2004
mining councilor, Hamina
Jussi Pajunen 1999-2002
chairman,
Helsinki
Simo Palokangas 2000-2003
managing director, Turku
Eeva Parkkivaara-Anttinen 2001-2004
chairwoman, Kauniainen
Matti Ristikangas 2001-2004
managing director, Iisalmi
Jukka Salminen 1999-2002
mining councilor, Helsinki
Heikki Tuomola 2001-2004
system designer, Helsinki
Jouko Virranniemi 2000-2003
managing director, Kuusamo

Auditors

Mauno Tervo, B.Sc. (Econ.), C.P.A.
PricewaterhouseCoopers Oy
firm of certified public accountants,
responsible auditor
Ulla Holmström, B.Sc. (Econ), C:P.A.

Deputy auditors
Barbro Löfqvist, M.Sc. (Econ.), C.P.A.
Mirja Tonteri, B.Sc. (Econ.), C.P.A.

Board of directors

Asmo Kalpala, chairman, CEO
Pertti Heikkala, deputy chairman, group director,
households
Tom Liljeström, group director,
corporations and major clients
Jari Saine, group director, savers and investors

Deputy members:
Antti Calonius, director, major clients, international
operations and brokers
Jari Eklund, director, investments
Juhani Heiskanen, deputy managing director, sales,
marketing and regional services
Markku Paakkanen, director, economy and
IT services

An important task for Tapiola Corporate Life is to develop rewarding solutions.

The operating profit of Tapiola Corporate Life was EUR 28.1 million (11.3 million). Turnover rose by 17.4 per cent (3.0 %) to EUR 110.7 million (94.3 million). Premiums written in the accounting period rose 33.6 per cent (-11.9 %) to EUR 58.7 million (43.9 million). The solvency capital was EUR 85.4 million (80.3 million) and the solvency ratio was unchanged at 15.8 per cent.

The emphasis in Tapiola Corporate Life's product development work in 2002 will be on pure risk insurance and the development of reward systems for companies. Customer service will be improved by developing Internet-based solutions for the handling of insurance business.

Insurance

Premiums written The company's premiums written rose by 33.6 per cent (11.9 %) to EUR 58.7 million (43.9 million), of which life insurance and pension insurance accounted for EUR 31.1 million (11.6 million) and EUR 27.6 million (32.3 million), respectively.

Premiums written for individual life insurance rose to EUR 23.2 million (6.1 million). Premiums written for individual pension insurance rose to EUR 13.1 million (11.3 million). Premiums written for optional employment pension insurance fell to EUR 14.6 million (20.9 million). Premiums written for unit-linked insurance were EUR 5.9 million (3.5 million), of which life insurance accounted for 47 per cent (54 %), i.e. EUR 2.8 million (1.9 million), and individual pension insurance for 53 per cent (46 %), i.e. EUR 3.1 million (1.6 million). The provision for unearned premiums from insurance other that unit-linked products rose by EUR 81.0 million (19.8 million) to EUR 265.7 million (184.8 million). The provision for unearned premiums from unit-linked insurance rose by EUR 5.0 million (2.2 million) to EUR 7.2 million (2.2 million).

Claims paid Claims paid were EUR 35.9 million (34.6 million). Claims paid in respect of pension insurance were EUR 29.5 million (29.2 million). Life insurance claims were EUR 4.5 million (4.3 million), a rise of 4.2 per cent (14.0 %). Surrenders rose to EUR 2.0 million (1.2 million). The provision for outstanding claims fell by EUR 34.2 million (rose by 17.9 million) to EUR 295.8 million (330.0 million).

Investments

Net investment income was EUR 37.2 million (36.2 million). Net interest and other income was EUR 24.7 million (18.5 million). Net income from investments in land and buildings was EUR 4.0 million (3.2 million).

Net realized gains on investments of EUR 5.5 million (15.9 million) were recognized as income. Value adjustments in respect of shares were EUR 3.3 million (4.1 million). Value readjustments amounted to EUR 4.8 million (1.0 million), of which shares accounted for 4.5 million (0.6 million) and land and buildings for EUR 0.3 million (0.4 million).

The book and current values of the company's investment assets at the end of the year were EUR 574.8 million (516.7 million) and EUR 610.4 million (564.0 million), respectively. These figures do not include assets covering unit-linked insurances, which were valued at EUR 9.1 million (11.3 million).

Operating expenses

Net operating expenses as reported on the Profit and Loss Account were EUR 6.7 million (5.8 million).

Gross operating expenses, which include depreciation of EUR 0.3 million (0.3 million), are appropriately allocated to different functions. Investment expenses include only the expenses of the company's own organization.

Most of the company's staff are employed not only by the parent company, Tapiola Mutual Life Assurance Company, but also by Tapiola General Mutual Insurance Company and Tapiola Mutual Pension Insurance Company. The payments for services produced using shared resources are included in the company's operating expenses under the same items as would have been used if the staff had been directly employed by the company.

Salaries and commissions paid to the members of the Supervisory Board, to members and deputy members of the Board of Directors and to the managing director and the deputy managing director totalled EUR 233,975.81. Other salaries and commissions amounted to EUR 2,710,884.35. The total salaries and commissions figure was EUR 2,944,860.16.

Result for the accounting period

The company's turnover in 2001 was EUR 110.7 million (94.3 million). The operating profit was EUR 28.1 million (11.3 million). EUR 15.5 million of the increase in operating profit was due to an exceptionally large non-recurring transfer from the technical provisions to the equalization provision. The operating profit represented 25.4 per cent (12.0 %) of turnover.

The company's technical result of EUR 15.5 million (11.8 million) was very satisfactory. The technical result comprises the profit on risk premiums collected, the administrative cost result and the interest business result. The profit on risk premiums collected was EUR 1.0 million (1.3 million), the administrative cost result was a surplus of EUR 2.7 million (deficit of 2.2 million), and the interest business result was EUR 17.2 million (17.2 million).

The transfer from the technical provisions to the equalization provision together with the increase in the technical provisions due to a reduction in the technical interest rate amounted to EUR 13.8 million (-4.9 million).

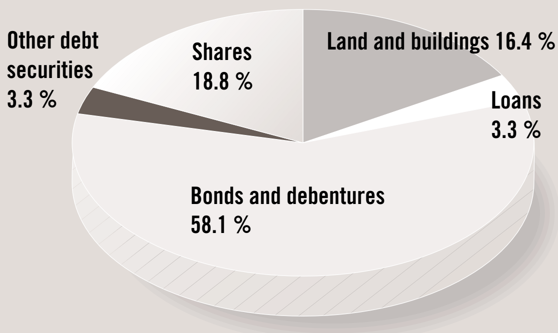
EUR 6.7 million (6.1 million) was set aside in the closing of the accounts for policyholder bonuses for the year 2001. In addition to this, about EUR 4.2 million (2.9 million) was set aside for future additional benefits.

Depreciation of EUR 0.5 million (0.5 million) was charged according to plan. The full amount of depreciation permitted under the Business Taxation Act was charged. The credit loss reserve was brought into line with the full amount.

The company's share of the profit-sharing payment transferred to the Staff Fund of the Tapiola Group was EUR 70,662.64. It has been calculated according to the maximum amount and is included in the Profit and Loss Account under other expenses.

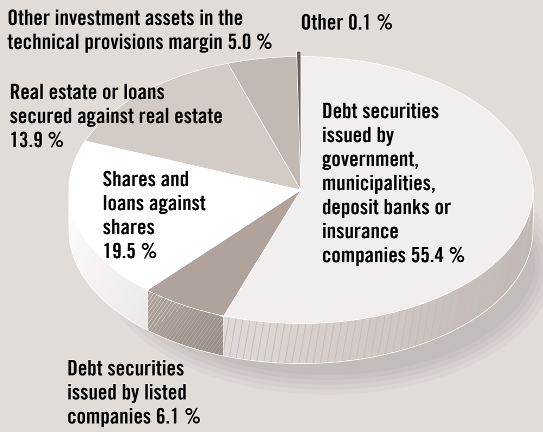
Investment assets

Current value at 31.12.2001 EUR 610.4 million



Investment risk profile

Current value 31.12.2001



The solvency ratio remained unchanged at 15.8 per cent.

The Board of Directors proposes that the surplus of EUR 709,838.84 for the accounting period be transferred to retained earnings.

The Balance Sheet showed assets totalling EUR 602,786,395.73 (551,291,697.38).

CONSOLIDATED FINANCIAL STATEMENTS

Tapiola Corporate Life Insurance Group consisted of the parent company and the following subsidiaries: Rekra Oy, Sasnep Ky and 22 housing and real estate companies.

The group's associated companies are Tapiola Asset Management Ltd and Kiinteistö Oy Mariankatu 27.

Insurance

Premiums written The group's premiums written rose by 33.6 per cent (-11.9 %) to EUR 58.7 million (43.9 million), of which life insurance and pension insurance accounted for EUR 31.1 million (11.6 million) and EUR 27.6 million (32.3 million), respectively.

Claims paid Claims paid were EUR 35.9 million (34.6 million). Claims paid in respect of pension insurance were EUR 29.5 million (29.2 million). Life insurance claims were EUR 4.5 million (4.3 million), a rise of 4.2 per cent (14.0 %). Surrenders rose to EUR 2.0 million (1.2 million). The provision for outstanding claims fell by EUR 34.2 million (rose by 17.9 million) to EUR 295.8 million (330.0 million).

Investments

Net investment income rose by EUR 1.3 million (3.5 million) to EUR 37.2 million (35.8 million). Realized gains on investments were EUR 5.7 million (15.9 million). Interest and other income was EUR 25.4 million (18.9 million). Net income from investments in land and buildings was EUR 5.2 million (4.5 million). Planned depreciation of EUR 1.5 million (1.8 million) was charged in respect of buildings. The net total of value adjustments and readjustments was EUR 1.3 million (-4.4 million). Valuation adjustments of EUR –1.1 million (0.0 million) were made in respect of assets covering unit-linked insurances.

The book and current values of the group's investment assets at the end of the year were EUR 574.0 million (516.6 million) and EUR 613.2 million (566.4 million), respectively. These figures do not include assets covering unit-linked insurances, which were valued at EUR 9.1 million (11.3 million).

Operating expenses

Net operating expenses as reported on the Consolidated Profit and Loss Account were EUR 6.7 million (5.8 million). Gross operating expenses, which include planned depreciation of EUR 0.3 million (0.3 million), are appropriately allocated to different functions. Investment expenses include only the expenses of the company's own organization.

Result for the accounting period

The group's turnover was EUR 110.2 million (93.5 million). The operating profit was EUR 28.1 million (10.9 million), representing 25.5 per cent (11.7 %) of turnover.

Depreciation was charged according to plan. The credit loss reserve for other receivables was brought into line with the full amount. The change in the depreciation difference and optional reserves as well as the depreciation difference and optional reserves are divided among deferred tax liability, minority interests and capital and reserves.

The profit for the accounting period was EUR 684,377.52 and the Balance Sheet showed assets totalling EUR 601,021,374.04.

Performance analysis

EUR mill.	2001	2000	1999	1998	1997
Risk business	0.9	1.3	0.2	1.4	1.2
Cost business	-2.7	-2.1	-2.4	-1.9	-0.6
Interest business	17.2	17.2	14.0	12.4	6.4
Revaluations					
Liability supplements	-1.3	-5.0	-4.9	-4.9	0.0
Other items affecting the operating profit	14.1	-0.1	-1.0	-0.5	-0.8
OPERATING PROFIT	28.1	11.3	6.1	6.6	6.3
USE OF PROFIT					
Customer bonuses	-6.7	-6.1	-3.4	-4.5	-5.6
Additional bonuses provision	-4.2	-2.9	-1.6	-0.6	-0.2
Equalization provision	-15.8	-0.9	0.3	-0.5	-0.2
Extraordinary costs, reserves, taxes, depreciations etc.	-0.6	-0.7	-0.7	-0.4	-0.1
Profit for the financial year	0.7	0.7	0.7	0.5	0.2

Real estate portfolio, income and vacant premises at 31.12.2001

Tapiola Corporate Life

Real estate portfolio, EUR 1 000

Current value	123 143
Book value and loans	107 215
Valuation difference	15 929

Type of real estate	Current value EUR 1 000	Current value EUR/m²	Net yield EUR 1 000	Net yield %	Vacant floor area, m²	Vacancy rate
Non-residential premises						
Commercial and office premises	57 422	1 163	3 662	6.4	49 387	4.9
Hotels	8 751	1 641	648	7.4	5 334	0.0
Total	66 173	1 209	4 310	6.5	54 721	4.4
Residential buildings *)	38 644	1 437	1 718	4.4	26 891	2.6
Other properties and premises						
Under construction						
acquired mid-year	17 494					
Undeveloped plots	354					
Total	17 848				10 972	
In own use	478				342	
REAL ESTATE PORTFOLIO	123 143				92 926	

*) The net income from residential premises is augmented by a government interest subsidy of	EUR 184 502
Total income from investments (incl. interest subsidy) according to KTI-index	6.9 %
The average vacancy rate over the year for non-residential premises was	3.6 %

Financial Analysis

1000 euro	Parent company		Group	
Indirect financial analysis	**2001**	**2000**	**2001**	**2000**
Flow of liquid assets in activities				
Profit on ordinary activities/ profit before extraordinary items	879	933	691	374
Amendments				
Change in technical provisions	51 605	37 680	51 605	37 680
De- and revaluations of investments	-306	4 385	-1 299	4 394
Depreciations according to plan	581	528	1 917	2 398
Other amendments	-4 710	-15 165	-5 041	-15 219
Flow of liquid assets before change of working capital	**48 050**	**28 360**	**47 873**	**29 626**
Change in working capital:				
Increase (-)/decrease (+) of short receivables ex interest	2 445	-1 397	1 239	-1 148
Increase (+)/decrease (-) of short debts ex interest	-989	3 190	-242	2 175
Flow of liquid assets before financing items and taxes	**49 506**	**30 154**	**48 871**	**30 652**
Interest and fees for other financing expenses	-262	-293	-56	-58
Direct taxes	-488	-488	-488	-488
Flow of liquid assets before extraordinary items	**48 755**	**29 373**	**48 326**	**30 106**
Flow of liquid assets in activities	**48 755**	**29 373**	**48 326**	**30 106**
Flow of liquid assets in investments				
Increase in investments (excl. liquid assets)	-55 808	-45 201	-55 495	-47 259
Income from investment disposal	5 461	15 946	5 732	15 946
(excl. liquid assets)			14	5
Increase/decrease in minority interest				
Tangible and intangible assets and other investments and disposal income (net)	-480	-431	-483	-623
Flow of liquid assets in investments	**-50 827**	**-29 685**	**-50 233**	**-31 931**
Flow of liquid assets in financing				
Loans taken out			-	1 530
Amortization of loans			-15	-
Increase of equity			-144	-
Flow of liquid assets in financing	**-**	**-**	**-159**	**1 530**
Change in flow of liquid assets	**-2 072**	**-313**	**-2 065**	**-295**
Flow of liquid assets in the beginning of the accounting period	**4 291**	**4 603**	**4 309**	**4 603**
Flow of liquid assets at the end of the accounting period	**2 218**	**4 291**	**2 244**	**4 309**

Profit and Loss Account

1000 euro		Parent company		Group	
		2001	2000	2001	2000
Technical account:					
Premiums written					
Premiums written	*1	58 660	43 914	58 660	43 914
Reinsurers' share		-1 219	-1 287	-1 219	-1 287
		57 440	42 628	57 440	42 628
Investment income	4	53 185	50 449	52 730	49 614
Investment revaluations	4	67	-	67	-
Claims incurred					
Claims paid	2	-35 907	-34 649	-35 907	-34 649
Reinsurers' share		1 009	860	1 009	860
		-34 898	-33 788	-34 898	-33 788
Change in provision for outstanding claims		34 169	-17 908	34 169	-17 908
Reinsurers' share		17	-3	17	-3
		34 186	-17 911	34 186	-17 911
		-713	-51 699	-713	-51 699
Change in provisions for unearned premiums					
Change in provisions for unearned premiums		-85 860	-19 865	-85 860	-19 865
Reinsurers' share		69	97	69	97
		-85 791	-19 769	-85 791	-19 769
Operating expenses	3	-6 684	-5 833	-6 684	-5 833
Investment charge	4	-14 852	-14 180	-14 424	-13 718
Amendments in investment revaluations	4	-1 210	-49	-1 210	-49
Other expenses		-	-3	-	-3
Balance on technical account		**1444**	**1544**	**1 416**	**1 170**
Non-technical account:					
Other income					
Other income		1	4	1	4
Other expenses					
Other expenses		-77	-126	-77	-126
Share of participating interests' losses				-2	-12
Direct taxes on ordinary acticities					
Taxes for the accounting period		-489	-486	-489	-486
Taxes from previous years		-	-2	0	-2
Change in deferred tax		-	-	-158	-174
		-488	-488	-646	-662
Profit on ordinary activities		**879**	**933**	**691**	**374**
Profit after extraordinary items		**879**	**933**	**691**	**374**
Appropriations					
Increase in depreciation difference		-123	-126	-	-
Decrease in optional reserves		-46	-99	-	-
		-169	-225	-	-
Minority interest in the profit for the accounting period				-7	-5
Profit for the accounting period		**710**	**709**	**684**	**369**

* Reference number in the Appendices

Appendices to the Profit and Loss Account

1000 euro	Parent company		Group	
	2001	**2000**	**2001**	**2000**
1. Premiums written				
Direct insurance				
Life insurance				
Capitalization agreements	2 102	34	2 102	34
Investment-linked life insurance	2 778	1 911	2 778	1 911
Individual life insurance	20 442	4 218	20 442	4 218
Employees' group life insurance	1 097	1 062	1 097	1 062
Other group life insurance	4 592	4 419	4 592	4 419
	31 012	11 644	31 012	11 644
Pension insurance				
Investment-linked individual pension insurance	3 090	1 632	3 090	1 632
Other individual pension insurance	9 955	9 745	9 955	9 745
Group pension insurance	14 602	20 894	14 602	20 894
	27 648	32 271	27 648	32 271
Premiums written before credit losses and reinsurers' share	**58 660**	**43 914**	**58 660**	**43 914**
Premiums written before credit losses and reinsurers' share				
Continuous premiums	53 507	30 324	53 507	30 324
Lump-sum premiums	5 153	13 591	5 153	13 591
Total	**58 660**	**43 914**	**58 660**	**43 914**
Premiums from agreements entitled to bonuses	52 791	40 371	52 791	40 371
Premiums from investment-linked insurances	5 869	3 544	5 869	3 544
Total	**58 660**	**43 914**	**58 660**	**43 914**

1000 euro	Parent company		Group	
	2001	**2000**	**2001**	**2000**
1.1. The effect of bonuses and rebates on the result from life insurance				
Bonuses				
Life insurance				
Capitalization agreements	175	160	175	160
Individual life insurance	720	357	720	357
Other group life insurance	229	178	229	178
	1 124	696	1 124	696
Pension insurance				
Individual life insurance	1 141	867	1 141	867
Group pension insurance	8 646	7 444	8 646	7 444
	9 787	8 311	9 787	8 311
	10 912	**9 007**	**10 912**	**9 007**
Rebates				
Life insurance				
Other group life insurance	15	12	15	12
Total	**10 926**	**9 019**	**10 926**	**9 019**

2. Claims paid before reinsurers' share				
Direct insurance				
Life insurance	4 479	4 299	4 479	4 299
Surrenders	1 456	731	1 456	731
	5 935	5 031	5 935	5 031
Pension insurance	29 469	29 158	29 469	29 158
Surrenders	503	460	503	460
	29 972	29 618	29 972	29 618
Claims paid, total	**35 907**	**34 649**	**35 907**	**34 649**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
3. Operating expenses covering staff and management				
3.1. Total operating expenses by function				
Claims paid	481	426	481	426
Operating expenses	6 684	5 833	6 684	5 833
Investment management charges	807	482	873	580
Other expenses	77	126	77	126
Total	**8 049**	**6 867**	**8 115**	**6 965**
3.2. Operating expenses in Profit and Loss Accounts				
Insurance policy acquisition costs				
Commissions for direct insurance	256	210	256	210
Other insurance policy acquisition costs	2 307	1 993	2 307	1 993
	2 563	2 204	2 563	2 204
Insurance policy management expenses	2 722	2 556	2 722	2 556
Administrative expenses	1 546	1 215	1 546	1 215
Commissions for reinsurance ceded	-147	-142	-147	-142
Total	**6 684**	**5 833**	**6 684**	**5 833**
3.3. Staff and management bodies				
3.3.1. Staff expenses				
Salaries and commissions	3 104	2 862	3 129	2 883
Pension expenses	612	541	616	544
Other social expenses	223	199	224	201
Total	**3 940**	**3 602**	**3 970**	**3 628**
3.3.2. Management salaries and renumerations, pension commitments, loans and terms as well as guarantees and liability commitments	**2001**	**2000**	**2001**	**2000**
Managing director and deputy managing director				
Salaries and renumerations	75	83	75	83
Pension commitments	The pensionable age agreed at 60-63 years			
Loans and terms	No loans given			
Guaranteess and liability commitments	No guarantees or liability commitments given			
Members and deputy members of the boards				
Salaries and renumerations	133	78	133	78
Pension commitments	The retirement age of the management and of the board employed by the company has been agreed at 60-63 years			
Loans and terms	No loans given			
Guarantees and liability commitments	No guarantees or liability commitments given			
Supervisory board				
Salaries and renumerations	25	25	25	25
Pension commitments	No pension commitments.			
Loans and terms	No loans given			
Guaranteess and liability commitments	No guarantees or liability commitments given			
3.3.3. Average staff during the accounting period				
Office	-	-	-	-
Sales	-	-	-	-
Real estate	-	-	-	-

1000 euro	Parent company		Group	
	2001	**2000**	**2001**	**2000**
4. Analysis of net investment income				
Investment income:				
Income from investments in group companies				
Interest income	167	127	13	17
Income from investments in participating interests				
Interest income	1	-	1	-
Income from investments in land and buildings				
Interest income	1 136	1 129	261	273
Other income	9	11	9	11
	1 144	1 140	270	283
Income from investments in land and buildings				
Interest income	13	11	13	11
Other income	10 922	9 144	11 216	9 374
	10 935	9 156	11 229	9 386
Income from other investments				
Dividend income	3 014	3 237	3 014	3 237
Interest income	25 288	18 866	25 295	18 868
Other income	701	542	701	543
	29 003	22 646	29 011	22 648
Total	41 251	33 068	40 524	32 334
Value readjustments	4 789	925	4 789	824
Realized gains on investments	7 146	16 456	7 417	16 456
Total	**53 185**	**50 449**	**52 730**	**49 614**
Investment expenses:				
Expenses for land and buildings				
Group companies	-4 647	-4 459	-1 167	-994
Other companies	-3 468	-2 682	-5 206	-4 224
	-8 114	-7 141	-6 373	-5 218
Expenses from other investments	-1 003	-630	-1 003	-630
Interest and other liability expenses				
Group companies	-452	-385	-335	-299
Other companies	-45	-46	-56	-58
	-498	-431	-391	-357
Total	-9 615	-8 201	-7 767	-6 204
Value adjustments on investments				
Devaluation	-3 340	-5 261	-3 490	-5 218
Planned depreciations on buildings	-212	-208	-1 482	-1 786
	-3 552	-5 469	-4 972	-7 005
Realized losses on investments	-1 685	-509	-1 685	-509
Total	**-14 852**	**-14 180**	**-14 424**	**-13 718**
Net investment income before revaluations and their adjustments	**38 333**	**36 269**	**38 306**	**35 895**
Investment revaluations	67	-	67	-
Investment revaluations and their adjustments	-1 210	-49	-1 210	-49
	-1 143	-49	-1 143	-49
Net investment income on the Profit and Loss Account	**37 190**	**36 220**	**37 163**	**35 847**
Avoir fiscal tax credit included in dividend income	408	379	408	379
Investment-linked insurances' part of the net income from investments in profit and loss account	-1 528	-48	-1 528	-48

Balance Sheet

1000 euro		Parent company		Group	
Assets		**2001**	**2000**	**2001**	**2000**
Intangible assets					
Other long-term expenses	9	**1 038**	**1 060**	**1 060**	**1 083**
Investments	5				
Investments in land and buildings	6				
Land and buildings		62 773	72 946	80 275	87 775
Loans in group companies		21 614	18 405	3 302	3 431
		84 387	91 351	83 577	91 206
Investments in group companies and participating interests	7				
Shares and holdings in group companies		17	17	-	-
Other shares and variable-yield securities and units in unit trusts		440	249	450	249
		457	265	450	249
Other investments					
Shares and other variable-yield securities and units in unit trusts	7	97 834	69 930	97 852	69 948
Debt securities		356 464	330 676	356 464	330 676
Loans guaranteed by mortgages		15 090	7 031	15 090	7 031
Other loans	8	5 145	10 731	5 145	10 731
Deposits		15 400	6 728	15 400	6 728
Other investments		3	-	66	-
		489 936	425 096	490 016	425 114
		574 779	**516 713**	**574 044**	**516 569**
Investments as coverage of investment-linked insurances	10	**9 090**	**11 254**	**9 090**	**11 254**
Debtors	16				
Arising out of direct insurance operations					
Policyholders		1 406	869	1 406	869
Other debtors		2 153	3 638	1 298	1 283
		3 558	**4 507**	**2 704**	**2 152**
Other assets					
Tangible assets					
Equipment	9	134	1	341	270
Cash at bank and in hand		2 218	4 291	2 244	4 309
		2 352	**4 291**	**2 585**	**4 579**
Prepayments and accrued income					
Interest and rents		9 997	11 620	10 005	11 622
Other prepayments and accrued income		1 972	1 846	1 535	1 708
		11 969	**13 466**	**11 540**	**13 330**
		602 786	**551 292**	**601 021**	**548 967**

Balance Sheet

1000 euro		Parent company		Group	
Liabilities		**2001**	**2000**	**2001**	**2000**
Capital and reserves	11				
Subscribed capital		6 341	6 273	6 341	6 273
Reserve fund		6 858	6 926	6 858	6 926
Revaluation reserve				249	249
Amount of reserves and depreciation difference transferred to capital and reserves				1 749	1 510
Profit for previous years		7 271	6 563	3 396	3 447
Profit for the accounting period		710	709	684	369
Part included in profit for the accounting period of the change in depreciation difference and optional reserves				-383	-420
		21 180	**20 471**	**18 895**	**18 354**
Minority interest				**864**	**857**
Accumulated appropriations	12				
Accumulated depreciation difference		1 028	905	-	-
Optional reserves		441	394	-	-
		1 468	**1 299**	**-**	**-**
Subordinated provisions		**5 046**	**5 046**	**5 046**	**5 046**
Technical provisions					
Provisions for unearned premiums	13	265 750	184 854	265 750	184 854
Reinsurers' share		-888	-819	-888	-819
		264 862	184 035	264 862	184 035
Provision for outstanding claims		295 783	329 967	295 783	329 967
Reinsurers' share		-168	-151	-168	-151
		295 614	329 815	295 614	329 815
		560 476	**513 851**	**560 476**	**513 851**
Technical provisions of investment-linked insurances					
Technical provisions		**7 214**	**2 234**	**7 214**	**2 234**
Deposits received from reinsurers		**-**	**127**	**-**	**127**
Creditors	16				
Arising out of reinsurance operations		43	53	43	53
Loans to financial institutes	14	923	923	2 595	2 610
Deferred tax	12/15			718	619
Other creditors		4 533	4 478	3 136	2 301
		5 499	**5 453**	**6 493**	**5 583**
Accruals and deferred income		**1 903**	**2 811**	**2 034**	**2 916**
		602 786	**551 292**	**601 021**	**548 967**

Appendices to the Balance Sheet

1000 euro	Parent company			Group		
5. Current value and valuation difference of investments						
Investments 31.12.2001	**Remaining acquisition cost**	**Book value**	**Current value**	**Remaining acquisition cost**	**Book value**	**Current value**
Investments in land and buildings						
Land and buildings	8 721	8 721	10 341	44 628	44 965	62 386
Group company shares	36 907	36 907	50 677	18 189	18 189	19 724
Shares in participating interests	554	554	554	530	530	554
Other real estate shares	16 591	16 591	17 129	16 591	16 591	17 129
Loans to group companies	21 614	21 614	21 614	3 302	3 302	3 302
	84 387	84 387	100 316	83 241	83 577	103 095
Investments in group companies						
Shares and other variable-yield securities and units in unit trusts	17	17	17	-	-	-
Investments in participating interests						
Shares and other variable-yield securities and units in unit trusts	440	440	440	450	450	450
Other investments						
Shares and other variable-yield securities and units in unit trusts	97 834	97 834	114 270	97 852	97 852	114 272
Debt securities	356 464	356 464	359 756	356 464	356 464	359 756
Loans guaranteed by mortgages	15 090	15 090	15 090	15 090	15 090	15 090
Other loans	5 145	5 145	5 145	5 145	5 145	5 145
Deposits	15 400	15 400	15 400	15 400	15 400	15 400
Other investments	3	3	3	66	66	3
	489 936	489 936	509 664	490 016	490 016	509 666
	574 779	**574 779**	**610 436**	**573 707**	**574 044**	**613 211**
The remaining acquisition cost of debt securities consists of						
- the difference between the nominal value and acquisition price that is allocated to interest income (+) or deducted from it (-)		-1 310			-1 310	
The book value consists of						
Other revaluations		-			336	
Valuation difference (difference between current and book values)			**35 657**			**39 168**

1000 euro	Parent company			Group		
5. Current value and valuation difference of investments						
Investments 31.12.2000	**Remaining acquisition cost**	**Book value**	**Current value**	**Remaining acquisition cost**	**Book value**	**Current value**
Investments in land and buildings						
Land and buildings	8 666	8 666	10 341	52 813	53 149	69 329
Group company shares	48 507	48 507	60 463	18 866	18 866	18 920
Shares in participating interests	72	72	72	60	60	72
Other real estate shares	15 701	15 701	15 765	15 701	15 701	15 765
Loans to group companies	18 405	18 405	18 405	3 431	3 431	3 431
	91 351	91 351	105 046	90 870	91 206	107 517
Investments in group companies						
Shares and other variable-yield securities and units in unit trusts	17	17	17	-	-	-
Investments in participating interests						
Shares and other variable-yield securities and units in unit trusts	249	249	249	249	249	249
Other investments						
Shares and other variable-yield securities and units in unit trusts	69 930	69 930	96 246	69 948	69 948	96 253
Debt securities	330 676	330 676	337 939	330 676	330 676	337 939
Loans guaranteed by mortgages	7 031	7 031	7 031	7 031	7 031	7 031
Other loans	10 731	10 731	10 731	10 731	10 731	10 731
Deposits	6 728	6 728	6 728	6 728	6 728	6 728
	425 096	425 096	458 675	425 114	425 114	458 682
	516 713	**516 713**	**563 986**	**516 233**	**516 569**	**566 448**

	Parent company			Group		
The remaining acquisition cost of debt securities consists of						
- the difference between the nominal value and acquisition price that is allocated to interest income (+) or deducted from it (-)		-6 656			-6 656	
- yield on index-linked loans		2 000			2 000	
		-4 656			-4 656	
The book value consists of						
Other revaluations		-			336	
Valuation difference (difference between current and book values)			**47 274**			**49 878**

1000 euro	Parent company		Group	
6. Change in investments in land and buildings 31.12.2001	**Land and buildings**	**Loans to group companies**	**Land and buildings**	**Loans to group companies**
Acquisition cost at 1.1	80 979	18 405	101 622	3 431
Increases	2 023	4 715	4 871	695
Decreses	-14 668	-1 507	-12 648	-824
Transfer between items			-37	-
Acquisition cost at 31.12	68 334	21 614	93 808	3 302
Accumulated depreciations at 1.1	-1 321		-8 863	
Accumulated depreciations of value adjustment and transfer			885	
Depreciation in accounting period	-206		-1 051	
Accumulated depreciations at 31.12	-1 527		-9 029	
Devaluations at 1.1	-6 712		-5 319	
Value adjustments of depreciations and transfer	2 102		54	
Devaluations in accounting period	-		-150	
Devaluation cancellations	575		575	
Devaluations at 31.12	-4 034		-4 840	
Revaluations at 1.1	-		336	
Revaluations at 31.12	-		336	
Book value at 31.12	**62 773**	**21 614**	**80 275**	**3 302**

Land and buildings for own use	**2001**	**2001**
Remaining acquisition cost	373	373
Book value	373	373
Current value	462	462

7. Investments in group companies and participating interests	**Parent company 2001**	**Group 2001**
Shares and holdings in group companies		
Acquisition cost at 1.1	17	
Increases	-	
Acquisition cost at 31.12	17	
Book value at 31.12	**17**	
Shares and holdings in participating interests		
Acquisition cost at 1.1	249	249
Increases	191	201
Acquisition cost at 31.12	440	450
Book value at 31.12	**440**	**450**
Total	**457**	**450**

Parent company	**No. of shares**	**% of shares**	**Book value**	**Market value**	**Profit/loss for accounting period**	**Capital and reserves**
7.1. Investments in group companies						
Rekra Oy	50	100,00	8	8	-5	8
Sasnep Ky	50	100,00	8	8	-5	8
Yhteensä	**100**		**17**	**17**	**-10**	**17**
7.2. Investments in participating interests						
Tapiola Asset Management Ltd	2 400	15,00	440	440	65	2 987
Total	**2 400**		**440**	**440**	**65**	**2 987**

Group	**No. of shares**	**% of shares**	**Book value**	**Market value**	**Profit/loss for accounting period**	**Capital and reserves**
7.2. Investments in participating interests						
Tapiola Asset Management Ltd	2 400	15,00	450	450	65	2 987
Total	**2 400**		**450**	**450**	**65**	**2 987**

Portfolio

1000 euro	Parent company			Group		
7.3. Other investments,shares and other variable-yield securities and units in unit trusts	**No. of shares**	**Book value 31.12.2001**	**Market value 31.12.2001**	**No. of shares**	**Book value 31.12.2001**	**Market value 31.12.2001**
Nokia Oyj	112 000	928	3 244	112 000	928	3 244
Rentokil Initial Ord	633 236	2 266	2 872	633 236	2 266	2 872
Instrumentarium Oyj	60 287	1 891	2 818	60 287	1 891	2 818
Heinz H.J.Co	55 000	2 379	2 566	55 000	2 379	2 566
Wärtsilä Oyj Abp	115 074	1 870	2 394	115 074	1 870	2 394
Roche Genusshein	29 800	2 381	2 381	29 800	2 381	2 381
Uponor Oyj	113 100	1 619	2 121	113 100	1 619	2 121
Ahold	64 812	1 838	2 118	64 812	1 838	2 118
Kesko Oyj	185 200	1 908	1 908	185 200	1 908	1 908
Fortum Oyj	397 021	1 762	1 886	397 021	1 762	1 886
YIT-Yhtymä Oyj	135 215	1 128	1 825	135 215	1 128	1 825
Vivendi Environnement	48 000	1 798	1 820	48 000	1 798	1 820
Huhtamäki Oyj	51 000	1 426	1 811	51 000	1 426	1 811
Nokian Renkaat Oyj	51 000	943	1 790	51 000	943	1 790
Kone Oyj	21 100	514	1 751	21 100	514	1 751
Tamro Oyj	481 102	1 602	1 727	481 102	1 602	1 727
Orkla Ab	90 171	1 013	1 724	90 171	1 013	1 724
Orion-Yhtymä Oyj	84 400	1 642	1 680	84 400	1 642	1 680
Lassila & Tikanoja Oyj	86 700	1 104	1 561	86 700	1 104	1 561
Unilever N.V.	20 800	1 030	1 370	20 800	1 030	1 370
Kemira Oyj	204 000	1 141	1 357	204 000	1 141	1 357
VNU NV	37 449	1 292	1 292	37 449	1 292	1 292
Merck & Co	19 000	1 146	1 268	19 000	1 146	1 268
Tamfelt Oyj Abp	39 633	774	1 049	39 633	774	1 049
Munters Ab	55 713	382	1 045	55 713	382	1 045
Others		62 056	66 895		62 075	66 897
Total		**97 834**	**114 270**		**97 852**	**114 272**

1000 euro	Parent company		Group	
	2001	2000	2001	2000

8. Other investments

8.1. Other loans as guaranteed				
Bank guaranteed	50	84	50	84
Policy document	27	-	27	-
Other security	17	67	17	67
Remaining acquisition cost	94	152	94	152
Remaining acquisition cost of unguaranteed	5 051	10 579	5 051	10 579
	5 145	**10 731**	**5 145**	**10 731**

9. Change in tangible and intangible assets 31.12.2001

	Parent company		Group	
	Intangible assets and long-term expenditure	Equipment	Intangible assets and long-term expenditure	Equipment
Acquisition cost at 1.1	1 759	59	1 781	766
Depreciated in the previous year	-56	-	-56	-
Increases	305	178	305	182
Decreases	-6	-1	-6	-8
Acquisition cost at 31.12	2 002	236	2 025	941
Accumulated depreciations at 1.1	-698	-58	-698	-496
Fully depreciated in the previous year	56	-	56	-
Accumulated depreciations of value adjustments and transfer	3	-	3	6
Depreciations in accounting period	-325	-45	-325	-110
Accumulated depreciation according to plan at 31.12	-964	-102	-964	-600
Book value at 31.12	**1 038**	**134**	**1 060**	**341**

10. Investments as coverage of investment-linked insurances

	Parent company		Group	
	2001	2001	2001	2001
	Original acquisition cost	Current value	Original acquisition cost	Current value
Shares and other variable-yield securities and units in unit trusts	9 156	8 394	9 156	8 394
Cash at bank and in hand	696	696	696	696
Accumulated interests	0	0	0	0
Total	**9 852**	**9 090**	**9 852**	**9 090**
Investment acquired in advance	1 799	1 876	1 799	1 876
Investment correspoding to the technical provision of investment-linked insurances	**8 053**	**7 214**	**8 052**	**7 214**
Cash at bank and in hand etc. include paid but not yet invested net premiums of insurances valid at the closing of the accounts	-		-	

1000 euro

11.1. Change in capital and reserves

Parent company	1.1.2001	Increase	Decrease	31.12.2001
Subscribed capital	6 273	68	-	6 341
Reserve fund	6 926	-	-68	6 858
Profit for previous years	6 563	709	-	7 271
Profit for the accounting period	709	710	-709	710
Change in capital and reserves, total	**20 471**	**1 486**	**-776**	**21 180**

Group	1.1.2001	Increase	Decrease	31.12.2001
Subscribed capital	6 273	68	-	6 341
Revaluation reserve	249	-	-	249
Reserve fund	6 926	-	-68	6 858
Amount of reserves and depreciation difference transferred to equity	1 510	387	-148	1 749
Profit for previous years	3 447	-	-51	3 396
Profit for the accounting period	369	684	-369	684
Amount included in profit for the accounting period of the change in depreciation difference and optional reserves	-420	420	-383	-383
	-51	1 105	-752	301
Change in capital and reserves, total	**18 354**	**1 560**	**-1 019**	**18 895**

11.2. Analysis of the revaluation reserve

	Parent company 2001	Group 2001
Revaluation reserve at 1.1.	-	249
Revaluation reserve at 31.12.	-	249
of which related to fixed assets	-	249

11.3. Distributable as profits

	Parent company 2001	Group 2001
Profit from accounting period	710	301
+ Other capital and reserves		
Profit for previous years	7 271	3 396
Amount of reserves and depreciation difference transferrred to equity	7 271	1 749
Other capital and reserves total	7 271	5 145
- Amount transferred to capital and reserves from group appropriations		-1 749
Total distributable assets	**7 981**	**3 697**

1000 euro	Parent company		Group	
	2001	2000	2001	2000
12.Accumulated appropriations				
Depreciation difference				
Accumulated depreciation difference at 1.1	905	779	1 473	1 001
Increases	340	338	510	472
Decreases	-218	-212	-214	-
Accumulated depreciation difference at 31.12	1 028	905	1 769	1 473
Optional reserves				
Credit loss reserve at 1.1	394	295	394	295
Increases	46	99	46	99
Credit loss reserve at 31.12	441	394	441	394
Housing reserve at 1.1			267	267
Increases			25	-
Decreases			-25	-
Housing reserve at 31.12			268	267
Optional reserves, total			709	662
Accumulated appropriations, total	**1 468**	**1 300**	**2 477**	**2 134**
Allocation				
Capital and reserve			-1 749	-1 510
Minority interest			-10	-6
Deferred tax			-718	-619
			0	0
Tax rate			29%	29%
13. Provisions for unearned premiums				
Deferred acquisition cost deducted from provisions for outstanding claims (zillmerization)				
Life insurance	-	3	-	3
Pension insurance	-	54	-	54
	-	57	-	57
14. Debts maturing after five years or later				
Loans from financing institutes	923	923	2 595	2 610

15. Deferred taxes

Deferred taxes on the basis of the difference between taxable income and allocation difference in book result and other temporary differences not formed

Deferred tax on the basis of valuation differences will not realize in the near future

16. Receivables and debts	2001	2000	2001	2000
16.1. Specification of receivables				
Group companies				
Other loans	1 277	2 558	137	24
16.2. Specification of loans				
Loans to group companies				
Loans to financing institutes	923	923	923	923
Other loans	1 490	2 227	46	44
Loans to participating interests				
Other loans	30	-	30	-

1000 euro	Parent company		Group	
17.Guarantees and liabiltiy commitments	**2001** Guarantee/pledge/ security and other commitments	**2000** Guarantee/pledge/ security and other commitments	**2001** Guarantee/pledge/ security and other commitments	**2000** Guarantee/pledge/ security and other commitments
17.1. Guarantees				
Guarantees for own debts				
Mortgages given	925	923	925	925
Assets pledged covering derivates	-	-	-	1 031
	925	923	925	1 956
17.2. Liability commitments and guarantees not included in balance sheet				
Derivate contracts				
Currency derivative contracts				
Forward and future contracts, open				
Underlying asset	3 911	-	3 911	-
Current value	0	-	0	-
Share derivative contracts				
Forward and future contracts, open				
Underlying asset	188	-	188	-
Current value	-15	-	-15	-
Loan contracts of securities				
Lainaksi annetut arvopaperit				
Remaining current value	125	-	125	-
Current value	188	-	188	-
Value added tax liabilities				
In connection with group registrated VAT	The group has tax receivable in connection with VAT			
Liability to return deduction according to chapter 33 of the Value Added Tax Act	13	-	13	805
Other liabilities				
Subscription commitments	-	5 139	-	5 139

18. Specification of loans

18.1. Capital loans

Recipient	Tapiola Mutual Life Assurance Company
Amount	5 045 637,79 euro
Drawal date	30.12.1994
Repayment date	31.12.2008
Interest	5,20

The interest may be paid with the distributable means of the recipient

Guarantee	no guarantee

18.2 Insider loans

Monetary loans to a managing director, board member, supervisory board mamber, or auditor of the insurance company, a corporation or foundation belonging to the group, a corporation or foundation exercising authority in the insurance company, or a corporation or foundation exercising authority in such a corporation of foundation

Above-mentioned loans have not been granted

Monetary loans to a party who, on the basis of guarantee share ownership, can have at least 10 per cent of the insurance company's guarantee shares or voting rights conferred by guarantee shares or the same proportion of ownership or voting power in a corporation belonging to the same group as the insurance company

Above-mentioned loans have not been granted

Key Figures pertaining to Solvency

1000 euro	Parent company 2001	2000
19.Solvency		
Solvency margin		
Capital and reserves after profit distribution	21 180	20 471
Optional reserves and accumulated depreciation difference	1 468	1 299
Valuation difference between current asset values and book values on the balance sheet	35 657	47 274
Subordinated loans	5 046	5 046
Intangible assets and insurance acquisition costs not entered as expenses (-)	-1 038	-1 060
	62 314	**73 029**
Solvency margin required under the Insurance Companies Act, Chapter 11, Section 4	22 991	21 484
Equalization provision included in the technical provisions for years in which there are exceptionally large losses	23 060	7 225
The solvency margin and the equalization provision in proportion to technical provisions, net of reinsurance and reduced by the amount of the equalization provision (%)		
- 2001	15,8	
- 2000	15,8	
- 1999	16,3	
- 1998	15,2	
- 1997	11,9	

Proposal for the Appropriation of the Profit

The Board of the Directors proposes the profit of the accounting period in the amount of 709,838.84 euro be transferred to security reserve.

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

Share capital	6,341,000.00
Legal reserve	6,858,388.47
Surplus from previous accounting periods	7,981,006.26
	21,180,394.73

Espoo, 7th March 2002

Asmo Kalpala

Juhani Heiskanen

Tom Liljeström

Jari Saine

Juha-Pekka Halmeenmäki
Managing director

Auditors' report

To the owners of the Tapiola Corporate Life Insurance Company

We have examined the bookkeeping, financial statements and administration of the Tapiola Corporate Life Insurance Company for the 2001 financial year. The financial statements prepared by the Board of Directors and the Managing Director include an annual report, consolidated and parent company income statements and balance sheets, and appendices to the financial statements. On the basis of the audit, we hereby issue the following statement on the financial statements and administration.

Mr Mauno Tervo, C.P.A., has performed the supervisory audit of the company and a separate report was issued on 20th March 2002.

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

The financial statements, which show a surplus for the parent company amounting to FIM 4,220,510.10 have been prepared in accordance with both the Bookkeeping Act and other rules and regulations concerning the preparations of financial statements. The financial statements provide, in the manner prescribed in the Bookkeeping Act, accurate and adequate information on the performance and financial standing of both the group and the parent company.

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

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

Espoo, 2nd April 2002

Mauno Tervo
C.P.A.

PricewaterhouseCoopers Oy
firm of certified public accountants
Ulla Holmström
C.P.A.

Report by the Supervisory Board

Having examined the financial statements, the consolidated financial statements and the auditors' report for 2001 financial year, the Supervisory Board recommends that the financial statements and its consolidated financial statements can be adopted.

Espoo, 4th April, 2002

Marjut Nordström
chairman

Tapiola Group

Annual report 2001

Customer-segmented organization successfully implemented

In spring 2001 Tapiola was reorganized into three groups serving different customer segments. The new organizational model focuses firstly on the customer and secondly on Tapiola's competent and committed personnel.

The model is difficult to copy because its practical implementation is strongly tied in with Tapiola's corporate culture and values. Early experiences suggest that the personnel have adopted a very positive attitude to the change. The "Shared Success" working atmosphere survey conducted towards the end of 2001 certainly bears this out. This survey of Tapiola's entire staff was a follow-up to the more exhaustive study made in spring 2000. The response rate was again high: 75 per cent, a level that was also attained in the previous year. The questionnaire consisted of thirty questions. The results suggest that the positive development has continued and that the overall profile of Tapiola's corporate image inside the group is still better than the norm for Finnish salaried staff. According to the views of the staff, significant progress had been made in a number of areas, e.g. in the appropriateness of tools, the amount and standard of training, the improvement of team spirit, the reduction of work stressfulness, and especially the efficiency of decision-making – which was actually an important goal of the reorganization.

Matters identified by the staff as being in need of further attention were bureaucracy and competition between units. Further development work will be needed to reduce these. All in all, however, the staff thought that the Tapiola Group was moving in the right direction.

The fact that staff representatives have been involved in the work of the advisory committees since the spring of 2001 is also significant as far as the organization's decision-making is concerned. The personnel are also represented on the management boards of several units within the Group.

Recruitment, competence and good working atmosphere are challenges

The biggest personnel management challenges in the year 2001 included ensuring the recruitment and retention of highly skilled professions, expanding the scope of staff competence as widely as possible, and maintaining job motivation and a good working atmosphere. In order to meet these challenges successfully, the emphasis in personnel management was on the further development of customer service and personnel processes. In connection with the organizational change, a personnel affairs management team was established and the management boards of the group companies played their part in supporting this development work.

Reward systems developed in special projects

The study made on reward systems in the year 2000 led to the establishment of a project aimed at developing a reward system for Tapiola. As a result of the project a proposal for the renewal of head office's performance-related pay system was made in late 2001. The proposal will be put before the Board of Directors during the spring of 2002. Reward systems for different groups of employees were developed in the regional organization. Pay policy within the Group as a whole was also a focal point of development work.

An essential component of the reward system covering the entire staff of Tapiola is the staff fund, which promotes long-term commitment to Tapiola and rewards the achievement of financial performance targets. According to the findings of the reward system study, Tapiola's employees are satisfied with the staff fund. The maximum performance-related pay award is 3.0 per cent of the annual payroll. In the years 1991-2001 profit-sharing awards amounting to more than EUR 11.9 million have been transferred to the staff fund. The profit-sharing award for the year 2001 was about EUR 1.6 million.

Recruitment developed and internal job rotation promoted

The development of the recruitment process was continued as a part of the Finnish Quality Award's self-assessment process carried out in Tapiola General. As a consequence of this work, the description of the recruitment process was brought into sharper focus. In addition, the quality of service of different potential partners was assessed. On the basis of the findings high-quality partners were selected and clear ground rules for the collaboration were agreed with them. The law governing personal privacy was taken into consideration by renewing the forms used in recruitment and by checking the legality of the practices of partners. Internal job rotation was promoted by drawing up a set of practical guidelines on the issue.

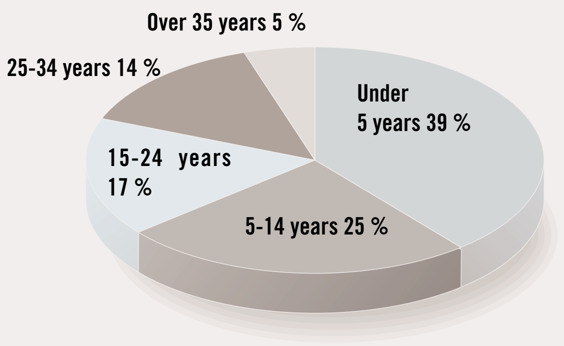
As in previous years Tapiola was actively involved in recruitment fairs and in the recruitment events of collaborating educational institutes, thereby promoting awareness of the Tapiola Group among students and job-seekers. Moreover, Tapiola's managers received regular training in the implementation of different stages of the recruitment process.

The quality of recruitment was monitored systematically with partners in the agreed manner. Furthermore, the development of Tapiola's attractiveness as an employer in the eyes of recruiters and students was monitored by means of different studies.

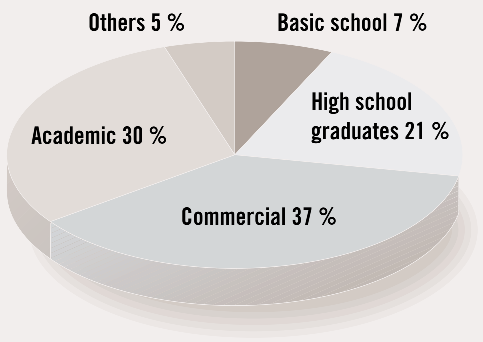
Training focused on savings and investment expertise and management skills

A key aim of Tapiola's personnel strategy is to ensure that the competence of the Group's employees corresponds to its business needs and challenges. Accord-

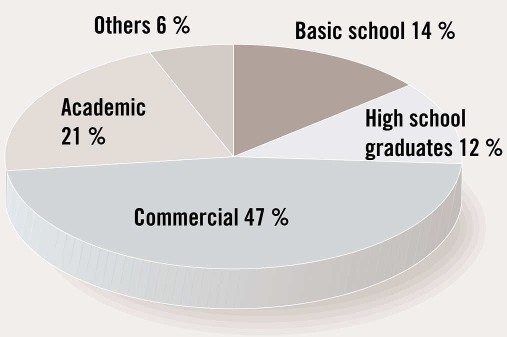
Division by age 2001



Divison by education of newly employed 2001



Division by education of whole staff



ingly, insurance saving and investment expertise became one of the most important development challenges in the year 2001. A number of short- and long-term training programmes in this area were initiated for Tapiola's customer service staff during the year. An investment advisor diploma developed jointly by Tapiola and the Finnish Institute of Marketing was awarded to about 100 Tapiola employees.

Tapiola's own Enterprise Training Programme was continued in order to improve the standard of expertise in corporate affairs. Almost all of Tapiola's corporate contact managers have now completed the course.

The Insurance Diploma was awarded to 26 Tapiola employees during the review year. Altogether 637 Tapiola employees now hold the diploma. Seventeen employees were awarded the Finnish Institute of Marketing's Office Manager Diploma and five the same institute's Secretarial Diploma. Twenty-two employees received training under the new apprentice-type contract scheme.

Expertise associated with the exploitation of information technology was developed in the TEHO 2 project, which aimed at improving the IT expertise of the regional organization.

The promotion of development discussions was regarded as a key area of emphasis, and for this reason a new application based on job-specific competence profiles was built to support the process. The application was piloted in the Personnel Services unit and will be brought into wider use in the year 2002.

The management training programme entitled "Developing Leadership in Tapiola" was successfully continued. To date, seventy-eight managers have completed the programme, which will continue into 2002 as well. The development of managerial skills was also supported by organizing a training course entitled "Tapiola's New Managers", in which 51 employees took part. In addition, a training day for about 100 employees was held on four separate occasions.

Success in business also showed up as an increase in the number of employees

Tapiola's growth and expansion into new areas of business increased the number of employees. The trend has been the same for the last couple of years. In the review year the average number of employees in the Group was 1,800, which was 140 more than in the previous year.

The average number of employees in the whole Group, including those of Tapiola Data and the real estate companies, was 2,073, which was 143 more than in the previous year. The gross staff turnover rate of 4.3 per cent was lower than in the previous year, and internal mobility, which is encouraged in Tapiola, was 7.3 per cent.

Tapiola continued to focus on staff wellbeing

In a study concerning the corporate images of the group companies Tapiola scored highly as a company that genuinely cares for the wellbeing of its employees. This goal is sought in practice by means of two internal programmes that encompass all of Tapiola's employees. In addition, state-of-the-team surveys are conducted at regular intervals in order to clarify the wellbeing state of individual teams. A description of the ideal state of the working community was created in 2001 and a theme for the development programmes was defined for 2002.

The development of the premises and work environment at head office continued during the review year. As a result of this work, refurbished and modern meeting/reception rooms were completed at head office.

Social distribution of income

	2001		2000	
	EUR mill.	%	EUR mill.	%
INCOME FROM INSURANCE Premiums paid by policyholders less transfer payments credited to the state	1604.2	72.5	1399.1	73.4
REINSURERS' SHARE OF CLAIMS INCURRED	20.2	0.9	8.6	0.5
NET INVESTMENT INCOME	586.8	26.5	500.3	26.2
OTHER INCOME	0.5	0.0	-0.6	0.0
TOTAL	2211.7	100.0	1907.4	100.0
CLAIMS EXPENDITURE Claims and pensions paid on the basis of insurance contracts and amounts reserved for the payment of future claims and payments	1651.7	74.7	1389.9	72.9
REINSURERS' SHARE OF CLAIMS INCURRED	16.2	0.7	14.2	0.7
Salaries and commissions paid to the staff plus expenses incurred in respect of social security	66.4	3.0	57.9	3.0
OTHER COSTS = SUPPLIERS	102.3	4.6	81.9	4.3
SOCIETY Direct and indirect taxes and transfer payments	283.4	12.8	267.5	14.0
TAPIOLA INSURANCE GROUP	91.7	4.1	96.0	5.0
SHAREHOLDERS	0.0	0.0	0.0	0.0
DISTRIBUTION	2211.7	100.0	1907.4	100.0

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

Values as the basis of social responsibility

The definition of Tapiola's social responsibility proceeds as a process based on continuous improvement. The point of departure for this process was the values debate that began in the Group over ten years ago.

Tapiola has a long tradition of considering questions concerning social responsibility. The late 1980s saw the initiation of an internal debate over the kind of principles that should guide the development of the Group. This resulted in a nine-point document referred to as the Tapiola Policy, which formed a solid foundation for the Group's values. In the late 1990s, in connection with the strategic process under way at that time, Tapiola's values were brought into line with the views of the staff and management. The values are still in accordance with the Tapiola Policy, although they are now expressed in a more condensed style. There are four values: policyholder benefit, entrepreneurial spirit, ethical business practice and shared success. On the basis of these values Tapiola is developing a social responsibility programme that will encompass economic, social and environmental responsibility.

Tapiola is aware of its responsibilities

In our group of mutual companies owned by its customers there is a strong sense of awareness that in all of our activities we are primarily responsible to the 700,000 or so households that form our customer base. The large number of customer-owners alone is enough to demand broadly based social responsibility. Ethical practices are a prerequisite for any responsible business. We believe that our commitment to this value is evident from the fact that we treat customers and colleagues as we ourselves would hope to be treated.

According to the findings of the personnel survey conducted in September 2001, Tapiola's employees feel that ethical business practices are observed well in the Group. However, the first of our four values, i.e. policyholder benefit, was thought to be the one most successfully realized in practice. The accomplishment of entrepreneurial spirit received a slightly lower score from the personnel – a lot better in the regional organization. Shared success became our fourth value a couple of years ago. Its accomplishment received about the same score as entrepreneurial spirit.

Social responsibility involves the development of quality

Social responsibility in Tapiola has been a part of the development of quality in practice throughout the 1990s. The application form received in 2000 for the Finnish Quality Award included a status report on societal impacts. In the citation for the Finnish Quality Award, the panel of judges made reference to the values on which Tapiola had based its business. The criteria for the Finnish Quality Award have since been used as a management and development tool inside Tapiola.

In 2002 it will be the turn of Tapiola Group to undergo a self-assessment of its social responsibility and to prepare a programme of continuous development based on the results. This will be supported by concepts and principles that are becoming established and accepted in the field. It is essential that the issues at stake are discussed inside the Group. The same kind of discussion programme as that employed when formulating Tapiola's values will be used. In that way each employee can be personally involved in the process.

In November 2001 Tapiola embraced the insurance industry's environmental commitment to the United Nations Environmental Programme (UNEP). This commitment obliges Tapiola to promote sustainable development in its operations and to invest in the development of its business, especially in the areas of environment management and environmental communications.

Environmental programme renewed

Tapiola's new environmental programme was prepared for the years 2002 – 2004 with the aim of establishing the principle of continuous improvement in environmental affairs. In the office environment particular attention is paid to promoting environmental awareness and to reducing energy consumption, the amount of waste and the environmental impacts caused by the use of paper. Procurement guidelines that also encompass environmental issues are be observed when purchasing goods and services.

An ethical perspective has been defined and taken into consideration in the investment plans of the Group's insurance companies. The investment of Tapiola's own funds in any ethically questionable object is avoided. The acceptability of an investment object from the perspective of sustainable development is also examined.

Information and practical guidelines concerning environmental issues are assembled on the intranet. In addition, a feedback and communications channel especially for environmental work has been brought into use. Environmental matters are also included in the induction training model for new Tapiola employees.

Most of Tapiola's environmental indicators developed favourably in 2001. At head office, for example, a 4 % saving in electricity consumption and an 8 % reduction in water use were achieved. These cuts were realized by, amongst other measures, installing new equipment and light fittings. On the other hand, the consumption of heating energy rose 15 %, largely due to the increased amount of evening work necessary to prepare for the euro's introduction. Waste sorting has already succeeded in achieving a 96 % waste recycling rate.

Construction and the maintenance of real estate causes significant environmental impacts. In accordance with the energy saving agreement between the Finnish Association of Building Owners and Construction Clients (RAKLI) and the Ministry of Trade and Industry (MTI), Tapiola has for a number of years been carrying out energy reviews of its real estate properties and preparing building-specific action plans on the basis of the results. Condition surveys and assessments have also be made on the properties. When the condition of the real estate stock is well known, major problems are averted. When improvements are found to be necessary, they generally concern adjustments to equipment run times and repairs due to breakdowns and faulty operation observed during inspections. In the spring of 2001 Tapiola took part in a comparative study of real estate operations. This study yielded valuable results that will be utilized when drawing up an environmental programme for the Group's real estate.

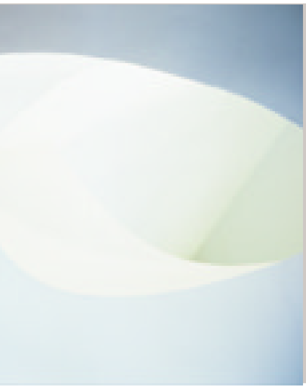
Risk management is an important part of the customer's cover

Comprehensive risk management that improves the safety and security of the customer is an essential part of Tapiola's work. In order to prevent personal and property losses, we offer risk analyses, insurance cover checks, safety and security guidelines, training and advice.

Tapiola has had good experiences and positive feedback from its maintenance of fitness for work in the field of employment pension insurance as well as from its other wellbeing services. Guidelines for risk management, actions in the event of claims, and the development of fitness for work were prepared for the web-based services of companies.

The social responsibility programme is being continuously augmented and refined. Tapiola is working with the Federation of Finnish Insurance Companies to formulate common principles for the insurance industry. Tapiola sees the importance of this work and wants to act accordingly.

Advisory committees of the Tapiola Group



The members of the various committees are selected from representatives of the customers. The committees play an important role as an interactive link between the customers and the group as well as an influential part outside the management corresponding mainly to the circle of customers.

The number of committees totals 19 and they are mainly regional. The members of the advisory committee for agriculture and forestry and for the SME sector come from different parts of the country. Half of the members also sit on regional committees.
According to the rules the committees consist of 9-15 members. The term of office is three years for all connittees. The advisory committees are appointed annually at the joint meeting of the boards of directors of the group companies.
The year given next to each name refers to the end of the person's time of office.

Abbreviations:
ac = advisory committee
rac = regional advisory committee

Regional advisory committees

Helsinki metropolitan area

Espoo

Timo Haapaniemi, chairman, Kirkkonummi, 2003
Ritva Rastimo, deputy chairman, Espoo, 2002
Juha Eiro, Espoo, 2003
Ilmari Halinen, Espoo, 2004
Matti Hietala, Espoo, 2004
Jukka Hämäläinen, Espoo, 2003
Juha Jouhki, Espoo, 2004
Susanna Rahkonen, Espoo, 2002
Hannu Tarsaranta, Espoo, 2003
Tarja Uoti, Espoo, 2002
Timo Veijola, Espoo, 2002
Klas Winell, Espoo 2004

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Petri Routa, phone (09) 4531

Helsinki

Mikko Parjanne, chairman, Helsinki, 2004
Irma Järvelä, deputy chairman, Helsinki, 2003
Bo Andersson, Helsinki, 2002
Harry Bogomoloff, Helsinki, 2002
Ilkka Holopainen, Helsinki, 2002
Petri Kaukiainen, Helsinki, 2004

Jorma Lehmuskallio, Helsinki, 2004
Aira Merjovirta, Helsinki, 2003
Risto Salonen, Helsinki, 2003
Kerttu Selin, Helsinki, 2002
Ilkka Sipilä, Helsinki, 2003
Matti Taanila, Helsinki, 2002
Timo Tiihonen, Helsinki, 2003
Pirjo Tiiri-Lounasmeri, Helsinki, 2004
Kim Tuomolin, Sipoo, 2004

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Vantaa

Karl-Henrik Sohkanen, chairman, Vantaa, 2003
Esa Veikkolainen, deputy chairman , Tuusula, 2004
Eero Ahola, Vantaa, 2003 (ac sme sector)
Sari Ek-Petroff, Vantaa, 2002
Inger Eriksson-Blom, Vantaa, 2004
Tomi Huuho, Hyvinkää, 2003
Raimo Järvinen, Vantaa, 2003
Jorma Kaartama, Nurmijärvi, 2002
Jouni Kuusisto, Vantaa, 2002
Risto Palin, Hyvinkää, 2004
Totti Salko, Kerava, 2002
Reino Sandström, Helsinki, 2004

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Southwest Finland

Salo-Lohja

Keijo Väisänen, chairman, Lojo, 2003
Mauri Salo, deputy chairman, Somero, 2003
Björn Ekberg, Salo, 2003
Tapio Halme, Karjaa, 2002
Kauko Karvinen, Lohja, 2004
Minna Koli-Er, Salo, 2002
Olli Lehti, Perniö, 2004 (ac sme sector)
Irma Lehtonen, Pertteli, 2003
Martti Palojärvi, Vihti, 2002
(ac agriculture and forestry)
Pentti Sevón, Lohja, 2002

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Hans Strandberg, phone (02) 416 1230

Satakunta

Matti Ojanperä, chairman, Pori, 2003
Reijo Järvi, deputy chairman, Huittinen, 2004
Timo Junnila, Pori, 2002
Esko Laukkanen, Rauma, 2002
Eero Laurila, Pori, 2002
Riitta Myllys, Pori, 2004
Alf Ojala, Pori, 2003
Timo Rapila, Honkajoki, 2003
Sakari Ryyppö, Kokemäki, 2003
Arto Suni, Pori, 2004
Veli-Matti Syrilä, Köyliö, 2004
(ac agriculture and forestry)

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Hans Strandberg, phone (02) 416 1230

Turku with sourrounding

Ulla-Maija Moisio, chairwoman, Turku, 2002
Vesa Mattila, deputy chairman, Turku, 2004
Risto Ahonen, Uusikaupunki, 2003
Ole Donner, Parainen, 2003
Birgitta Jaakkola, Parainen, 2002
Seppo Koskinen, Kaarina, 2002
Seppo Lehtinen, Turku, 2004
Kenneth Lindström, Turku, 2004
Per-Erik Lindström, Turku, 2004
Juhani Ropponen, Turku, 2002
Samuli Ryökäs, Pöytiä, 2004
Hannu Rämö, Nousiainen, 2003
Stefan Schleutker, Turku, 2003
Merja Siltanen, Turku, 2002

Janne Tiiri, Oripää, 2003
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Timo Jussila, seretary, phone (02) 416 1233
Hans Strandberg, phone (02) 416 1230

Central Finland

Tavastia

Juhani Törmä, chairman, Janakkala, 2004
Reetta-Maria Tolonen-Salo, deputy chairwoman, Hämeenlinna, 2003
Kai Häppölä, Urjala, 2003
Jukka Jokinen, Hämeenlinna, 2003
Juha Kallioinen, Hämeenlinna, 2002
Eija Karivaara, Hämeenlinna, 2004
Seppo Keskiruokanen, Riihimäki, 2003
Jaakko Kivinen, Hämeenlinna, 2004
Jari Koskinen, Hauho, 2002
Maarit Kuusela, Hämeenlinna, 2004
Kyösti Lassila, Hämeenlinna, 2002
Ilkka Metsäterä, Riihimäki, 2002
Pekka Pastila, Hämeenlinna, 2002
Jari Stenberg, Jokioinen, 2003
Inkeri Väisänen, Janakkala, 2004

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Central Finland

Risto Palokangas, chairman, Jyväskylä, 2002
Arja Koriseva-Karmala, deputy chairwoman, Toivakka, 2004
Mikko Hentinen, Joutsa, 2004
Aki Hintsa, Jyväskylä, 2003
Erkki Järvelä, Laukaa, 2004
Marja Kallio, Laukaa, 2002
Pentti Kokkinen, Jyväskylä, 2003
Simo Kutinlahti, Keuruu, 2002
Asko Liimatainen, Viitasaari, 2002
Raija Miettinen, Jyväskylä, 2004
Erkki Paananen, Viitasaari, 2003
Otso Sovijärvi, Jyväskylä, 2003
Juhani Tahvonen, Jyväskylä, 2002
Esko Taivalsaari, Jyväskylä, 2003
Hilja Vainio, Jyväskylä, 2004

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Pirkanmaa

Leena Sulonen, chairman, Tampere, 2004
Pertti Leppänen, deputy chairman, Ikaalinen, 2003
Rauno Korpi, Tampere, 2004
Jorma Lehtonen, Tampere, 2002
Pentti Molander, Helsinki, 2004
Pekka Molin, Lempäälä, 2002
Reijo Mäkinen, Tampere, 2002
Jussi Niemi, Tampere, 2002
Juha Näsi, Tampere, 2003
Heikki A. Ollila, Kangasala, 2004
(ac agriculture and forestry)
Hannu Partala, Tampere, 2003 (ac sme sector)
Eila Rönni, Pälkäne, 2003
Aila Tamminen, Tampere, 2002
Ulla-Maija Tolonen, Tampere, 2003
Jari Öhman, Tampere, 2004

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Ostrobotnia

South Ostrobotnia

Kalle Lähdesmäki, chairman, Seinäjoki, 2004
Marja A. Lehtimaa, deputy chairwoman, Nurmo, 2004
Antti Ala-Talkkari, Lapua, 2002
Martti Kolehmainen, Seinäjoki, 2003
Esko Mäkelä, Alajärvi, 2003
Asko Peltola, Lapua, 2003
(ac agriculture and forestry)

Kari Penttilä, Teuva, 2004
Heikki Saari, Ylistaro, 2002
Ossi Tuomela, Seinäjoki, 2002
Kaija Uola, Nurmo, 2003
Kari Valkosalo, Kortesjärvi, 2002
Yrjö Välimäki, Alavus, 2004
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Vaasa-Kokkola

Eino Laukka, chairman, Kokkola, 2002
Marjatta Elomaa, deputy chairwoman, Laihia, 2003
Martti Eurola, Kokkola, 2004
Juhani Filppula, Vetelil, 2002
Jouni Jyrinki, Kokkola, 2002
Maija-Liisa Ketonen, Kristiinankaupunki, 2003
Harri Niemelä, Vaasa, 2004
Ilpo Nissi, Kannus, 2004
Per-Håkan Näsman, Vaasa, 2002
Raimo Rauhala, Vaasa, 2003
Helga Sarviranta-Vuotila, Kokkola, 2004
Altti Seikkula, Kokkola, 2003

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Southeast Finland

Kymi

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Lasse Koskelainen, deputy chairman, Lappeenranta, 2002
Maili Hanski, Imatra, 2003
Jarkko Hartikainen, Imatra, 2002
Tuomo Hintsanen, Lappeenranta, 2004
Reino Huotilainen, Parikkala, 2002
Pentti Hämäläinen, Hamina, 2004
Tapio Hämäläinen, Kotka, 2003
Matti J. Kuronen, Lappeenranta, 2002
Eero Mattila, Anjalankoski, 2002
Pekka Multanen, Lappeenranta, 2003
Susanna Niinimäki, Kuusankoski, 2004
Arja Palmu, Kotka, 2004
Olli Sinisalo, Pyhtää, 2003
Jorma Timonen, Kuusankoski, 2004

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Lahti-Porvoo

Seppo Jokipelto, chairman, Hollola, 2003
Reijo Alanko, deputy chairman, Mäntsälä, 2003
Heikki Erkamo, Lahti, 2004
Kari Hyytiä, Lahti, 2002
Marjut Jalo-Huotari, Lahti, 2003
Reivo Järvenpää, Hollola, 2002
Kimmo Kajaste, Porvoo, 2002
Riitta Karppinen, Heinola, 2003
Mikko Kommeri, Hollola, 2004
Anja Luoma, Porvoo, 2003
Kaj Lönnroth, Porvoo, 2002
Arto Mussalo, Heinola, 2004
Sirkku Paljakka-Parkkila, Lahti, 2002
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East Finland

South Savo

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Terho Kaskinen, Savonlinna, 2003
Pekka Kovanen, Pieksämäki, 2003
Teuvo Kärkkäinen, Savonlinna, 2004
Heikki Laukkanen, Juva, 2002
Erkki Luukkonen, Puumala, 2002
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Juha Moilanen, Pieksämäki mlk., 2004
Kalle Nieminen, Mikkeli, 2002
Timo Pellikka, Mikkeli, 2003
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North Karelia

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Timo Kettunen, deputy chairman, Ilomantsi, 2003 (d smi-sektorn)
Mikko Heino, Joensuu, 2003
Pentti Holopainen, Kitee, 2004
Pirkko Kylänpää, Joensuu, 2004
Jorma K. Lehtonen, Joensuu, 2002
Erkki Miettinen, Juuka, 2002
Otto Mikkonen, Joensuu, 2002
Lasse Neuvonen, Joensuu, 2003
Pekka Nevalainen, Outokumpu, 2004
Vilho Pasanen, Joensuu, 2002
Seppo Piirainen, Joensuu, 2002
Matti Pulkki, Joensuu, 2003
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Jussi Huttunen, Leppävirta, 2004
Ritva Karjalainen-Huusko, Kuopio, 2003
Lauri Laitinen, Siilinjärvi, 2002
Ossi V. Lindqvist, Kuopio, 2004
Aulis Miskala, Kuopio, 2002
Timo Männikkö, Varkaus, 2003
Viljo Pakarinen, Kuopio, 2003
Elina Pallonen, Iialmi, 2002
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North Finland

Kainuu

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Tauno Hälinen, Kajaani, 2003
Juha Kettunen, Kajaani, 2004
Timo Korhonen, Kajaani, 2002
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Jarmo Kyllönen, bankdirektör, Kajana, 2002
Maija-Liisa Laitinen, Kajaani, 2002
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Lapland

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Jouni Ekonoja, Rovaniemi mlk., 2003

Anneli Erholz, Tornio, 2004
Mauri Gardin, Rovaniemi mlk., 2003
Taija Jurmu, Rovaniemi, 2004
Birgitta Kuusela, Rovaniemi, 2003 (ac sme sector)
Juha Mustonen, Rovaniemen mlk., 2002
Jarmo Pietilä, Rovaniemi, 2002
Unto Salmela, Tornio, 2002
Jukka Toivanen, Keminmaa, 2002

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Antti Iinatti, phone (08) 886 5554

Oulu

Juha Laikari, chairman, Oulainen, 2002
Asko Ojamäki, deputy chairman, Oulainen, 2002
Reijo Flink, Oulu, 2003
Teijo Hilden, Oulu, 2004
Hanna Honkamäkilä, Oulu, 2004
Reijo Kivelä, Oulu, 2004
Tor-Erik Melin, Oulu, 2003
Anja Miilukangas, Raahe, 2002
Riikka Moilanen-Savolainen, Oulu, 2003
Matti Myllylä, Haukipudas, 2004
Viljo Määttä, Kuusamo, 2002
Pentti Pajulampi, Oulu, 2003
Irma Pellinen, Haukipudas, 2003
Pertti Sankilampi, Kempele, 2002
Matias Timlin, Ylivieska, 2004

Contact persons in Tapiola:
Harri Kynnös, secretary, (08) 886 5543
Antti Iinatti, phone(08) 886 5554

Other advisory committees

Advisory commitee for agriculture and forestry

Pekka Rinne, chairman, Halikko, 2004
Terttu Mielikäinen, deputy chairwoman, Suomusjärvi, 2002
Timo Korhonen, Kajaani, 2002 (rac Kainuu)
Pirjo Kortesniemi, Seinäjoki, 2003
Maire Lumiaho, Kirkkonummi, 2003
Erkki Luukkonen, Puumala, 2004 (rac Sydsavolax)
Heikki A. Ollila, Kangasala, 2004 (rac Birkaland)
Martti Palojärvi, Vihti, 2004 (rac Salo-Lojo)
Reino Parkko, Elimäki, 2003
Asko Peltola, Lapua, 2003 (rac South Ostrobotnia)
Hannu Saloniemi, Helsinki, 2002
Veli-Matti Syrilä, Köyliö, 2002 (rac Satakunta)

Contact persons in Tapiola:
Jukka Saastamoinen, secretary, phone (09) 4531
Markku Kosola, phone (09) 4531

Advisory committee for the SME sector

Risto Heikkilä, chairman , Anjalankoski, 2004
Hannu Pokela, deputy chairman, Helsinki, 2003
Eero Ahola, Vantaa, 2004 (rac Vantaa)
Sakari Alhopuro, Turku, 2002
Ulf Björklund, Kauniainen, 2003
Timo Kettunen, Ilomantsi, 2002 (rac North Carelia)
Birgitta Kuusela, Rovaniemi, 2004 (rac Lappland)
Olli Lehti, Perniö, 2003 (rac Salo-Lohja)
Hannu Partala, Tampere, 2002 (rac Pirkanmaa)
Juha Sundberg, Lahti, 2003 (rac Lahtis-Porvoo)
Olavi Viljanmaa, Jalasjärvi, 2004

Contact persons in Tapiola:
Marja-Leena Kajander, secretary, phone (09) 4531
Markku Kosola, phone (09) 4531

Advisory committee on pensions affairs

Kurt Lagenbohm, chairman, Tapiola Pension
Veli-Pekka Anttila, Finnish Food Workers' Union
Pirkko Heikura, Wood and Allied Workers Union
Kari Kaukinen, Confederation of Finnish Industrial Employers
Markku Kojo, Akava
Kauko Rautiainen, Employers' Confederation of Service Industries in Finland
Irma Pahlman, Confederation of Salaried Employees
Pertti Tukia, Tapiola Pension

Advisory committee for agency matters

Members
Heikki Sarkkola, chairman , Hauho, 2003
Tuija Sahlman, deputy chairman, Espoo, 2003
Saku Halonen, Juva, 2003
Marjo Ikävalko, Elimäki, 2003
Juhani Lampela, Tervola, 2002
Mikko Leinonen, Kajana, 2003
Martti Matintupa, Alajärvi, 2002
Juha Pietiläinen,Turku, 2002
Kari Talasmäki, Nurmo, 2002
Kaisu Turunen, Joensuu, 2002

Deputy members,
Pekka Hopsu, Jämsä , 2003
Timo Karhu, Rovaniemi, 2002
Kimmo Kattilakoski, Kaustinen , 2002
Pasi Mustajärvi, Naantali, 2002
Harri Nissinen, Luhtajoki , 2003
Mikko Vedenpää, Reisjärvi, 2003
Hannu Vepsäläinen, Joutseno, 2003
Eeva-Liisa Ålander, Iisalmi, 2002
Contact persons in Tapiola:
Marketta Niskanen, secretary, phone (09) 4531
Carita Finni, phone (09) 4531

Organization of the Tapiola Group

1.2.2002

GROUP MANAGEMENT
Asmo Kalpala, chairman of the boards, CEO

Households
Pertti Heikkala, member of the boards, group director

Corporations and major clients
Tom Liljeström, member of the boards, group director

Savers and investors
Jari Saine, member of the boards, group director

TAPIOLA GENERAL
Juha Seppänen, managing ddirector
Linda Unhola, deputy managing director, motor insurance services
Antti Calonius, director, reinsurance
Arto Huttunen, chief physisian
Silja Hyvärinen, assistant director, motor insurance services
Pentti Koskinen, director, resposible actuary
Timo Parkkisenniemi, unit diector, home and farm services
Heikki Taipalvesi, unit director, corporate services

TAPIOLA PENSION
Olli-Pekka Laine, managing director
Kurt Lagerbohm, deputy managing director
Timo Helske, chief physisian
Hanna Hiidenpalo, director, Tapiola Pension's investments
Hannu Parviainen, assistant director, resposible actuary
Markus Savolainen, assistant director, pension insurance services

TAPIOLA LIFE AND
TAPIOLA CORPORATE LIFE
Juha-Pekka Halmeenmäki, managing director, resposible actuary of Tapiola Life
Matti Luukko, deputy managing director
Erkki Kautto, responsible actuary, Tapiola Corporate Life
Pekka Leinonen, chief physisian
Seppo Rinta, assistant director, experts services
Tuija Salin, assistant director, production

GROUP SERVICES
Juhani Heiskanen, deputy managing direktör (Tapiola General, Life and Corporate Life), sales, marketing and regional services
Markku Kosola, director, information and PR
Markku Haapalainen, assistant director, regional administration
Tapio Hirvonen, marketing director , corporate customers
Kaisu Holopainen, marketing director, brand manager
Lauri Kivistö, unit director, e-commerce
Minna Lampinen, sales director, life insurance and unit-linked services
Lauri Rämö, marketing director, private customers

Antti Calonius, director, major clients, international operations and brokers
Hannu Vilppo, unit director, major clients

Jari Eklund, director, investment services (Tapiola General, Life and Corporate Life)
Asko Salminen, unit director, land and buildings (Tapiola General, Life and Corporate Life)
Vesa Immonen, assistant director, investments in land and buildings

Markku Paakkanen, director, economy and IT-administration
Kalervo Rinne, director, IT-administration
Eila Burman, unit director, payments, invoicing and collection
Sirpa Pönkkä, assistant director, bookkeeping

Sirpa Kaisanlahti, director, personnel and internal services
Karri Airas, assistant director, personnel manager, personnel services
Matti Kaasalainen, assistant director, upskilling programmes, personnel services
Tapani Lehmussaari, assistant director, incentives, personnel services

Jaakko Gummerus, director, legal matters
Anu Pylkkänen, assistant director, international law and projects

STRUCTURE OF THE TAPIOLA GROUP 1.3.2002

GROUP MANAGEMENT

Chairman of the boards, CEO

- HOUSEHOLDS
- CORPORATIONS AND MAJOR CLIENTS
- SAVERS AND INVESTORS

GROUP SERVICES

- SALES, MARKETING AND REGIONAL SERVICES
- INVESTMENT SERVICES
- MAJOR CLIENTS, INTERNATIOAL OPERATIONS AND BROKERS
- ECONOMY AND IT-ADMINISTRATION
- PERSONNEL SERVICES
- PUBLIC RELATIONS
- LEGAL MATTERS
- INTERNAL AUDITING

COMPANIES

- TAPIOLA GENERAL
- TAPIOLA PENSION
- TAPIOLA LIFE AND TAPIOLA CORPORATE LIFE
- TAPIOLA DATA LTD
- TAPIOLA ASSET MANAGEMENT LTD
- TAPIOLA FUND MANAGEMENT COMPANY LTD

TAPIOLA ASSET MANAGEMENT LTD
Jyrki Mäkelä, managing director

TAPIOLA FUND MANAGAMENT COMPANY LTD
Asko Sasi, managing director

TAPIOLA DATA LTD
Juha Suutala, managing director
Kyösti Puustinen, unit director, user and technical support
Pekka Riikonen, unit director, design and quality support
Satu Rinta-Jaskari, design director, design services

CHIEF SHOP STEWARDS
Anne Jurmu, office staff
Heikki Kanninen, sales force
Eero Harju, Tapiola Data

REGIONAL MANAGEMENT

HELSINKI METROPOLITAN AREA
Petri Routa, region director
Leena Kuutti-Alanko, sales director, Helsinki metropolitan area, private customers
Jukka Lavaste, sales director, Espoo and Helsinki
Juha Seppälä, sales director, corporate services
Petri Torvinen, sales director, Vantaa and north Uusimaa

SOUTHWEST FINLAND
Hans Strandberg, region director
Juha Anttila, service director
Timo Jussila, sales director, private customers
Kari Luoma, sales director, private customers
Kristina Nygrén, sales director, corporate services
Jouko Rönnemaa, sales director, savings and investments

CENTRAL FINLAND
Martti Silvennoinen, region director
Heikki Lindroth, sales director, private customers
Seppo J. Ojala, sales director, private and corporate customers
Hanna Perttunen, sales director, private customers
Teemu Toivanen, sales director, corporate customers

OSTROBOTNIA
Lassi Annala, region director
Sinikka Alamylläri, service director
Matti Hallila, sales director, private customers
Jukka Marttila, sales director, corporate customers

SOUTHEAST FINLAND
Miika Minkkinen, region director
Antti Kalliokoski, sales director, corporate customers
Antti Kumpulainen, sales director, savings and investments
Ilpo Rautio, sales director, private customers
Pia Vättö, sales director

EAST FINLAND
Päivi Ruokolainen, region director
Vilho Kahelin, sales director, savings and investments
Martti Lintunen, service director
Esa Seppälä, sales director, corporate customers
Jari Vilmi, sales director, private customers

NORTH FINLAND
Antti Iinatti, region diretor
Leevi Ainasoja, sales director, private customers
Harri Kynnös, sales director, corporate customers
Tiina Logren, sales director, savings and investment
Matti Lintunen, service director
Olavi Sakko, sales director, private customers

Offices

1.3.2002

HEAD OFFICE

Espoo-Tapiola, Revontulentie 7,
Tel. (09) 4531
Address: 02010 TAPIOLA
E-mail: www.tapiola.fi

OFFICES

Alavus, Kuulantie 5
Espoo-Leppävaara, Konstaapelinkatu 4
Espoo-Tapiola, Revontulentie 7
Espoo-Tapiola, Sokos, Länsituulentie 12
Forssa, Turuntie 2
Hamina, Puistokatu 4
Heinola, Savontie 9
Helsinki-City, Kaisaniemenkatu 1
Helsinki-Erottaja, Erottajankatu 19
Helsinki-Itäkeskus, Turunlinnantie 8
Helsinki-Kamppi, Runeberginkatu 5
Helsinki-Malmi, Malmin kauppatie 18
Helsinki-Simonkenttä, Simonkatu 9
Helsinki-Töölö, Tukholmankatu 2
Helsinki-Vallila, Mäkelänkatu 58-60
Hyvinkää, Hämeenkatu 19
Hämeenlinna, Palokunnankatu 16
Iisalmi, Savonkatu 22
Imatra, Lappeentie 16
Joensuu, Rantakatu 23
Jyväskylä, Asemakatu 4
Jämsä, Talvialantie 4
Järvenpää, Mannilantie 43
Kajaani, Kauppakatu 10
Kankaanpää, Kauppatori 1
Kauhajoki, Topeeka 38
Kemi, Valtakatu 19
Kemijärvi, Kirkkokatu 3
Kerava, Kauppakaari 13
Kirkkonummi, Toritie 3
Kitee, Kiteentie 4
Kokkola, Isokatu 10
Kotka, Kirkkokatu 4
Kouvola, Kauppalankatu 14
Kuhmo, Kainuuntie 88
Kuopio, Suokatu 23
Kuusamo, Kitkantie 3
Lahti, Aleksanterinkatu 27
Lappeenranta, Valtakatu 48
Lapua, Asemakatu 14
Lieksa, Moisionkatu 1
Lohja, Kauppakatu 8
Loimaa, Turuntie 22
Mikkeli, Maaherrankatu 12
Oulu, Kirkkokatu 9
Pieksämäki, Keskuskatu 6-10
Pori, Gallen-Kallelankatu 8
Porvoo, Lundinkatu 9
Pudasjärvi, Toritie 1
Raahe, Sovionkatu 10
Rauma, Eteläkatu 1
Riihimäki, Hämeenkatu 25-27
Rovaniemi, Rovakatu 27
Salo, Turuntie 22
Savonlinna, Olavinkatu 37
Seinäjoki, Keskuskatu 13
Suomussalmi, Syväyksenkatu 1
Tampere, Rautatienkatu 10
Tornio, Hallituskatu 2
Turku, Eerikinkatu 6 b
Uusikaupunki, Rantakatu 15
Vaasa, Kauppapuistikko 19-21
Vammala, Puistokatu 3-5
Vantaa-Myyrmäki, Liesikuja 7
Vantaa-Tikkurila, Kielotie 7
Varkaus, Kauppakatu 18
Ylivieska, Torikatu 3
Äänekoski, Torikatu 5

COOP OUTLETS

Halikko, Prismantie 2
Hämeenlinna, Katsastusmiehentie 9
Joensuu, Voimatie 2
Jyväskylä, Ahjokatu 7
Kajaani, Veturitie 1
Kuusamo, Haaparinne 1
Lappeenranta, Puhakankatu 9-11
Nurmo, Hyllykallio, Hyllykalliontie 2
Parainen, Vapparintie 3
Pori, Mikkolantie 6
Raisio, Myllynkatu 7
Tampere, Sammonkatu 75
Turenki, Keskuskuja 4

AGENTS

Haapajärvi, Kauppakatu 7
Haukipudas, Kirkkotie 4
Helsinki-Pajamäki, Poutamäentie 7
Huittinen, Lauttakylänkatu 15
Klaukkala, Kuonomäentie 2
Kittilä, Valtatie 41 A 6
Muhos, Valtatie 9
Mäntsälä, Keskustie 11
Nivala, Kalliontie 22
Saarijärvi, Virastotie, 2
Sodankylä, Unarintie 13
Viitasaari, Porthanintie 2

LOCAL OUTLETS

Hollola, Kansankatu 8
Kuopio, Savilahdentie 10
Kurikka, Keskuspuistikko 1-3
Lahti, Ajokatu 83
Lempäälä, Manttaalitie 3
Loviisa, Brandensteininkatu 11
Orimattila, Erkontie 2
Siilinjärvi, Kuiluntie 2
Suonenjoki, Herralantie 3

SERVICE OUTLETS

Alajärvi,Alajärven kirjanpitopalvelu, Järvikatu 3
Espoo, Tk-Biketeam Oy, Pieni Teollisuuskatu 5
Eura, Yrityspalvelu Wiik Ky, Eurantie 18
Haapavesi, Toimistopalvelu Eteläniemi Ay
Vanhatie 55
Hammaslahti, Tmi HJP Vakuutuspalvelut
Virastotie 1
Hankasalmi, Tilitoimisto Marjaleena Korhonen Ky
Keskustie 36
Hartola, Päijäthämeen Tili- ja Kiinteistö Ky
Kirkkotie 7
Ii, Vakuutus- ja Metsäpalvelu Salmela, Laurintie 2
Ikaalinen, Studio Ikafoto Oy
Vanha Tampereentie 15-17
Ilomantsi, Myyntiedustus P Särkkä, Lehtotie 10
Imatra, Vuolukiviset Oy
Vuoksenniskantie 88
Jalasjärvi, Tmi Mika Ruutiainen, Keskustie 21
Joutsa, Joutsan Tili- ja yrityspalvelu Oy, Rantatie 19
Joutseno, Vakuutuspalvelu T Vormisto, Saimaantie 7
Juuka, Tmi Juuan Vakuutus- ja Kiinteistöpalvelu
Koulutie 9
Juva, Tili- ja isännöintitoimisto Paula Vuorinen Ky
Kiiverintie 2
Kalajoki, Tili- ja Toimistopalvelu Marja Hakola
Kalajoentie 34
Kangasala, Laki- ja veroasiat Jaakkola Ky, Ellintie 2
Kangasniemi, Kangasniemen Vakuutus- ja
Edustuspalvelu, Otto Mannisentie 8
Kannus, Tilitoimisto LKT Oy, Valtakatu 1
Karhula, Tmi Päivi Hurtta, Karhulantie 36
Karkkila, Uusenmaan Vakuutus- ja Sijoituspalvelu
Ky, Huhdintie 10-12
Karstula, Tähtitulos Oy, Keskustie
Karvia, Tili-Karvia Esko Luomanen
Kyläkarviantie 19
Kaustinen, Kattilakoski Oy, Pajalantie 3
Kempele, Lakeuden Vakuutus- ja
TurvalaitepalveluOy, Zeppeliinintie 1
Kittilä, Kittilän Tilipalvelu Ky, Valtatie 41 A 10
Kiuruvesi, Kiuruveden Vakuutuspalvelu Ay
Asematie 13

Kokemäki, Toimistopalvelu Teljä Ky
Tulkkilantie 31
Kuhmoinen, Tmi Satamapalvelut Kuhmoinen,
Jami Liivenkorkee, Torikatu 55
Kurikka, Kurikan Vakuutuspalvelu Ky
Keskuspuistikko 3
Kyröskoski, Koski-Foto Ky
Valtakatu 57
Lammi, Kiinteistötoimisto Eino Hakala Ky
Hämeentie 20
Liperi, Liperin Tilipalvelu Ay
Varolantie 3
Leppävirta, Autotarvike S. Suomalainen Ky
Petäiköntie 23
Mäntsälä, Mäntsälän Notariaatti Oy
Keskustie 4 A
Mäntyharju, Tmi Henkari R. Syväsalo
Liiketie 2
Nastola, Vakuutuspalvelu Aarre Ahonen
Rakokiventie 10 L 8
Nilsiä, Nilsiän Laskenta Oy
Nilsiäntie 79
Nivala, Merjan Vakuutus- ja Toimistopalvelu
Kalliontie 22
Nokia, Kiinteistö ja Rakennus Mäkelä Oy
Välikatu 19
Nummela, Kiinteistönvälitys Timo Helander Ky LKV
Pisteenkaari 4
Nurmes, Tmi Olavi Svala
Kirkkokatu 25
Oulainen, Tmi Edustusliike Korkatti
Asemakatu 19
Padasjoki, Keinuhonka Oy
Keskustie 21
Parikkala, Parikkalan Tili ja Isännöinti Oy
Sahakuja 2 E 4
Parkano, Tili- ja Kiinteistömarkkinointi
Pitsinki ja Mäkiviini, Keskuskatu 2
Pello, Pellon Huonekaluliike Ky
Kenttätie 1
Perniö, Tilitoimisto Salon Koski-Tilit Ky
Karlstadintie 1
Pielavesi, Pielaveden Tilipalvelu Oy
Puistotie 26
Pihtipudas, Markku Niemelä Ky
Putaanportintie 9 B
Polvijärvi, Lakiasiaintoimisto Aki Pietarinen Oy
Polvijärventie 14
Posio, Posion Tilitoimisto Ky
Riihipolku 1
Punkaharju, Tili- ja Isännöintitoimisto
Paula Vuorinen Ky, Kauppatie 9
Pyhäsalmi, Pyhäjärven Tilitoimisto Raija Leppäharju
Ollintie 11
Ranua, Toimistopalvelu Kortesalmi Ky
Kuusitie 1
Ruukki, Tmi Kalervo Koukkula
Siikasavontie 10
Salla, Tmi Heikki Tuhkala
Kuusamontie 17
Simo, Tmi Akiva
Ratakatu 8
Sodankylä, Tmi Marjatta Autonen
Unarintie 13
Somero, Tilikeskus Seija Ylitalo Ky
Joensuuntie 15
Sonkajärvi, Savon RMs Oy
Rutakontie 36 A 9
Sotkamo, Sampolan Tuote Ky
Ratatie 46
Sysmä, Sysmän Op-Kiinteistökeskus Oy
Sysmäntie 36
Taavetti, Isännöitsijätoimisto Timo Hämäläinen
Metsätalo
Taivalkoski, Kirjanpito- ja Vakuutuspalvelut
Pirjo Jylkäs, Talonpojantie 8 B 10
Toholampi, Toholammin Tilitoimisto
Osuuspankkitalo
Valkeakoski, Tilitoimisto Koskitilit
Valtakatu 9-11

Accounting Principles

The financial statements of insurance companies are prepared in accordance with the Accounting Act, the Companies Act and the Insurance Companies Act, adhering to the decisions, directives and instructions issued by the supervising authority.
The Ministry of Health and Social Affairs decision the concerning the financial statements and consolidated financial statements of insurance companies, issued on 29.12.1999 and the supervising authority's code of rules and regulations for Finnish insurance companies 5.12.2001 have been applied.

Valuation and allocation of intangible assets

Other long-term expenditure Basic building improvement expenses and IT systems planning expenses are recognised as other long-term expenditure. They are presented on the balance sheet at their acquisition cost after depreciation according to plan.

Valuation and allocation of investments

Land and buildings and real estate shares and other variable-yield participations

Land and buildings are presented on the balance sheet at their acquisition cost after depreciation according to plan or, if lower, at market value.

Real estate shares as well as shares and other variable-yield participations are presented on the balance sheet at their acquisition cost or, if lower, at market value.

The values of land and buildings and real estate shares have been adjusted if their value at the end of the accounting period was permanently and essentially higher than their original acquisition cost. A corresponding revaluation item in respect of land and buildings or real estate shares regarded as investment assets has been included on the Profit and Loss Account since 1987. Revaluations made prior to that date were recorded in the non-distributable revaluation reserve on the balance sheet. The corresponding entry in respect of investments regarded as fixed assets is recorded in the non-distributable revaluation reserve on the balance sheet.

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

Shares and variable-yield participations Shares and variable-yield participations are presented on the balance sheet at their acquisition cost or recorded by acquisition item at their likely realisable value. The acquisition cost is calculated on the basis of the average price. Lent of borrowed securities are maintained in the balance of the lender or borrower during the period of loan and are valued as desribed above. Details on lent or borrowed securities are fiven in the notes to the accounts.

Debt securities Debt securities are bonds and debentures and other financial market instruments. Debt securities are recorded on the balance sheet at acquisition cost. The difference between the nominal value and acquisition cost of a debt security is allocated according to the regulations of the Ministry of Social Affairs and Health as interest income or a deduction from interest income over the maturity of the debt security. A corresponding item is recorded as an increase or decrease in the acquisition cost of the debt security. Writedowns due to variation in the level of interest rates or some other reason are recorded in a non-life insurance company. Writedowns due to variation in the level of interest rates are not recorded in life and pension insurance companies. This new accounting practice is a consequence of the change in calculation principles. Writedowns due to other reasons are still recorded. Similarly, cancellations of writedowns are recorded if the current value of a debt security has subsequently risen above its remaining acquisition cost up to the amount of the original acquisition cost.

The acquisition cost is calculated on the basis of the average price.

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

Investments in the investment-linked technical provisions (Tapiola Life, Tapiola Corporate Life) Investments in the investment-linked technical provisions are stated on the balance sheet at current values.

Valuation of receivables

Premium receivables Premium receivables are presented on the balance sheet at no more than their likely realisable value. In the case of non-life and life insurance companies, the nominal value of premium receivables is reduced on the basis of experience to yield the likely value. However, any premium receivable that is unlikely to be realised is recorded as a credit loss.

Items denominated in foreign currencies

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

Items denominated in currencies of EU member states participating in phase III of Economic and Monetary Union are converted into Finnish currency using fixed conversion ratios for national currency units of the euro area.

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

Derivative contracts

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

Changes in the values of derivative contracts made for hedging purposes are taken into account so that the income effect of a change in the value of the protected item is neutralised. Loss exceeding the value increase of the hedged item is reported as cost.

Negative value changes of derivative contracts made for purposes other than hedging are recorded as investment expenses in accordance with the principle of cautiousness.

Premiums paid or received from option contracts are recorded as pre-paid expenses or deferred income. As current value of forward rate agreements or otherwise bindingly sold securities the contractual price is used.

Depreciation

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

The depreciation charges are based on the following depreciation plan:

Intangible assets	
Basic repairs to premises	0 years
Planning costs of IT systems	5 years
Buildings	
Residential, office and hotel buildings	40-50 years
Department store and shop buildings	30-40 years
Industrial, warehousing and other buildings	20-30 years
Material components of buildings	25% (reducing balance)
Equipment	
Office equipment, fixtures and fittings, etc.	25% (reducing balance)

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

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

The accumulated difference of depreciation according to plan and total depreciation charged against income is recorded on the liabilities side of the balance sheet under the item "Provisions, accumulated depreciation difference", and the increase or decrease in the depreciation difference during the accounting period is presented separately in the Profit and Loss Account.

Provisions

Accumulated depreciation difference
See "Depreciation" above.
Optional reserves
Provisions made against income on the result have been made on the basis of accounting and tax legislation.
Credit loss reserve In the case of non-life and life insurance companies, the credit loss reserve may not exceed one per cent of the insurance company's non-premium receivables.

Tapiola Mutual Pension Insurance Company makes a transfer to the unallocated provision for additional benefits. For this reason credit loss provisions made before 1999 in respect of unpaid premiums are recorded as taxable income in 2001.

Direct taxes

Direct taxes are presented on the Profit and Loss Account on an accruals basis.

Deferred tax liabilities / assets

Deferred tax liabilities / assets associated with timing differences between taxable income and the bookkeeping result and with other indirect differences are presented in the appendices to the financial statements. The deferred tax liability calculated from valuation differences that is likely to be realised within the following three years is presented in the appendices to the financial statements.

Current values of investments

Investments in land and buildings The current values of investments are determined by the company's experts in the manner specified for individual classes of real estate by the insurance industry's supervising authority, taking account of the income obtained from the real estate and other factors influencing the current value.
Investments in shares and debt securities In the case of investments that are quoted on an official stock exchange or otherwise publicly traded, the last available striking price, or, in its absence, the buying price, during official trading on the accounting date is used as the current value. For other investments, the current value is based on net worth, book value or likely realisable selling price.
Loans, deposits, and deposits with ceding undertakings For loans, deposits, and deposits with ceding undertakings, the nominal value is used as the current value. Reduction of the nominal value required by the risk of a credit loss is taken into account when assessing the likely realisable value.

Staff pension cover and allocation of pension expenses

The statutory pension cover of the staff is arranged by means of statutory TEL pension insurance with Tapiola Mutual Pension Insurance Company and additional TEL pension cover mainly with Tapiola Mutual Pension Insurance Company and to a lesser extent with Tapiola Corporate Life Insurance Company.

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

Tapiola Mutual Life Assurance Company

Principles of zillmerization

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

year. The deduction is calculated on the basis of the insurances in force at the end of the accounting year.
Zillmerization is not applied to home-savings insurance, teenagers' comprehensive insurance, the savings insurance appended to teenagers' comprehensive insurance granted after 31.12.1991.

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

Individual pension insurance In flexible-premium individual pension insurances, the provision for unearned premiums is reduced by activated acquisition costs over the first five insurance years, but in any event not longer than the insurance's term of payment. If the insurance began in 1996, the deduction in the first insurance year is 20 per cent of the insurance's gross annual premium. If the insurance began after 1.1.1997, the deduction in the first insurance year is 10 per cent of the insurance's gross annual premium. In subsequent years the magnitude of the deduction falls by the same amount each year. The deduction is calculated on the basis of the insurances in force at the end of the accounting year.

Zillmerization is not, however, applied to investment-linked pension insurance, nor to pension insurance involved in the distribution of its related surplus.

Group life insurance Zillmerization is not applied.

Technical interest rate for the technical provisions

When calculating the technical provisions a technical interest rate of 4.5 per cent has been applied to insurances issued before 1.1.1999, with the following exceptions:

- a technical interest rate of 6 per cent is applied when calculating the special provision for disability pension insurance associated with individual life insurance.
- a technical interest rate is not applied when calculating the supplementary reserve of the provision for unearned premiums arising due to amendment of the terms and conditions of individual life insurance.
- a technical interest rate is not applied when calculating additional sum and premium discount reserves of the provision for unearned premiums of individual life insurance.
- a technical interest rate is not applied when calculating reserves for future additional benefits reserves of the provision for unearned premiums of individual life and pension insurance.

A technical interest rate of 3.5 per cent is applied in the case of insurances issued on or after 1.1.1999.

Tapiola Life's policyholder bonus policy and solvency targets

In a mutual life insurance company, funds that increase the company's solvency are accumulated entirely for the benefit of the policyholders, since they are the owners of the company.

Solvency target

Tapiola Life strives for the kind of quantitative and qualitative solvency that will enable it to pay a competitive and steady yield over the long term on the insurance savings of policyholders.

The solvency target is defined on the basis of the solvency limits set by the supervising authority, the nature of the company's insurance portfolio, longer-term investment risks, and other means available to strengthen the company's solvency. The target level of solvency guarantees with adequate certainty that Tapiola Life will remain within the solvency limits necessary for a free policyholder bonus policy, i.e. it will allow Tapiola Life to set the level of its policyholder bonuses freely for several years hence.

Bonus policy

The company's surplus is used mainly for policyholder bonuses and to bolster solvency, with only a minimal sum being distributed in the form of profits. When determining the level of policyholder bonuses, the aim is to ensure that policyholders receive a steady and realistic overall return consisting of both technical interest and policyholder bonuses.

The fair distribution of policyholder bonuses among the different types of insurance is based on duration and nature of the insurances, the technical interest rate applied to the insurances, the surplus generated by the insurances, and the nature and conditionality of the bonuses to be awarded.

Tapiola Corporate Life Insurance Company

Principles of zillmerization

In flexible-premium individual pension insurances, the provision for unearned premiums is reduced by zillmerization over the first five insurance years, but in any event not longer than the insurance's term of payment. In the first insurance year the magnitude of the deduction is 20 per cent of the insurance's gross annual premium. In subsequent years the magnitude of the deduction falls by the same amount each year. The deduction is calculated on the basis of the insurances that began before 1.1.1997 and remain in force at the end of the accounting year.

Zillmerization is not applied to investment-linked pension sinsurance or to pension insurance participating in the distribution of the surplus.

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

Technical interest rate for the technical provisions

When calculating the technical provisions of group pension insurance, a technical interest rate of 4.15 per cent is used for benefits funded on or before 31.12.1998, and a technical interest rate of 3.5 per cent for benefits funded on or after 1.1.1999. When calculating the technical provisions of individual pension and individual life insurances, a technical interest rate of 4.5 per cent is used for policies issued before 1.1.1999, and a technical interest rate of 3.5 per cent for policies issued on or after 1.1.1999. When calculating the technical provisions of capitalization agreements, a technical interest rate of 4.5 per cent is used for agreements commencing before 1.2.1998, and a technical interest rate of 3.5 per cent for agreements commencing on 1.2.1998, a technical interest rate of 3.5 per cent for agreement commencing in the period 1.2.1998-16.12.2001 and of 2.5 per cent for agreements commencing after 17.12.2001..

Tapiola Corporate LIfe's policyholder bonus policy and solvency targets

In a mutual life insurance company, funds that increase the company's solvency are accumulated entirely for the benefit of the policyholders, since they are the owners of the company.

Solvency target Tapiola Corporate Life strives for the kind of quantitative and qualitative solvency that will enable it to pay a competitive and steady yield over the long term on the insurance savings of policyholders.

The solvency target is defined on the basis of the solvency limits set by the supervising authority, the nature of the company's insurance portfolio, longer-term investment risks, and other means available to strengthen the company's solvency. The target level of solvency guarantees with adequate certainty that Tapiola Corporate Life will remain within the solvency limits necessary for a free policyholder bonus policy, i.e. it will allow Tapiola Corporate Life to set the level of its policyholder bonuses freely for several years hence.

Bonus policy

The company's surplus is used mainly for policyholder bonuses and to bolster solvency, with only a minimal sum being distributed in the form of profits. When determining the level of policyholder bonuses, the aim is to ensure that policyholders receive a steady and realistic overall return consisting of both technical interest and policyholder bonuses.

Policyholder bonuses are distributed fairly among the different types of insurance. The factors taken into consideration are the duration and nature of the insurances, the technical interest rate applied to the insurances, the surplus generated by the insurances, and the nature and conditionality of the bonuses to be awarded.

Tapiola General Mutual Insurance Company

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

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

Provision for outstanding claims In 2001 the provision for outstanding claims was reduced by EUR 2,025,674.05 in respect of undisputed recourse receivables. The corresponding deduction in the previous year was EUR 1,939,610.61.

Discounting is applied only when calculating the provision for outstanding pension claims, in which case a technical interest rate of 3.5 % is used.

Consolidated financial statements

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

The consolidated financial statements are compounded from the profit and loss accounts, balance sheets and notes to the financial statements of the parent company and its subsidiaries. Intra-group receivables and debts, income and expenses, profit distribution, and internal capital gains/losses have been eliminated from the consolidated financial statements. The minority interests in the capital and reserves and in the result are presented separately in the Balance Sheet and in the Profit and Loss Account. Subsidiaries acquired or divested during the financial year are incorporated into or eliminated from the group from the time of their acquisition or divestment.

Associated companies, i.e. companies in which the group owns 20-50% of the conferred voting rights, are included in the consolidated financial statements. An exception to this rule is Turva Mutual Insurance Company since it is a mutual company. All non-mutual housing and real estate companies are consolidated into the financial statements as associated companies.

The change in optional provisions and depreciation difference is allocated to the change in deferred tax liability and to the result. The corresponding balance sheet items are allocated to the deferred tax liability and to capital and reserves, taking account of minority interests. According to the Insurance Companies Act, the part allocated to capital and reserves is not distributable.

Intra-group ownership has been eliminated using the past equity method. The financial statements of associated companies are consolidated by the equity method.

Revaluations of shares in housing and real estate companies are treated as revaluations of real estate belonging to group subsidiaries.

The goodwill arising in connection with the elimination is generally allocated to the subsidiary's appropriate asset items, taking account of the items' current values, and the goodwill is depreciated according to plan like the corresponding item. Unallocated consolidated goodwill is presented on the balance sheet under intangible assets as a separate item, and it is written off according to plan over five years. Goodwill is presented on the liabilities side of the balance sheet as a separate item and it is entered as income over five years.

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

Formulae for calculation of financial indicators

General financial indicators:

Turnover, non-life insurance
+ premiums earned before reinsurers' share
+ investment income
+ other income
+ revaluations activated as income in connection with asset disposal

Turnover, life insurance
+ premiums written before reinsurers' share
+ investment income, revaluations and their adjustments
+ other income

Turnover, pension insurance
+ premiums written before credit losses and reinsurers' share
+ investment income
+ other income
+ revaluations activated as income in connection with asset disposal

Operating profit or loss, non-life insurance
+/– profit or loss before change in the equalisation provision, revaluations of investments and their adjustments, extraordinary items, appropriations and taxes

Operating profit, life insurance
+/– profit or loss before change in the equalisation provision, additional benefits (policyholder benefits), extraordinary items, appropriations and taxes

Return on equity (at current values)
+/– profit or loss before extraordinary items + taxes on operations
+/– revaluations/cancellations entered in the revaluation reserve
+/– change in investment valuation differences
- taxes (incl. deferred tax liability on valuation difference changes in investments)

________________________ x 100

capital and reserves
+ minority interest
+/– depreciation difference after deduction of deferred tax liability
(average of beginning and end of year)

Return on assets (at current values)
+/– operating profit or loss
+ interest and other financing expenses
+ technical interest on the technical provisions
+/– revaluations of investments and their adjustments (non-life insurance)
+/– revaluations/cancellations entered in the revaluation reserve
+/– change in investment valuation differences

________________________ x 100

+ balance sheet total
- investment-linked technical provison
+/– investment valuation differences
(average at beginning and end of the year)

Equity to assets ratio (at current values)
+ capital and reserves
+ minority interest
+/– valuation difference after deferred tax liability
+ subordinated liabilities

________________________ x 100

+ balance sheet total
+/– investment valuation differences

Indicators describing the financial development of underwriting

Gross premiums written, non-life, life and pension insurance
premiums written before reinsurers' share

Gross premiums written, pension insurance
premiums written before credit losses and reinsurers' share

Loss ratio (%), non-life insurance
claims incurred

________________________ x 100

premiums earned

Net expense ratio (%), non-life insurance
operating expenses

________________________ x 100

premiums earned

Combined ratio (%), non-life insurance
loss ratio + net expense ratio

Financial indicators of the insurance industry:

Gross expense ratio (%), life insurance

+ operating expenses before change in the activated insurance policy acquisition costs
+ claims settlement expenses

$$\frac{}{\text{loading income}} \times 100$$

loading income

The loading income is an item intended to cover operating expenses in accordance with technical rules, and operating expenses do not include reinsurance fees.

Administrative cost ratio (%), pension insurance

operating expenses
(= operating expenses + claims management expenses + other expenses)
_____ x 100
loading income + other income

Administrative costs in relation to premiums written, pension insurance

operating expenses
(= operating expenses + claims management expenses + other expenses)
_____ x 100
premiums written

Solvency margin in the monetary unit of the financial statements, non-life, life and pension insurance

+ capital and reserves after deduction of the proposed dividend distribution
+ accumulated appropriations
+/– investment valuation differences
+/– deferred tax liability
+ unallocated provision for additional benefits (pension insurance)
+ subordinated liabilities (by permission of the insurance supervisory authorities)
– intangible assets
+/– other statutory items

Solvency capital in the monetary unit of the financial statements, non-life and life insurance

solvency margin + equalisation provision + minority interest

Solvency capital as a percentage of technical provisions, non-life insurance

solvency capital (= solvency margin + equalisation provision + minority interest)
_____ x 100
+ technical provisions
– equalisation provision

Solvency as a percentage of technical provisions (at current values), life insurance

solvency capital (= solvency margin + equalisation provision + minority interest)
_____ x 100
+ technical provisions
– equalisation provision
– 75% of investment-linked technical provisions

Risk-carrying capacity (%), non-life insurance

solvency capital
_____ x 100
premiums earned for 12 months

Reader's Guide

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

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

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

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

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

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

The **administrative cost result** for an employment pension company is the difference between the operating expenses and the loading income* included in the premium. Here investment management expenses and the costs arising from the settlement of claims are counted as operating expenses.

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

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

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

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

The **return on assets (ROA)** is reported for both non-life and life insurance companies. It is 100 x (the operating profit or loss + expenses and interest on liabilities + technical interest on the technical provisions +/- revaluations of investments and their adjustments (only in the case of non-life insurance) +/- revaluations/cancellations entered in the revaluation reserve +/- the change in investment valuation differences) / (the balance sheet total +/-the investment valuation differences). The balance sheet total and the investment valuation differences (in the denominator of the formula) are calculated as the average of the values at the beginning and end of the year.

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

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

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

The difference between **claims incurred** and claims paid* is that claims arising from insured events occurring in the accounting period but payable later are also included in claims incurred. Claims paid are augmented by the change in the provision for outstanding claims*, which also includes the change in the equalisation provision*. Formula: Claims paid + the provision for outstanding claims at the end of the year - the provision for outstanding claims at the beginning of the year.

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

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

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

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

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

The **deferred tax liability** (average of the tax liability at the beginning and the end of the year). This item consists of taxes and tax refunds either allocated to the accounting period on an accruals basis or pertaining to previous accounting periods, with the exception of taxes included in extraordinary items. On the accounting date the deferred tax liability is deducted in accordance with the prevailing tax rate from the accumulated depreciation difference, from optional reserves, and, to the extent that it is likely to be realised in the near future, from untaxed revaluations and investment valuation differences. When assessing likelihood, the expectations of the next three years are particularly significant. No tax liability is incurred if it is intended that the valuation differences are to be realised only to the extent that expenses are covered.

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

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

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

The **gross expense ratio** is a measure of the efficiency of a life insurance company. The gross expense ratio is 100 x (gross operating expenses + claims settlement expenses) / loading income*. Gross operating expenses include costs arising from claims settlement activities, whereas investment management expenses are not included here. The allocation of operating expenses by means of zillmerization* is not taken into account. In the case of a pension insurance company, operating expenses are proportioned to the loading income and premiums written.

The **turnover** of a non-life insurance company means gross premiums earned before credit losses* and reinsurers' share + investment income + revaluations activated in connection with asset disposal. Investment income does not include activated revaluations if the asset in question has not been sold. Premiums written are used instead of premiums earned when calculating the turnover of a life and employment pension insurance company. In the turnover of life insurance companies there is no need to activate revaluations as income through sales; they are always just added in.

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

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

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

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

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

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

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

The **equity to assets ratio** (at current values) is capital and reserves + minority interest + accumulated depreciation difference + optional reserves + investment valuation differences + subordinated liabilities - deferred tax liability* in relation to the balance sheet total plus investment valuation differences*. The ratio is a measure of an insurance company's financial performance.

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

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

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

Transitional reserve

In the years 1993-1997 a transitional reserve could be established to take the place of writedowns on investments and the credit loss reserve abolished in the reform of the Business Taxation Act. The reserve must be discharged at the latest by the closing of the 1997 accounts.

Breakdown of investment assets includes the following investment categories at current values: investments in land and buildings, shares, bonds and debentures, debt securities, loans, and other investments. In the case of pension insurance companies, loans are further divided into loans from the pension funds and other lending.

Net investment income means the difference between the income and expenses of investment operations. Those operating expenses attributable to the management of investments are included in investment charges.

The **investment surplus** of a pension insurance company is the difference between the interest requirement for the technical provisions and the net investment income as reported in the closing of the accounts. Investment management expenses are not taken into account here because they are included in the administrative cost result*. The taxes pertaining to investments are included here. See interest business result*.

Surrenders are refunds paid to policyholders who have cancelled their life insurance policies. These payments consist of the savings portions included in the premiums paid by the policyholders. Surrenders are included in the Profit and Loss Account under claims paid.

The **equalisation provision** is a non-distributable reserve that acts as a buffer against years in which claims are particularly heavy. It is an item of the technical provisions necessitated by the security requirement. It is also intended to ensure the sufficiency of the technical provisions when there are unfavourable fluctuations in factors exercising a significant effect on the technical provisions. The supervising authorities lay down calculation rules and set a minimum requirement on the equalisation provision on a company-by-company basis.

The **solvency margin** is the difference between assets and liabilities at current values. It describes a company's solvency and the amount of assets that a company has at its disposal to ensure the continuity of its operations.

The **extended solvency margin** is the solvency margin of a life insurance company plus items that can be used to ensure the continuity of the company's operations if the situation so requires.

The **solvency margin ratio** describes the relationship between a life insurance company's solvency margin and the minimum amount prescribed for it by law. The solvency margin ratio is 100 x the solvency margin / the minimum solvency margin.

The **loss ratio** means the ratio of claims incurred to premiums earned*. The ratio is calculated after deduction of credit losses and the reinsurers' share. The claims incurred figure includes the operating expenses attributable to claims settlement activities, but not the change in the equalisation provision.

The **solvency ratio** is, in the case of a pension insurance company, 100 x the solvency margin / the technical provisions less the unallocated provision for additional benefits*, uncovered liabilities, receivables from the Eläke-Kansa portfolio transfer, and technical provisions* for the YEL basic insurance. In this case the equalisation provision is also counted in the technical provisions. In the case of a life insurance company, the solvency ratio describes a company's net worth in relation to its adjusted technical provisions less the equalisation provision. Solvency ratio: 100 + 100 x solvency capital / (technical provisions, net - the equalisation provision).

Solvency capital is the combined total of the solvency margin and the equalisation provision. The minority interest is also added in the case of a group.

Premiums written (cf. Gross premiums written) are payments received in consideration of insurance cover that began during the course of the accounting period. Credit losses* are already deducted from the premiums written figure (which is not the case for gross premiums written).

Premiums earned are net premiums written* less the change in the provision for unearned premiums*. Formula: premiums earned = net premiums written + the provision for unearned premiums at the beginning of the year - the provision for unearned premiums at the end of the year.

The **provision for unearned premiums** is that portion of premiums written that are accrued during the accounting period and preceding years, the corresponding risks of which pertain to the period after the end of the accounting period in question. The provision for unearned premiums is the company's debt to the policyholders.

The **change in the provision for unearned premiums** is shown on the Profit and Loss Account. It is the difference between the provision for unearned premiums at the beginning and the end of the year. See provision for outstanding claims*.

The **technical provisions** consist of the provision for unearned premiums* and the provision for outstanding claims*.

The **technical underwriting result** is, in the case of non-life insurance company, the balance on the technical account calculated before the change in the equalisation provision: premiums earned* - claims incurred* and net operating expenses*.

The **risk-carrying capacity** of a non-life insurance company is the ratio of the solvency capital* to premiums earned over the past twelve months after deduction of credit losses and the reinsurers' share.

Uncovered liabilities arise from exceptional reductions in the level of TEL premium. Uncovered liabilities are reclaimed annually as a component of the TEL premium.

The **interest requirement for the technical provisions** is the minimum interest payable on the technical provisions, i.e. the provision for unearned premiums and the provision for outstanding claims.

The **profit or loss before extraordinary items, appropriations and taxes** describes the financial performance of an insurance company and is proportionally indicative of the company's turnover*.

The **minimum solvency margin** describes the legally prescribed amount by which a company's assets must exceed its liabilities. If a company does not meet this requirement, it cannot continue to operate without special supervisory controls.

Zillmerization means the allocation of the operating expenses of a life insurance company over a number of years. In the Appendices to the Balance Sheet, Zillmerization appears as non-amortised sales expenses deducted from the provision for unearned premiums*.

The **combined ratio** is the loss ratio* + the net expense ratio. The combined ratio describes the actual underwriting performance of a non-life insurance company.

Avoir fiscal tax credit is a tax credit in favour of a dividend recipient to the extent that the company paying the dividend has already paid tax when distributing the dividend. The income of the dividend recipient then comprises the combined amount of the dividend received and the avoir fiscal tax credit.

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