POHJOLA

Annual Accounts 2002

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Financial information in 2003

May 20, 2003	Interim Report January 1 to March 31, 2003
August 14, 2003	Interim Report January 1 to June 30, 2003
November 13, 2003	Interim Report January 1 to September 30, 2003

Pohjola's financial reports are available at www.pohjola.fi/ir

POHJOLA IN BRIEF

Established in 1891, Pohjola is a Finnish insurance group which creates lifetime security and wealth for customers.

Our business operations are founded on two basic pillars: non-life insurance and investment services. We offer comprehensive and expertly designed insurance and investment solutions to satisfy customers' varying needs at the different stages of their lives.

Reliable and efficient service is guaranteed by a knowledgeable staff and a nationwide sales network. Through our multi-channel network, we sell the Group's own non-life insurance products and asset management services; voluntary life, savings and pension insurance underwritten by the Suomi Group; as well as statutory pension insurance written by Ilmarinen.

The parent of the Pohjola group of companies, Pohjola Group plc, is a listed company whose shares are quoted on the Helsinki Stock Exchange. Pohjola has around 18 000 shareholders.

Non-life insurance

In addition to insurance services, the non-life business comprises the Group's own investment operations.

The most common forms of insurance taken out by private households include motor, home, private accident and travel insurance. Companies and public corporations are offered statutory workers' compensation insurance, property, business interruption, liability, guarantee and construction defects insurance.

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

Investment services

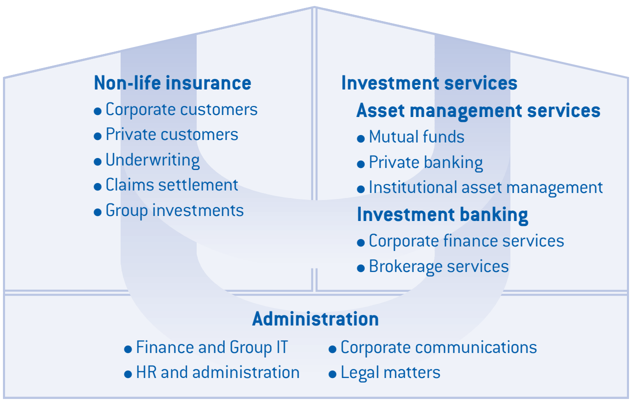
The investment services function consists of asset management and investment banking services.

The asset management function offers a wide range of mutual fund products and expert private banking and institutional asset management services. Retail banking services will be launched in the course of 2003 in accordance with a cooperation arrangement agreed between Pohjola and 33 savings banks.

The investment banking function comprises corporate finance and brokerage services.

For more information on Pohjola, please consult our web pages at www.pohjola.fi/english

Pohjola's business functions



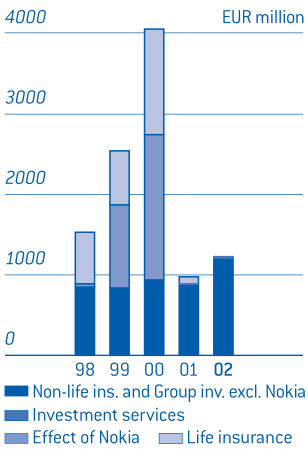
YEAR 2002

Key figures

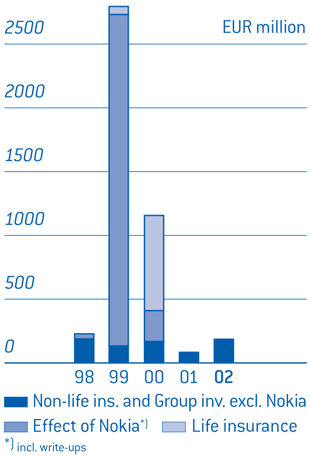
		2001	2002
Group			
Turnover	EUR million	976	**1 245**
Operating profit	EUR million	76	**167**
Earnings/share	EUR	1.53	**2.61**
Dividend/share	EUR	4.00	**2.00**[1]
Net asset value at current values/share	EUR	25.46	**16.94**
Market capitalization	EUR million	1 005	**755**
Balance-sheet total	EUR million	2 748	**2 703**
Average number of employees		2 690	**3 170**
Non-life insurance			
Premiums written	EUR million	553	**707**
Solvency capital	EUR million	691	**577**
Solvency ratio	%	121	**93**
Investment services			
Assets under management in fund management company	EUR million	258	**579**

[1] Proposed by the Board of Directors

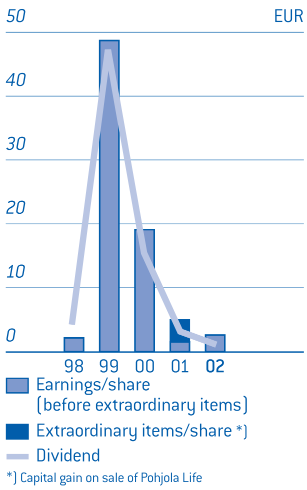
Turnover



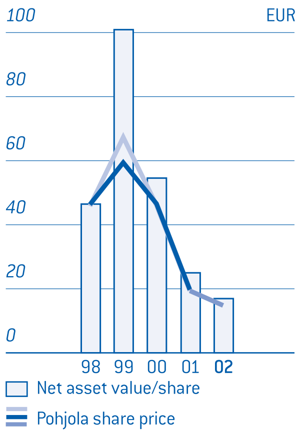
Operating profit



Earnings/share and dividend



Net asset value/share and price performance



Major events at Pohjola

- Pohjola Group Insurance Corporation turned into a holding company on January 18, 2002. The company's new name is Pohjola Group plc. The share series A and B were combined into a new share series, Series D, and the earlier voting restriction was abolished.
- The rebalancing of the share portfolio, begun in the first quarter of the year, proved well-timed considering the trends in the markets.
- In the autumn, the measures to increase operational efficiency continued. In addition to a change in the corporate organization, operational processes were revised and various functions were combined. The statutory negotiations between employer and employee representatives related to staff reduction were completed in December. As a result, the number of staff will decrease by 310 people by the end of 2003 without layoffs. On an annual basis, the overall target for the efficiency measures is around EUR 35 million.
- In September Pohjola, 33 savings banks and the Suomi Group signed an agreement on cooperation in banking and insurance. The agreement includes the establishment of a limited-liability company to conduct savings banking business in the Helsinki metropolitan area, the launching of sales and marketing cooperation, and the setting up of a new fund management company. The agreement supports sales of insurance and mutual fund products and widens the range of private banking services.

2002

Pohjola's consolidated operating profit for 2002 was EUR 167 million (EUR 76 million). The balance on technical account in non-life insurance remained at the year 2001 level. As a result of gains on realization, investment income rose to EUR 293 million (EUR 182 million), although the decline in share prices that began in the summer increased value adjustments entered in the profit and loss account.

The operating profit in non-life insurance stood at EUR 111 million (EUR 53 million). Premiums written grew faster than the market and totalled EUR 707 million (EUR 553 million). Profitability was still unsatisfactory. The combined ratio was 116% (121%). The development of business operations continued in 2002. Considering the trends in the markets, the timing of the rebalancing of the company's equity portfolio, carried out in the first quarter of the year, turned out to be successful. In the autumn, the company disclosed an efficiency plan focusing on the improvement of profitability. In addition to changes in the organizational structure, the plan included a revamping of operational processes and a reduction in the number of staff. On an annual basis, the overall target for the efficiency program is around EUR 35 million. The efficiency measures have progressed as planned.

Progress was also made in the development of the investment services business. Assets under management in the fund management company grew rapidly and, at the end of 2002, stood at EUR 579 million (EUR 258 million). All asset management services for customers, such as sales of Pohjola fund units and sales of the Suomi Group products, were concentrated into one business area.

In September, an agreement was signed with 33 savings banks on banking and insurance cooperation. The agreement supports sales of insurance and mutual fund products and makes it possible to offer retail banking services to asset management customers. The marketing of Pohjola's insurance and mutual fund products started at savings bank offices in December.

In 2002, operating profit from Group investments amounted to EUR 66 million (EUR 30 million).

Consolidated earnings per share for 2002 were EUR 2.61 (EUR 1.53). Net asset value per share at year-end stood at EUR 16.94 (EUR 25.46). In addition to falling share prices, the net asset value was mainly impacted by the dividend of EUR 4 per share which Pohjola distributed for 2001. The Board of Directors proposes to the Annual General Meeting that EUR 2 per share be distributed in dividend.

After the proposed profit distribution, solvency capital in non-life insurance totalled EUR 577 million and the solvency ratio was 93%. The solvency capital not allocated to business operations stood at EUR 387 million.

Reorganization and improvement of operational efficiency

The Pohjola Board of Directors on August 30, 2002 approved a new organization for the company in support of its objectives to increase efficiency. The main points of the reorganization process included the combination of risk selection and pricing for customer groups, the combination of claims settlement functions of insurance lines, and the combination of asset management services for customers. The reorganization lays emphasis on the role of risk selection and rating in enhancing profitability. The revised organization started operations at the beginning of October. The Group's business areas are non-life insurance and investment services.

Of the overall annual savings to be gained through efficiency measures, EUR 18 million is expected to be attained by a reduction in the number of staff, and EUR 17 million by altering operational processes, e.g. by combining overlapping Head Office functions, by pruning IT systems, by using office premises more efficiently, and by combining purchases functions. The statutory negotiations between the employer and employee representatives aimed at reducing the number of staff were completed in December. The negotiations mainly concerned the Head Office functions. By the end of 2003, the number of staff will decrease by 310 people without any layoffs.

Financial development of Group

Key figures

		1998	1999	2000	2001	2002
Turnover	EUR million	1 530.8	2 543.3	4 057.8	975.7	**1 244.8**
Premiums written	EUR million	1 052.9	953.6	889.1	597.2	**706.9**
Operating profit	EUR million	228.2	1 233.8	1 157.8	76.4	**167.3**
of turnover	%	14.9	48.5	28.5	7.8	**13.4**
Profit before extraordinary items	EUR million	146.2	2 765.1	1 100.8	95.7	**189.3**
of turnover	%	9.6	108.7	27.1	9.8	**15.2**
Profit before untaxed reserves and tax	EUR million	146.2	2 765.1	1 100.7	272.2	**189.3**
of turnover	%	9.6	108.7	27.1	27.9	**15.2**
Return on equity at current values after tax	%	56.5	79.5	1.0	-26.9	**-20.9**
Return on assets at current values	%	27.1	46.9	2.8	-12.5	**-8.9**
Equity to balance sheet total at current values	%	33.6	44.2	32.7	36.0	**28.4**
Average number of employees		2 745	2 720	2 704	2 690	**3 170**

Key figures for non-life insurance

		1998	1999	2000	2001	2002
Turnover	EUR million	802.7	815.2	980.1	823.4	**1 105.9**
Premiums written	EUR million	572.7	563.3	551.1	552.6	**706.9**
Loss ratio	%	81.3	88.0	87.0	95.9	**90.6**
Expense ratio	%	21.1	22.4	24.4	24.7	**25.5**
Combined ratio	%	102.3	110.4	111.4	120.6	**116.1**
Combined ratio before unwinding of discount	%				114.2	**110.0**
Return on equity at current values after tax	%				-9.7	**-7.5**
Return on investments at current values before tax	%				0.2	**1.8**
Solvency margin	EUR million	424.3	699.2	684.0	479.9	**383.7**
Equalization provision	EUR million	196.9	203.3	217.6	207.8	**185.8**
Solvency capital	EUR million	624.6	905.1	904.7	690.9	**576.5**
Solvency capital as percentage of technical provisions	%	60.2	68.4	65.8	42.6	**34.1**
Solvency ratio	%	147.8	177.7	178.8	121.0	**92.9**
Average number of employees						
Non-life insurance		1 023	984	937	984	**1 211**
Service network			917	910	962	**1 126**

Financial development of Group		1998	1999	2000	2001	2002
Key figures for investment services					9-12	
Turnover	EUR million				4.3	**15.9**
Operating profit/loss	EUR million				-0.5	**-**
Income/expenses ratio before depreciation on unallocated consolidation goodwill					1.01	**1.08**
Capital and reserves	EUR million				11.8	**12.2**
Average number of employees					94	**99**
Key figures for Group investments					1-12	
Turnover	EUR million		1 079.9	1 780.3	50.7	**105.4**
Solvency capital	EUR million	978.7	662.1	802.4	607.9	**387.0**
Average number of employees			175	166	143	**139**
Key figures for divested operations (life insurance)					1-2	
Turnover	EUR million	642.6	671.6	1 313.0	89.2	
Premiums written	EUR million	480.2	390.3	338.0	44.6	
Average number of employees		168	172	190	214	

At year-end, a restructuring provision of EUR 11 million was made for the non-recurring expenses resulting from pension arrangements, support packages and other restructuring measures. The savings effects of the efficiency plan will appear as of 2003.

Financial objectives and dividend policy

The Board of Directors on February 28, 2002 confirmed the financial objectives of non-life insurance and revised them on February 26, 2003. The non-life business is divided into insurance for private households and insurance for corporate clients. Profitability is the main objective in both customer segments. The profitability targets comprise a 105% combined ratio and a 12% after-tax RoE, which the company expects to reach by the end of 2005. Operating expenses account for 20 percentage points of the combined ratio target. The solvency capital is to be maintained at a level which, in the opinion of the Board, will correspond to a financial strength rating of "A". The risks related to equity portfolios will be further decreased through diversification of current holding concentrations and by means of reducing equity allocations in favour of fixed-income instruments. Shares will represent about 22% of the balanced portfolio. The average return on the balanced investment portfolio is estimated to be 5.5%.

Pohjola expects that the growth in the investment services function will clearly outweigh the growth in non-life insurance. Because the investment services function does not tie substantial amounts of capital, the return on equity is estimated to be higher than that of the insurance services function. The RoE target for the entire Group will be defined once the holding concentrations in the parent company's equity portfolio have been diversified.

Pohjola's financial objectives have been set at a level that can be attained through normal growth and without acquisitions. Pohjola is prepared also to expand its insurance and asset management operations through acquisitions or cooperation agreements in Finland and possibly in the Nordic countries, provided that these arrangements increase Pohjola's shareholder value. In connection with the sale of its life insurance business on March 7, 2001, Pohjola made a commitment that, during three years following the transaction, the company would not directly or indirectly engage in competitive life insurance business.

Pohjola's long-term objective is to maintain a dividend policy which will set the annual dividend according to the development of the Group's consolidated after-tax profit and the capital structure required by the Group's business areas. In the next few years, excess capital not required for the core business areas will be distributed through annual dividends at a pace which is appropriate from the perspective of the improvement of the company's profitability.

Market share and premiums written in non-life insurance

In 2002, premiums written in non-life insurance stood at EUR 707 million (EUR 553 million), of which A-Insurance accounted for EUR 80 million and the Baltic companies for EUR 25 million. The growth in premiums written, excluding new subsidiaries, was 8.9% for the entire business and 8.5% for domestic direct business. According to preliminary figures covering the entire insurance industry, premiums written in domestic direct business rose by 4.3% and the Group's market share rose to 24.3% (23.5%).

About 90% of Pohjola's premiums written come from Finland. Of this, private household customers account for around 40% and corporate clients for around 60%.

In 2002, Pohjola's marketing measures were targeted at private customers, in particular. The new claims settlement service over the phone, launched in the autumn, reduces the costs for claims settlement and improves customer service. In cases of small and clear motor vehicle or home insurance claims, customers can get a claim settlement decision within 48 hours. The focus of pricing was on cost correlation, which was expected to be obtained by taking into account the regional and partly also the customer-group-specific loss experience. Premiums written in travel insurance granted by Eurooppalainen grew as a result of new agreements signed with associations, the increase in the number of continuous policies, and sales started at R-Kiosks. Sales cooperation with the savings banks was launched in December.

Premiums written in Pohjola's statutory workers' compensation insurance showed a vigorous growth, especially for contracts in which the premium level depends on the customer's own loss experience. In addition, the sales of the previous year had an effect on the positive development. The tariff rates continued to decline somewhat in 2002. The premiums written in 2001 had been reduced by the revision made to the customers' wage bill estimates. Following the successful transfer business of statutory workers' compensation insurance in the autumn, the customers' change of insurer will increase the company's premiums written for 2003. All insurance lines considered, the increase will be around EUR 6 million.

The premiums written of A-Insurance, which was acquired at the end of 2001, totalled EUR 80 million (EUR 78 million). Statutory workers' compensation insurance, motor third party liability insurance and comprehensive motor vehicle insurance accounted for 79% of the company's premiums written. Customer fidelity remained at a good level despite the fact that the transfer of the insurance portfolio was followed by a three-month notice period of which the competitors tried actively to take advantage. In the future, A-Insurance will more clearly be developed towards a centre of expertise specialized in providing insurance services for professional transport. In the Pohjola group of companies, A-Insurance is in charge of insurance for professional transport and other related business areas. The company has its own brand and service concept for professional transport.

The rate increases in corporate property, business interruption and liability insurance, resulting from the rise in reinsurance premiums, boosted premiums written. Premium rates for corporate insurance were also increased at the beginning of 2003.

Owing to poor profitability, the underwriting of domestic reinsurance, with the exception of pools, was discontinued as of the beginning of 2002.

In consequence of new agreements and the rise in the premium level, premiums written in foreign reinsurance went up. Pohjola provides insurance cover for Finnish clients' foreign operations in cooperation with the Royal & SunAlliance group. However, Pohjola does not underwrite new foreign treaty reinsurance business. Premiums written of the Baltic companies totalled EUR 25 million (EUR 22 million). Brisk growth continued despite tightened competition.

Pohjola has foreign branch offices in Canada and Hong Kong. Their insurance portfolio comprises insurance in run-off.

Result for non-life insurance

The balance on technical account of non-life insurance, EUR -101 million (EUR -103 million), was at the year 2001 level. Profitability continued to be unsatisfactory. The combined ratio was 116% (121%), of which the loss ratio accounted for 91 percentage points and the expense ratio for 25 percentage points. The internationally comparable combined ratio, in which the effect of the unwinding of discount of pension liabilities has been transferred from claims incurred to investment charges, was 6 percentage points lower, i.e. 110%. The restructuring provision is not included in the combined ratio.

In the first half of the year, a greater number of major losses was reported than normally in the private customer sector, which increased the amount of claims paid for fire losses in particular. The incidence of loss in comprehensive motor vehicle insurance was also poor. On the other hand, the number of claims in motor third party liability insurance declined. Expenses for hospital treatments and garage services rose more rapidly than the general price level, which increased the average claims expenditure of individual losses. The overall number of claims reported by private customers grew by 2%.

There was also a rise in the number of claims in statutory workers' compensation insurance, which is the largest insurance line in the corporate segment. In the first months of the year, slippery roads increased

Consolidated profit EUR million	1998	1999	2000	2001	2002
Non-life insurance					
Premiums earned	513.1	509.3	506.0	492.9	**620.4**
Claims incurred	-417.0	-448.1	-440.0	-472.6	**-562.1**
Operating expenses	-108.0	-114.1	-123.7	-121.8	**-158.4**
Other technical income and charges		-0.9	-1.0	-1.0	**-1.2**
Balance on technical account before change in equalization provision	-11.9	-53.8	-58.7	-102.5	**-101.3**
Investment income and charges	167.6	161.3	299.4	157.9	**221.2**
Income and charges for sales of services	-0.3	1.0	-5.3	-2.9	**-7.4**
Depreciation on goodwill	-	-	-	-	**-1.3**
Share of associated undertakings' profit/loss	-0.2	0.4	1.5	0.7	**0.1**
Operating profit	155.2	108.9	236.9	53.2	**111.4**
Change in equalization provision	-64.9	-6.4	-14.3	26.6	**22.0**
Unrealized gains and losses on investments	0.5	-0.8	0.4	-	**-**
Profit before extraordinary items	90.8	101.7	223.0	79.8	**133.4**

Investment services	9-12	2002
Commission income	3.8	**13.9**
Net income from securities transactions and foreign exchange dealing	-	**0.2**
Income from equity-linked investments	-	**0.8**
Interest income	0.5	**0.6**
Other operating income	-	**0.3**
Income from investment services	4.3	**15.9**
Commission expenses	-0.3	**-1.6**
Interest expenses	-0.3	**-0.5**
Administrative expenses	-3.1	**-10.4**
Depreciation and write-downs	-0.2	**-0.6**
Other operating expenses	-0.4	**-1.6**
Credit and guarantee losses	-0.1	**-**
Operating profit/loss before depreciation on unallocated consolidation goodwill	-0.1	**1.2**
Depreciation on unallocated consolidation goodwill	-0.4	**-1.2**
Operating profit/loss	-0.5	**-**

Consolidated profit	EUR million	1998	1999	2000	2001	2002
Group investments						
Investment income and charges		67.6	1 067.3	173.1	27.8	**73.8**
Income and charges for sale of services		-1.7	0.6	0.6	0.6	**0.7**
Share of associated undertakings' profit/loss		0.7	1.4	1.3	1.9	**-8.2**
Operating profit		66.6	1 069.3	175.0	30.3	**66.3**
Unrealized gains on investments		-	1 565.4	-	-	**-**
Profit before extraordinary items		66.6	2 634.7	175.0	30.3	**66.3**
Other operations						
Income and charges for sale of services			1.6	12.2	8.5	**10.6**
Interest income and charges			-0.2	-	0.1	**-0.1**
Group administrative expenses			-8.6	-13.4	-10.7	**-9.7**
Restructuring provision			-	-	-	**-11.3**
Operating loss			-7.2	-1.2	-2.1	**-10.4**
Divested operations (life insurance)					1-2	
Operating profit/loss		6.5	62.9	747.1	-4.6	
Profit/loss before extraordinary items		-11.1	35.9	704.1	-11.9	
Group in total					1-12	
Operating profit		228.2	1 233.8	1 157.8	76.4	**167.3**
Profit before extraordinary items		146.2	2 765.1	1 100.8	95.7	**189.3**
Extraordinary income		-	-	-	176.9	**-**
Extraordinary expenses		-	-	-0.1	-0.4	**-**
Profit before untaxed reserves and tax		146.2	2 765.1	1 100.7	272.2	**189.3**
Tax on profit		-58.1	-781.9	-320.2	-50.2	**-55.2**
Minority interests		-	-0.5	-2.6	-2.3	**-1.5**
Consolidated profit		88.1	1 982.7	777.9	219.8	**132.6**

Premiums written, non-life insurance EUR million	2001	2002	Change %
Domestic direct insurance			
Statutory workers' compensation	120.0	**148.3**	23.6
Other accident and health	35.7	**37.3**	4.4
Motor. third party liability	93.9	**96.0**	2.2
Motor. other classes	72.6	**75.0**	3.4
Marine. aviation and transport	28.8	**32.9**	14.4
Fire and other damage to property	100.8	**105.6**	4.8
Third party liability	30.0	**36.4**	21.4
Miscellaneous	28.1	**21.7**	-22.8
Total	509.9	**553.3**	8.5
A-Insurance	-	**79.6**	
Total	509.9	**632.9**	24.1
Domestic reinsurance	9.2	**6.5**	-29.5
Baltic subsidiaries	-	**25.3**	
Foreign insurance	33.1	**42.0**	26.7
Total	552.2	**706.6**	28.0
Foreign insurance in run-off	0.4	**0.3**	-35.9
Total	552.6	**706.9**	27.9

Balance on technical account, loss ratio and combined ratio Non-life insurance	2001			2002		
	EUR million	%	%	EUR million	%	%
Domestic direct insurance						
Statutory workers' compensation	-9.5	99.8	107.4	**-17.7**	**103.0**	**110.4**
Other accident and health	-4.8	82.3	113.8	**-6.3**	**81.4**	**115.8**
Motor. third party liability	-13.9	91.5	114.5	**-21.6**	**93.4**	**118.1**
Motor. other classes	3.1	70.7	95.7	**-3.4**	**76.5**	**103.5**
Marine. aviation and transport	-1.4	63.0	106.7	**-1.4**	**63.9**	**106.7**
Fire and other damage to property	-17.5	80.4	119.1	**-40.2**	**98.1**	**139.7**
Third party liability	-4.8	93.0	120.3	**-0.4**	**71.4**	**101.2**
Miscellaneous	-3.9	88.0	128.1	**-6.4**	**94.1**	**139.9**
Total	-52.7	86.2	111.0	**-97.5**	**91.1**	**116.5**
Domestic reinsurance	-5.2	158.1	180.3	**-1.2**	**102.7**	**119.3**
Baltic subsidiaries				**2.6**	**50.1**	**73.7**
Foreign insurance	1.5	68.0	89.4	**2.7**	**61.9**	**88.2**
Total	-56.4	86.7	111.2	**-93.4**	**89.5**	**114.8**
Foreign insurance in run-off	-2.2			**-3.3**		
Total	-58.6	87.0	111.7	**-96.8**	**89.9**	**115.3**
Changes in technical provisions bases	-43.9			**-4.5**		
In profit and loss account	-102.5	95.9	120.6	**-101.3**	**90.6**	**116.1**

the number of accidents on trips to and from work, and the strike of doctors prolonged the patients' daily allowance periods. As a result of increasingly efficient processes, reserving for pension contingencies accelerated, which led to a growing provision for claims for previous years. In 2001, a change in the claims provision basis had deteriorated the result by a one-off amount of EUR 44 million.

A-Insurance, acquired at the end of the previous year, saw its profitability develop favourably. The loss ratio was 84% (86%), the expense ratio 21% (21%) and the combined ratio 105% (107%).

There were 3 (5) over EUR 2 million losses, whose impact on the result totalled EUR 11 million (EUR 17 million). The losses were, in full, retained for the company's own account. They affected the results of property and business interruption insurance, in particular. The claims of EUR 2 million paid for the damage caused by the Unto storm are included in the above major losses. The result for liability insurance improved following the cancellation of liability to pay damages for certain claims for which a provision had been made.

The claims trend in foreign insurance was favourable. No claims were filed with Pohjola for losses caused by the floods in Central Europe. The profitability of the Baltic companies was again good.

Following commutations and fluctuations in the US dollar rate, the technical provisions, net of reinsurance, of foreign insurance in run-off continued to decrease and totalled EUR 76 million (EUR 91 million).

Investment services

The operating profit of the investment services function stood at EUR 1.2 million, before depreciation on consolidation goodwill. The expenses for marketing and launching the fund management business increased operating expenses. The result was mainly generated by the investment bank.

Assets under management by Pohjola's fund management company grew by 124% and, on December 31, 2002, totalled EUR 579 million (EUR 258 million). The company's market share was 3.48% (1.67%). At year-end, the company managed 23 mutual funds, of which eight started operations during the year. The introduction of new mutual funds was successful despite the challenging market situation. Particularly successful were the sales of mutual funds designed for institutional investors. At the end of the year, the company had 5 600 fund unit holders. Pohjola Fund Management Company was the 7th largest domestic fund management company (10th in December 2001). The management of the funds portfolio was centralized and it is now the responsibility of the Group's asset management company.

In 2002, the turnover of shares on the Helsinki Stock Exchange contracted by 7% and the HEX Portfolio Index declined by 16.7%. The number of remote traders continued to grow in Helsinki. This was reflected in brokerage revenues. The market share of Pohjola's brokerage company was 2.5%. After obtaining the regulatory approvals of the Ministry of Finance on January 24, 2003, the company started market making business in February 2003.

The clientele of the Group's investment bank comprises medium-sized and large corporations and smaller growth companies. The company's operational environment continued to be challenging in 2002. Share prices fell sharply in Finland and abroad, which led to general economic uncertainty and thus to a decline in the amount and value of mergers and acquisitions. The prevailing uncertainty in the markets also slowed down the market for equity-linked financing. No initial public offerings were carried out and the market activity concerning the exchange of shares of publicly quoted companies was low. The company's advisory services focused on M&As of client corporations.

Cooperation in banking

On September 16, 2002, Pohjola, 33 savings banks and the Suomi Group signed an agreement on cooperation in banking and insurance. The agreement includes the establishment of a limited-liability company to conduct savings banking business in the Helsinki metropolitan area, the launching of sales and marketing cooperation, and the setting up of a new fund management company. The objective of cooperation is to increase the availability of products and services among the parties' respective clienteles and to benefit from the parties' know-how and resources in a cost efficient way.

Pohjola will have a 25% stake in the new bank and a 10% stake in the fund management company. Pohjola's investment in the new bank will be EUR 9.4 million and in the fund management company EUR 0.2 million. Pohjola's asset management function will be in charge of the new fund management company's portfolio. At the initial stage, the service network of the new bank will consist of five major offices of Pohjola located in the Helsinki metropolitan area. With the establishment of the bank, the range of Pohjola's private banking services will be complemented by extensive retail banking services.

The marketing of Pohjola's insurance and mutual fund products started at savings bank offices in December. This will increase the availability of Pohjola products. The savings banks have 175 offices and around 440 000 customers. More extensive cooperation regarding offices will be agreed in the autumn of 2003, once the results of the pilot cooperation projects are known.

The areas covered by the cooperation agreement require regulatory approvals by the authorities.

Consolidated solvency EUR million	1998	1999	2000	2001	2002
Non-life insurance					
Solvency margin					
Capital and reserves	96.7	117.2	125.2	165.8	**181.4**
Difference between current and book values of investments	477.3	841.3	565.8	406.3	**230.7**
Deferred tax liabilities	-133.6	-244.0	3.1	-66.0	**-11.1**
Intangible assets	-13.6	-12.2	-7.1	-23.5	**-16.8**
Other	-2.5	-3.1	-3.0	-2.7	**-0.6**
	424.3	699.2	684.0	479.9	**383.7**
Equalization provision	196.9	203.3	217.6	207.8	**185.8**
Minority interest	3.4	2.6	3.1	3.2	**7.1**
Solvency capital	624.6	905.1	904.7	690.9	**576.5**
Investment services					
Capital and reserves				11.8	**12.2**
Intangible assets				-19.1	**-19.8**
Other				-0.9	
Total				-8.2	**-7.6**
Group investments					
Capital and reserves	261.9	2 017.0	847.8	492.6	**401.3**
Proposed distribution of profit	-205.4	-1 913.4	-651.4	-203.1	**-101.6**
Difference between current and book values of investments	1 292.9	796.9	873.8	462.8	**134.4**
Deferred tax liabilities	-362.0	-231.1	-253.4	-134.2	**-39.0**
Intangible assets	-8.7	-7.3	-9.5	-9.5	**-8.7**
Other	-	-	-4.9	-1.0	**0.6**
Minority interest	-	-	-	0.3	**-**
Total	978.7	662.1	802.4	607.9	**387.0**
Other operations					
Capital and reserves		2.2	4.1	8.5	**7.8**
Intangible assets		-3.7	-3.3	-5.4	**-8.3**
Minority interest		0.7	3.6	3.6	**2.2**
Total		-0.8	4.4	6.7	**1.8**
Divested operations (life insurance)					
Solvency capital	421.5	953.5	257.7		
Group in total	2 024.8	2 519.8	1 969.2	1 297.3	**957.7**

Investments

The current value of the investment portfolio of non-life insurance at year-end totalled EUR 2 216 million (EUR 2 286 million). The investment portfolio was considerably more balanced than at the beginning of the year as the portion of shares on the portfolio decreased to 28% (41%) in consequence of disposals and falling share prices. Major holding concentrations were dissolved.

The net investment income was EUR 221 million (EUR 158 million), of which gains on realization accounted for EUR 214 million (EUR 97 million). Gains on realization of shares totalled EUR 158 million (EUR 83 million). The realizations were carried out mainly in the first quarter of the year. The Group's rental premises were sold to the Sato group in October. The value of the deal was EUR 79 million and the corresponding gain on realization EUR 40 million. The dramatic decline in share prices which started in the summer increased the amount of value adjustments to EUR 92 million (EUR 33 million). Calculated at current values, the average annual return on investments was 1.8% (0.2%).

A provision of almost EUR 3 million was made for the renovation work to be carried out in the Head Office in 2003. The provision was made because the premises under repair must be emptied.

The current value of the Group's other investments at year-end stood at EUR 407 million (EUR 876 million). The current value of the shares in the insurance company Skandia decreased to EUR 118 million (EUR 372 million). The payment of dividends in April tied up assets totalling EUR 203 million. The net investment income was EUR 74 million (EUR 28 million), of which gains on realization accounted for EUR 65 million (EUR 7 million). For investments in the technology sector, value adjustments and losses from associated undertakings totalled EUR 16 million. At year-end, the book value of these investments was EUR 31 million.

Other operations

The year 2001 figures for January–February still included the life insurance business sold to the Suomi Group. The related gain on realization was entered under extraordinary items in the previous year. The service contracts concluded with the Suomi Group were continued in June. In the future, the contract terms will be revised annually.

The sale of investment, administrative and IT services to the non-life insurance segment and the Suomi Group generated a net income of EUR 11 million (EUR 9 million).

The sales of the Suomi Group's life insurance products through the Pohjola service network grew rapidly in the first half of the year but, towards the end of the year, the growth slowed down. However, the overall annual sales increased by 12%. In the autumn, the Suomi Group decided to discontinue sales of capital redemption policies to companies and corporations. In addition, speculations on changes in taxation slowed down the sales of life insurance products at the end of the year. At the initial stage of operations, expenses for marketing and launching fund unit sales increased the expenses of the office network. Sales of asset management services through the Pohjola service network remained unprofitable.

The operating expenses of the Group administration function totalled EUR 10 million (EUR 11 million). In connection with the efficiency measures, a decision was made to merge Pohjola Administrative Services Ltd with the parent company. The merger is estimated to be final on March 31, 2003.

Solvency

After the dividends to be distributed to the parent company, the solvency capital of non-life insurance at year-end totalled EUR 577 million (EUR 691 million) and the solvency ratio was 93% (121%). In addition, a commitment has been made to strengthen the solvency capital of non-life insurance with an amount of EUR 90 million, as the parent company has granted Pohjola Non-Life a subordinated loan of EUR 40 million and an option for a subordinated loan of EUR 50 million effective until 2008. The right to the option can be exercised if Pohjola Non-Life's solvency ratio falls to under 50%.

Despite the unfavourable trends in the investment markets, solvency of non-life insurance remained at a high level, measured by international standards. The changes in the structure of the investment portfolio and the revision of the reinsurance cover for 2003 decreased the need for solvency capital.

The capital and reserves of the investment services companies totalled EUR 12 million (EUR 12 million). The solvency capital not allocated to business operations amounted to EUR 387 million (EUR 608 million) after the proposed distribution of dividend.

Company structure and own shares

In 2001, the parent company, Pohjola Group plc, transferred all of its remaining insurance portfolio to Pohjola Non-Life, thus bringing to a conclusion the changeover to a holding company structure began in 1998. After the transfer of the insurance portfolio on January 18, 2002, the parent company relinquished its licence to carry on insurance operations and became an ordinary limited-liability company, a so-called insurance holding company. The company's new name is Pohjola Group plc.

The process of moving over to the holding company structure also included amendments to the Articles of Association, resolved by the General Meetings of Shareholders on December 21, 2000 and July 5,

Investment portfolio on December 31 EUR million	1998	1999	2000	2001	2002	2002 %
Non-life insurance						
Current value						
Fixed-income securities	733.5	812.2	937.5	967.7	**1 117.1**	**51**
Other debt securities and deposits with credit institutions	76.6	621.5	88.2	141.9	**316.0**	**14**
Shares	751.6	1 282.0	1 066.9	931.3	**617.7**	**28**
Land and buildings	314.2	236.9	183.9	237.6	**155.3**	**7**
Loans	0.7	0.1	0.1	-	**5.7**	
Other investments	8.0	0.7	7.1	7.0	**4.0**	
	1 884.6	2 953.4	2 283.7	2 285.5	**2 215.8**	**100**
Difference between current and book values						
Fixed-income securities	40.9	11.7	17.7	19.1	**45.0**	
Other debt securities					**0.4**	
Shares	375.2	783.7	512.7	352.0	**169.3**	
Land and buildings	61.2	45.9	35.4	35.2	**15.9**	
	477.3	841.3	565.8	406.3	**230.7**	
Book value in total	1 407.3	2 112.1	1 717.9	1 879.2	**1 985.1**	
Group investments						
Current value						
Fixed-income securities	9.9	172.7	8.7	83.9	**71.3**	**18**
Other debt securities and deposits with credit institutions	5.0	18.9	11.1	136.2	**22.5**	**5**
Shares	1 469.1	2 529.6	1 000.2	655.4	**311.6**	**77**
Land and buildings	0.5	0.1	0.1	-	**-**	
Loans				0.1	**1.2**	
Other investments	-	6.4	-	-	**-**	
	1 484.5	2 727.7	1 020.1	875.6	**406.5**	**100**
Difference between current and book values						
Fixed-income securities	0.5	1.3	0.1	0.5	**0.8**	
Other debt securities				0.1	**-**	
Shares	1 292.4	795.6	873.7	462.2	**133.5**	
	1 292.9	796.9	873.8	462.8	**134.4**	
Book value in total	191.6	1 930.8	146.3	412.8	**272.1**	
Divested operations (life insurance)						
Current value	2 136.9	3 224.3	3 092.6			
Difference between current and book values	384.9	1 107.8	231.8			
Book value	1 752.0	2 116.5	2 860.8			
Group in total						
Current value	5 506.0	8 905.4	6 396.4	3 161.1	**2 622.3**	
Difference between current and book values	2 155.1	2 746.0	1 671.4	869.1	**365.1**	
Book value	3 350.9	6 159.4	4 725.0	2 292.0	**2 257.3**	

Net investment income EUR million	1998	1999	2000	2001	2002
Non-life insurance					
Continuous income					
Interest	49.3	49.8	63.0	55.8	**65.5**
Dividends	28.9	39.8	49.2	42.5	**29.0**
Income from land and buildings	10.4	7.6	7.0	5.5	**5.8**
Provision					**-2.6**
Other income/charges	5.9	-11.0	-2.7	-2.8	**7.8**
Total	94.5	86.2	116.5	101.0	**105.5**
Appreciation/depreciation in profit and loss account					
Gains/losses on realization	111.7	96.9	244.4	96.5	**214.5**
Value adjustments	-36.5	-32.1	-63.0	-49.0	**-97.6**
Value re-adjustments	9.9	19.7	8.9	16.4	**6.0**
Depreciation on buildings	-8.6	-6.6	-5.1	-4.6	**-4.5**
Unrealized gains/losses	0.5	-0.8	0.4	-	**-**
Total	77.0	77.1	185.6	59.3	**118.4**
Interest on and charges for long-term loans	-1.5	-1.2	-0.9	-0.8	**-1.0**
Investment management expenses	-2.0	-1.6	-1.4	-1.6	**-1.7**
Total	168.0	160.5	299.8	157.9	**221.2**
Group investments					
Continuous income					
Interest	0.3	6.5	28.3	14.6	**4.2**
Dividends	19.7	22.0	15.3	14.1	**15.2**
Other income/charges	-0.3	0.7	0.3	0.1	**-1.7**
Total	19.7	29.2	43.9	28.8	**17.6**
Appreciation/depreciation in profit and loss account					
Gains/losses on realization	48.6	1 038.6	129.7	6.8	**64.9**
Value adjustments	-	-0.4	-0.3	-7.8	**-8.4**
Value re-adjustments	-	0.4	-	0.4	**-**
Unrealized gains	-	1 565.4	-	-	**-**
Total	48.6	2 604.0	129.4	-0.6	**56.5**
Investment management expenses	-0.7	-0.5	-0.2	-0.4	**-0.3**
Total	67.6	2 632.7	173.1	27.8	**73.8**
Other and Group eliminations					
Life insurance	97.7	210.2	845.0	-0.9	
Other	-5.7	-3.4	-4.5	-3.2	**-2.3**
Group in total	327.6	3 000.0	1 313.4	181.6	**292.7**

Group's major shareholdings (listed companies) on December 31, 2002

	Number	Current value, EUR million Insurance services	Parent company	Group
Skandia Insurance Company Limited (publ)	46 400 000		118	118
UPM-Kymmene Corporation	3 674 600	49	63	112
SanomaWSOY Corporation	3 088 076	17	12	29
Fortum Corporation	4 681 471	19	10	29
Kone Corporation	998 000	13	16	29
YIT Corporation	1 631 500	18	9	27
Rautakirja Corporation	528 000	13	13	26
Nokia Corporation	1 568 500	24		24
Lemminkäinen Corporation	1 172 400	19		19
Finnlines Plc	699 200	11	3	14
Nordea Plc	3 180 000	14		14
Huhtamäki Oyj	1 232 000	8	4	12
Orion Corporation	513 420	11		11
Instrumentarium Corporation	287 000	11		11
Metso Corporation	1 044 000	11		11

Investments in shares Dec. 31, 2002[1)]

	Insurance services		Parent company[2)]		Group	
Current value	EUR million	%	EUR million	%	EUR million	%
Finland	379	65	164	56	542	62
Other euro area	83	14	1	-	84	10
Other parts of Europe	47	8	130	44	177	20
USA	45	8	-	-	46	5
Japan	9	2	-	-	9	1
Emerging markets	17	3	-	-	17	2
	580	100	295	100	876	100

[1)] Includes shares classified as investments, equity-linked investments and private equity investments

[2)] Includes investments of Conventum

Fixed-income securities portfolio Dec. 31, 2002[1)]

	Group	
Current value	EUR million	%
Currency		
EUR Finland	274	23
EUR other countries	816	68
SEK	15	1
GBP	16	1
USD	69	6
Other	3	-
	1 193	100
Rating		
AAA	863	72
AA+, AA, AA-	220	18
Other	111	9
	1 193	100

[1)] Includes bond funds

2001, as a result of which the Series A and B shares were combined into a new share series, Series D, and the voting restriction was abolished. No compensation was paid to shareholders for the combination of the share series. The amendments to the Articles of Association became effective on January 18, 2002.

The business operations of Pohjola Group plc and Conventum Limited were combined in 2001 by a share exchange in which Conventum shareholders were given Pohjola Series B (currently Series D) shares and, conditionally, Pohjola's new Series C shares. In February, Pohjola exercised its redemption right, as per the Finnish Companies Act, and gained possession also of Conventum's minority shares. An arbitration court decided that the redemption price of the shares be EUR 1.80 per share, or a total of EUR 1.8 million, as offered by Pohjola. A few shareholders appealed against the decision.

The obtaining and final number of Pohjola Series C shares given to Conventum shareholders were conditional on the attaining of the financial targets set for the Conventum investment services companies over the period January 1, 2001 to June 30, 2002. Since these targets were not attained, the C shares, in total 955 648 shares, were returned to Pohjola against no consideration on October 31, 2002. All holders of C shares agreed to return their shares. The total nominal value (accounting par value) of the C shares was EUR 0.8 million. They accounted for 1.85% of the share capital and the total number of votes represented by all shares. Among the holders of C shares, Mr Peter Fagernäs, Mr Raimo Hertto, Mr Jyri Merivirta, Mr Juha Mikkonen, Thominvest Oy and Thomproperties Oy are included in Pohjola's inner circle.

After the return of the C shares, only Series D shares confer a right to vote at a Pohjola General Meeting of Shareholders. On August 15, 2002, the Pohjola Board of Directors decided to propose to the General Meeting of Shareholders that the C shares be invalidated.

Authorizations of the Board of Directors

The Annual General Meeting on April 11, 2002 authorized the Board of Directors to decide on an increase in the share capital through a new issue of shares, in one or more lots, in such a way that the share capital can be raised by a total maximum of EUR 7.9 million by offering new Series D shares for subscription. The authorization will be in force for one year as of the date of the resolution passed by the AGM.

The authorization covers the right to deviate from the shareholders' pre-emptive right of subscription provided that the company has a weighty financial reason for the deviation, for example completion of acquisitions or cooperation arrangements.

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

Risk management

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

The insurance companies' investment operations are based on investment plans confirmed annually by the companies' Boards of Directors and on investment powers approved by the Boards. Pohjola's actuary monitors the adequacy of the technical provisions, the application of premium bases and the arrangement of reinsurance, and issues the Board of Directors with a statement of whether the company's investments meet the requirements set by the nature of the technical provisions.

Only companies with sufficiently high solvency are accepted as reinsurers. In addition, maximum limits have been set for the volume of business that can be ceded to an individual reinsurer.

In the management of operational risks, special attention is paid to skilled staff and reliable IT systems.

Risks and risk management at Pohjola have been described in greater detail in the notes on the accounts.

Staff

At the end of 2002, the Group had a total of 3 063 employees (3062 employees) and during the year, on average, 3 170 employees (2 690 employees). The year-end figure for the parent company was 218 employees.

The realization of the Group's efficiency plan has proceeded as expected. In August-December 2002, the number of staff went down by around 70 people. The pension arrangements, support package agreements and termination of fixed-period employment contracts that took effect at the beginning of 2003 decreased the number of employees by a further 115 people. By the end of June 2003, the number of staff will again be reduced by 45 people and towards the end of 2003 by a total of 80 people.

Pohjola's values were defined in cooperation with staff representatives at the turn of 2001/2002. The values are Reliability, Straight-

Consolidated real estate portfolio

	Group				
	Current value EUR million	Net yield %	Potential net yield %[1]	Leasable floor area m^2	Vacancy rate %
Business premises					
Business and office premises	120	6.9 [2]	7.5 [2]	120 500	7.0
Industrial and warehouse premises	11	11.2	11.4	19 100	0.0
Business premises in total	131	7.3	7.9	139 600	4.3
Residential premises	4	2.8	2.8	1 800	0.0
Completed property portfolio	135	7.2	7.7	141 400	
Sites and leisure premises	15				
Minority interests	5				
Real estate portfolio in total	155				

[1] Includes calculated rent for vacant premises, on the average EUR 7.8 /m^2/month
[2] Includes calculated rent for premises occupied by company and group of companies, on the average EUR 12.7 /m^2/month.
Of business and office premises, 57% occupied by company and group of companies.
Cash-based vacancy rate has been calculated for individual leasable areas. Other figures in the table have been calculated for individual real estate holdings.

Consolidated per-share data

			1998	1999	2000	2001	2002
Earnings/share	1)	EUR	2.16	48.70	19.11	1.53	**2.61**
Capital and reserves/share	1)	EUR	10.38	54.07	26.05	13.37	**11.87**
Net asset value/share at current values after tax	1)	EUR	46.92	100.92	54.57	25.46	**16.94**
Dividend/share	1) 2)	EUR	5.05	47.00	16.00	4.00	**2.00**
Dividend/earnings	1) 2)	%	233.2	96.5	83.7	261.4	**76.6**
Effective dividend yield							
Series A		%	11.0	32.4	34.4	20.5	
Series B		%	10.9	36.2	34.0	20.2	
Series D		%					**13.4**
Price/earnings ratio (P/E ratio)							
Series A			21.3	1.4	2.4	12.7	
Series B			21.5	1.3	2.5	13.0	
Series D							**5.7**
Adjusted average share price							
Series A		EUR	38.38	48.21	58.44	25.32	**22.28**
Series B		EUR	39.95	51.77	55.91	28.57	**22.24**
Series D		EUR					**20.71**
Adjusted share price, lowest							
Series A		EUR	27.25	41.00	33.00	16.85	**20.30**
Series B		EUR	26.41	41.00	33.65	16.00	**19.51**
Series D		EUR					**11.32**
Adjusted share price, highest							
Series A		EUR	58.02	69.00	85.38	49.50	**23.50**
Series B		EUR	58.53	66.50	83.30	49.67	**23.90**
Series D		EUR					**26.10**
Adjusted share price on Dec. 31							
Series A		EUR	46.25	68.00	46.50	19.50	
Series B		EUR	46.76	60.00	47.00	19.85	
Series D		EUR					**14.87**

Consolidated per-share data

		1998	1999	2000	2001	2002
Market capitalization on Dec. 31 [1]						
Series A	EUR million	918.1	1 309.5	434.9	176.8	
Series B	EUR million	975.4	1 287.2	1 473.8	827.8	
Series D	EUR million					**755.0**
Total	EUR million	1 893.5	2 596.7	1 908.7	1 004.6	**755.0**
Development of turnover of shares						
Series A	1 000 shares	2 180	10 681	11 166	1 730	**17**
of average number	%	10.9	54.3	79.4	18.7	**3.7**
Series B	1 000 shares	18 526	22 606	36 343	30 851	**1 624**
of average number	%	89.6	107.4	136.4	88.9	**79.0**
Series D	1 000 shares					**25 677**
of average number	%					**53.2**
Adjusted average number of shares						
Series A	1 000 shares	20 026	19 663	14 068	9 251	**447**
Series B	1 000 shares	20 684	21 047	26 642	34 723	**2 057**
Series D	1 000 shares					**48 269**
Total A, B and D [1]	1 000 shares	40 710	40 710	40 710	43 974	**50 773**
Series C	1 000 shares				310	**956**
Total	1 000 shares				44 284	**51 728**
Adjusted number of shares on Dec. 31						
Series A	1 000 shares	19 851	19 257	9 352	9 069	
Series B	1 000 shares	20 859	21 453	31 358	41 704	
Series D	1 000 shares					**50 773**
Total A, B and D [1]	1 000 shares	40 710	40 710	40 710	50 773	**50 773**
Series C	1 000 shares				956	**956**
Total	1 000 shares				51 728	**51 728**
Number of shareholders on Dec. 31		6 901	7 056	11 575	18 041	**18 794**

[1] Series A, B and D excl. C shares returned to Pohjola against no consideration
The dilution effect of option rights would decrease the number of shares.
[2] Dividend proposed by the Board of Directors in 2002

forwardness, Courage to grow and Will to succeed. A human resources policy based on Pohjola's values and strategic objectives was disclosed in February 2002.

Senior management

Mr Peter Fagernäs was the Executive Chairman of the Board in 2002. The other members of the Board of Directors were Mr Heikki Hakala (Deputy Chairman), Mr Martin Granholm, Mr Eino Halonen, Mr Heikki Pentti, Mr Kari Puro and Mr Timo Salonen. Mr Eero Heliövaara was the President and CEO of the company.

In January 2002, the Board of Directors established an audit committee to supervise the implementation of the Group's internal control and risk management and to steer internal audit and the closing of the accounts. The members of the Audit Committee are Mr Heikki Hakala (Chairman), Mr Heikki Pentti and Mr Timo Salonen.

In December, the Board of Directors established a remunerations committee to prepare motions regarding the remunerations to be paid to the Board of Directors; elections of the President; and the company's incentive systems; and, together with the Chairman of the Board, to decide on the salary principles applied to the senior management. The Remunerations Committee includes Mr Eino Halonen (Chairman), Mr Heikki Hakala and Mr Heikki Pentti.

Outlook

Pohjola's market position strengthened in 2002 and the favourable trend is expected to continue. The sales of corporate insurance, in particular, increased. The transfer business in statutory workers' compensation insurance was notably more successful than in previous years. The acquisition of A-Insurance strengthened Pohjola's position in insurance for professional transport. The banking cooperation that began in December is anticipated to increase the availability of Pohjola products and to have a positive effect on premiums written generated by private customers.

Pohjola revised its rating and risk selection principles for 2003 in order to bring about the best possible correlation between premiums and risks. Major rate changes were made particularly in large corporate clients' property and business interruption insurance.

The realization of the Group's efficiency plan approved in the autumn has proceeded as anticipated. The ensuing cost savings will improve the financial results even for 2003 but their full impact will not be seen until 2004. In the course of 2003, the efficiency of insurance operations will be increased further, among other things by unifying the office network and by streamlining the sales organization for life insurance. In 2001, the insurance industry agreed on a three-year wage settlement. This will have an average effect of around 4% on the level of salaries in 2003.

In 2003, the combined ratio is expected to decrease and, by the year-end 2005, to gradually attain the 105% level. The reinsurance protection for property and business interruption insurance was improved as of the beginning of 2003. The amount of retention is still high, which means that any major losses will increase the variation in operating profit over short review periods. The change in the equalization provision will eliminate the impact of this on the overall result.

Uncertainty in the investment markets is presumed to continue at least in the early months of 2003. Nevertheless, the mutual fund business is expected to develop favourably and the growth in assets under management is expected to continue.

The restructuring of the investment portfolios of non-life insurance and the parent company will be continued in accordance with the market situation. The restructuring will result in gains on realization in the near future but will, in the long term, lead to smaller investment risks and lesser fluctuation in returns.

Proposal by the Board of Directors for distribution of retained earnings

In accordance with the annual accounts as at December 31, 2002, the Group's distributable funds amounted to EUR 354 million and those of the parent company to EUR 316 million. Pohjola Non-Life adopted the interim dividend practice at the end of 2002. The interim dividend of EUR 75.3 million was included in the parent company's profit and distributable funds in 2002. On the other hand, the group contribution of EUR 57 million given by the parent company to subsidiaries at the end of the year decreased the parent's distributable funds.

The Board of Directors proposes to the Annual General Meeting that a total of EUR 101 545 702 be distributed in dividend and that the date of dividend payment be April 25, 2003. The dividend is EUR 2 per share. The Series D shares are entitled to the dividend. EUR 30 000 will be reserved for donations for worthy causes. The rest of the distributable funds will be transferred to the contingency reserve.

Share capital on December 31, 2002

	Share capital EUR	Number of shares	Percentage of share capital	Percentage of votes
Series D (Series A and B combined on January 18, 2002)	43 654 051.86	50 772 851	98.15	100.00
Series C (= own shares, returned to company on October 31, 2002)	821 857.28	955 648	1.85	-
In total	44 475 909.14	51 728 499	100.00	

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

Breakdown of shareholdings by sector on December 31, 2002

Series D	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Enterprises and housing corporations				
Private enterprises	889	4.7	4 560 235	9.0
Housing corporations	3	0.0	3 487	0.0
Financing and insurance institutions	72	0.4	17 525 425	34.5
Public corporations	31	0.2	14 235 124	28.0
Households	17 483	93.0	8 001 913	15.8
Non-profit institutions serving households	230	1.2	850 097	1.7
Foreign owners	77	0.4	51 200	0.1
Shares not yet transferred to book-entry system			16 646	0.0
Total	18 785	99.9	45 244 127	89.1
Nominee registrations	11	0.1	5 528 724	10.9
In total	18 796	100.0	50 772 851	100.0

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

Series D	Number of shareholders	Percentage of shareholders	Total number of shares	Percentage of shares
1 - 100	8 667	46.1	471 191	0.9
101 - 1 000	8 903	47.4	3 155 710	6.2
1 001 - 10 000	1 108	5.9	2 749 855	5.4
10 001 - 100 000	97	0.5	2 947 019	5.8
100 001 - 1 000 000	15	0.1	3 197 855	6.3
1 000 001 -	6	0.0	38 234 575	75.4
Shares not yet transferred to book-entry system			16 646	0.0
Total	18 796	100.0	50 772 851	100.0

REPORT BY THE BOARD OF DIRECTORS

Ten major shareholders and shareholder groups on December 31, 2002

As per the shareholder register kept by the Finnish Central Securities Depository Ltd	Number	Percentage of share capital	Percentage of votes
Series D			
Suomi Mutual Life Assurance Company	16 925 000	32.72	33.33
Ilmarinen Mutual Pension Insurance Company	13 126 460	25.38	25.85
Thominvest Oy	1 191 513	2.30	2.35
Thomproperties Oy	1 002 105	1.94	1.97
Dreadnought Finance Oy	303 615	0.59	0.60
Braelger Oy	42	0.00	0.00
Total	2 497 275	4.83	4.92
Fagernäs Peter	1 217 072	2.35	2.40
Mikkonen Juha	450 000	0.87	0.89
Fortum's Pension Foundation	310 260	0.60	0.61
Merivirta Jyri	300 000	0.58	0.59
Elinkorkolaitos Hereditas	248 000	0.48	0.49
Mutual Insurance Company Pension-Fennia	163 700	0.32	0.32
Pension Fund Polaris	155 000	0.30	0.31
Total	35 392 767	68.42	69.71
Nominee registrations	5 528 724	10.69	10.89
Series D in total	50 772 851	98.15	100.00
Series C			
Held by Pohjola	955 648	1.85	
Series D and C in total	51 728 499	100.00	

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

	Series D Numbers	Percentage of share capital (Series D and C)	Percentage of votes (Series D)
Board members and corporations under their authority			
Shareholdings	1 221 698	2.36	2.41
President			
Option rights	150 000	0.28	0.29
Other option rights			
Key staff of Group	830 000	1.57	1.60
Subsidiary Osmo Oy	120 000	0.23	0.23

Commitments related to the Combination Agreement between Pohjola and Conventum

Pohjola made a share exchange offer to Conventum Limited shareholders on July 27, 2001. In accordance with the conditions of the Combination Agreement, Mr Peter Fagernäs, shareholder of Conventum, undertook, in stages over a period of four years, not to sell the new Pohjola shares he received in connection with the share exchange (original number: 1 216 212 shares), and Mr Jyri Merivirta (638 297 shares), Mr Juha Mikkonen (608 106 shares), Thominvest Oy (2 146 463 shares) and Thomproperties Oy (1 168 925 shares) undertook, in stages over a period of two years, not to sell the new Pohjola shares they received in connection with the share exchange.

Changes in ownership

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

January 18, 2002: As a result of the combination of Pohjola's share series A and B, the ownership portion of Ilmarinen Mutual Pension Insurance Company went down to under one third (1/3) of the voting rights in Pohjola; that of OKO Bank Group Central Cooperative went down to under one twentieth (1/20) of the voting rights in Pohjola; and the combined portion of Thominvest Oy, Thomproperties Oy, Dreadnought Finance Oy, Inter Masters Oy and Braelger Oy exceeded one twentieth (1/20) of the voting rights in Pohjola.

April 30, 2002: The ownership portion of Suomi Mutual Life Assurance Company exceeded one fourth (1/4) of the voting rights and shares in Pohjola; that of OKO Bank Group Central Cooperative Consolidated went down to under one twentieth (1/20) of the voting rights and shares in Pohjola.

August 15, 2002: The Board of Directors of Pohjola Group plc on August 15, 2002 resolved that the holders of Series C shares must return all C shares to Pohjola against no consideration because the targets set for the investment services companies for obtaining the shares were not attained. The Board also decided that, once the Series C shares have been returned to Pohjola, the Board will propose to the General Meeting of Shareholders that the shares be invalidated. The invalidation of Series C shares will change the proportional share of ownership of shareholders. Once all Series C shares have been returned to Pohjola and invalidated, the ownership portion of Suomi Mutual Life Assurance Company will exceed one third (1/3) of the voting rights and shares in Pohjola.

October 31, 2002: All Series C shares have been returned to Pohjola on October 31, 2002. Once all Series C shares have been invalidated, the ownership portion of Suomi Mutual Life Assurance Company will exceed one third (1/3) of the share capital of Pohjola. The return of all Series C shares to Pohjola has led to a situation where Suomi Mutual's votes in a ballot even now exceed one third of all votes.

December 13, 2002: Thominvest Oy has written a call option and has agreed on a stock lending arrangement for the period of November 27, 2002 to March 21, 2003. On account of the lending agreement, the combined proportion of the votes and share capital in Pohjola held by Thominvest Oy, Thomproperties Oy, Dreadnought Finance Oy and Braelger Oy (flagging group) falls below one twentieth (1/20) during the lending period. In the event that the above call option is not exercised, the combined proportion of the votes and share capital in Pohjola held by the flagging group will be restored to over one twentieth (1/20) at the end of the stock lending period.

CASH FLOW STATEMENT

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Cash flow from operating activities				
Profit on ordinary activities	**134.1**	69.6	**195.5**	278.5
Adjustments				
Change in technical provisions	**54.9**	18.3	**-**	1.8
Value adjustments and unrealized gains on investments	**100.2**	72.4	**2.5**	-
Unrealized exchange gains/losses	**-7.0**	2.7	**1.1**	-0.3
Depreciation according to plan	**22.7**	23.6	**6.4**	6.5
Other income and charges without payment	**23.4**	-0.7	**-74.6**	-
Other adjustments	**-231.6**	-128.5	**-47.3**	-6.2
Cash flow before change in working capital	**96.9**	57.4	**83.7**	280.3
Change in working capital:				
Increase/decrease in non-interest-bearing short-term receivables	**-9.2**	24.3	**-7.3**	419.6
Decrease/increase in non-interest-bearing short-term payables	**-39.7**	40.3	**2.8**	-63.8
Cash flow from operating activities before financing items and tax	**47.9**	122.0	**79.2**	636.0
Interest paid and payments for other financing expenses of operating activities	**-1.2**	-0.9	**-**	-
Income tax paid	**-27.2**	-6.5	**2.2**	-7.5
Net cash from/used in operating activities	**19.5**	114.6	**81.4**	628.6
Cash flow from investing activities				
Acquisitions of investment assets (excl. cash and cash equivalents)	**-1 159.4**	-1 033.4	**-124.0**	-102.9
Proceeds from sale of investment assets (excl. cash and cash equivalents and shares in subsidiaries)	**1 414.8**	988.0	**192.7**	46.0
Acquired shares in subsidiaries/acquired business operations	**-1.1**	-12.0	**-2.2**	-54.5
Sold shares in subsidiaries	**-**	271.6	**-**	293.3
Income tax paid for above sale	**-**	-28.5	**-**	-28.5
Investments in and proceeds from sale of intangible, tangible and other assets (net)	**-16.5**	-11.6	**-8.1**	-8.3
Net cash from investing activities	**237.8**	174.2	**58.4**	145.1
Cash flow from financing activities				
Loans drawn	**9.7**	-	**-**	-
Loans repaid	**-15.6**	-1.5	**-**	-
Group contribution	**-**	-	**-57.0**	-
Dividends paid and other profit distribution	**-203.1**	-651.1	**-203.1**	-651.1
Net cash used in financing activities	**-208.9**	-652.6	**-260.1**	-651.1
Net decrease/increase in cash and cash equivalents	**48.4**	-363.9	**-120.3**	122.5
Cash and cash equivalents at beginning of period	**340.9**	704.8	**141.5**	19.0
Cash and cash equivalents at end of period				
Cash at bank and in hand	**53.5**	68.5	**3.0**	24.4
Other debtors and creditors	**0.6**	-7.6	**-4.1**	-18.0
Debt securities	**311.2**	224.1	**22.3**	126.4
Deposits with credit institutions	**24.1**	56.0	**-**	8.7
Cash and cash equivalents at end of period	**389.3**	340.9	**21.2**	141.5

CONSOLIDATED PROFIT AND LOSS ACCOUNT

EUR million	Notes	2002	2001
Technical account	2		
Non-life insurance			
Premiums earned			
Premiums written	3, 10	**706.9**	552.6
Outward reinsurance premiums		**-70.0**	-58.4
		637.0	494.2
Change in provision for unearned premiums	10		
Total change		**-11.6**	-27.9
Share of transferred portfolio		**-**	24.4
Reinsurers' share		**-5.0**	2.1
		-16.6	-1.4
Premiums earned in total		**620.4**	492.9
Claims incurred			
Claims paid		**-540.1**	-456.1
Reinsurers' share		**37.9**	56.2
		-502.2	-399.9
Change in provision for claims	10		
Total change		**-36.8**	-198.6
Share of transferred portfolio		**-**	142.8
Reinsurers' share			
Total change		**-22.4**	-15.7
Share of transferred portfolio		**-**	-0.4
		-59.2	-71.9
Claims incurred in total		**-561.4**	-471.8
Change in collective guarantee item			
Total change		**-1.2**	-4.6
Share of transferred portfolio		**-**	3.6
		-1.2	-1.0
Operating expenses	6, 7, 11	**-154.2**	-118.0
Balance on technical account before change in equalization provision		**-96.3**	-98.0
Change in equalization provision	10		
Total change		**22.0**	9.8
Share of transferred portfolio		**-**	16.8
		22.0	26.6
Balance on technical account		**-74.3**	-71.4

CONSOLIDATED PROFIT AND LOSS ACCOUNT

EUR million	Notes	2002	2001
Technical account			
Life insurance			
Premiums written			
Premiums written	4	-	44.6
Outward reinsurance premiums		-	-1.2
		-	43.4
Allocated investment return transferred from non-technical account	8	-	-0.9
Claims incurred			
Claims paid			
Claims paid	5	-	-75.7
Reinsurers' share		-	0.2
		-	-75.6
Change in provision for claims			
Change in provision for claims		-	6.7
Claims incurred in total		-	-68.9
Change in life insurance provision			
Change in life insurance provision	5	-	21.6
Reinsurers' share		-	1.2
		-	22.8
Operating expenses	6, 7, 11	-	-3.7
Balance on technical account		-	-7.3

	Notes	2002	2001
EUR million			
Non-technical account			
Balance on technical account of non-life insurance		**-74.3**	-71.4
Balance on technical account of life insurance		**-**	-7.3
Investment income	8	**474.8**	339.6
Unrealized gains on investments	8	**-**	0.4
Investment charges	8, 11, 25	**-182.1**	-147.9
Unrealized losses on investments	8	**-**	-10.4
		292.7	181.7
Allocated investment return transferred to life insurance technical account	8	**-**	0.9
Other income		**65.0**	49.4
Other charges			
Depreciation on unallocated consolidation goodwill	11	**-1.2**	-4.5
Depreciation on goodwill	11	**-1.3**	-0.2
Change in restructuring provision	25	**-11.2**	-
Other		**-72.2**	-55.5
		-85.9	-60.1
Share of associated undertakings' profit/loss		**-8.1**	2.6
Tax on profit on ordinary activities			
Tax for financial year		**-48.0**	-32.1
Tax for previous financial years		**-0.2**	0.7
Deferred tax	28	**-7.0**	5.4
		-55.2	-26.0
Profit on ordinary activities		**134.1**	69.6
Extraordinary items	9		
Extraordinary income		**-**	176.9
Extraordinary charges		**-**	-0.4
		-	176.6
Tax on profit on extraordinary items			
Tax for financial year		**-**	-28.5
Deferred tax	28	**-**	4.4
		-	-24.1
Profit after extraordinary items		**134.1**	222.0
Minority interests		**-1.5**	-2.3
Profit for financial year		**132.6**	219.8

CONSOLIDATED BALANCE SHEET

EUR million	Notes	2002	2001
Assets			
Intangible assets	12		
Intangible rights		**13.7**	15.4
Goodwill		**11.9**	13.6
Unallocated consolidation goodwill		**19.7**	22.4
Other long-term expenses		**8.3**	6.2
		53.5	57.6
Investments	13		
Land and buildings	14, 19		
Land and buildings and shares therein		**139.4**	202.4
Investments in affiliated undertakings and participating interests			
Shares in associated undertakings	16, 19	**18.2**	19.1
Participating interests	16, 19	**0.2**	0.2
Debt securities issued by and loans to participating interest undertakings	16	**1.1**	0.1
		19.5	19.3
Other financial investments			
Shares	19	**608.1**	753.2
Debt securities		**1 456.3**	1 254.0
Mortgage loans		**5.2**	-
Other loans	18	**0.6**	0.1
Deposits with credit institutions		**24.1**	56.0
		2 094.3	2 063.3
Deposits with ceding undertakings		**4.0**	7.0
Investments in total		**2 257.3**	2 292.0
Debtors	20		
Direct insurance debtors			
Policyholders		**153.6**	132.9
Intermediaries		**1.4**	1.5
		155.0	134.4
Reinsurance debtors		**34.9**	37.2
Other debtors		**63.1**	65.0
Deferred tax assets	28	**4.9**	11.0
		257.9	247.6
Other assets			
Tangible assets and stocks			
Machinery and equipment	12	**19.9**	21.1
Stocks		**2.9**	2.7
		22.7	23.9
Cash at bank and in hand		**53.5**	68.5
Other		**2.1**	2.1
		78.3	94.4
Prepayments and accrued income	21		
Interest and rent		**34.7**	32.7
Other		**21.2**	23.6
		56.0	56.2
Assets in total		**2 703.0**	2 747.9

EUR million	Notes	2002	2001
Liabilities			
Capital and reserves	22		
Share capital		**44.5**	44.5
Share premium account		**39.7**	39.7
Revaluation reserve		**-**	2.4
Legal reserve		**158.3**	158.3
Other reserves			
Contingency reserve		**223.1**	299.6
Profit/loss brought forward		**4.5**	-85.4
Profit for financial year		**132.6**	219.8
Capital and reserves in total		**602.7**	678.8
Minority interests		**9.3**	7.2
Technical provisions			
Provision for unearned premiums of non-life insurance	23	**245.2**	227.7
Reinsurance amount		**-27.4**	-29.4
		217.8	198.3
Provision for claims outstanding of non-life insurance	24	**1 501.1**	1 474.9
Reinsurance amount		**-56.6**	-82.2
		1 444.4	1 392.8
Equalization provision of non-life insurance		**185.8**	207.8
Collective guarantee item of non-life insurance		**31.0**	29.8
Technical provisions in total		**1 879.0**	1 828.7
Provisions	25	**8.9**	-
Creditors	26		
Direct insurance creditors		**8.3**	6.1
Reinsurance creditors		**28.7**	39.0
Amounts owed to credit institutions		**34.9**	43.9
Other creditors		**55.6**	89.5
Deferred tax liabilities	28	**2.0**	6.0
		129.6	184.4
Accruals and deferred income	27, 25	**73.3**	48.8
Liabilities in total		**2 703.0**	2 747.9

PROFIT AND LOSS ACCOUNT, PARENT COMPANY

EUR million	Notes	2002	2001
Net turnover	2,3		
Premiums earned		-	2.4
Outward reinsurance premiums		-	-0.3
Other turnover		**45.7**	33.5
		45.7	35.6
Other operating income		**0.1**	0.3
Raw materials and services			
Claims incurred	2	-	-2.2
Reinsurers' share		-	-0.5
Change in equalization provision	2	-	1.8
External services		**-0.7**	-1.4
		-0.7	-2.4
Social costs	7		
Wages and salaries		**-10.5**	-7.3
Social security costs			
Pension costs	25	**-2.7**	-2.9
Other social security costs		**-1.0**	-0.8
		-14.2	-11.0
Depreciation and value adjustments			
Scheduled depreciation	11	**-6.4**	-6.5
Other operating charges	25	**-32.6**	-26.4
Operating loss		**-8.2**	-10.3
Financial income and expenses	8		
Income from shares in affiliated undertakings		**195.6**	364.5
Income from participating interests		**1.5**	1.9
Income from other investments held as fixed assets			
From affiliated undertakings		**2.6**	0.3
Other		**15.0**	14.2
Other interest and financial income			
From affiliated undertakings		**2.4**	1.2
Other		**77.1**	25.5
Value adjustments on investments held as fixed assets		**-2.4**	0.1
Value adjustments on investments held as current assets		-	-0.1
Interest and other financial expenses			
To affiliated undertakings		**-2.6**	-1.3
To others		**-5.5**	-3.8
		283.7	402.4
Tax on profit on ordinary activities			
Tax for financial year		**-80.0**	-113.8
Deferred tax	28	-	0.2
		-80.0	-113.5
Profit on ordinary activities		**195.5**	278.5
Extraordinary items	9		
Extraordinary income		-	99.2
Extraordinary charges		**-57.0**	-0.4
		-57.0	98.8
Tax on profit on extraordinary items	9		
Tax for financial year		**16.5**	-28.5
Deferred tax	28	-	-0.1
		16.5	-28.7
Profit for financial year		**155.0**	348.7

BALANCE SHEET, PARENT COMPANY

EUR million	Notes	2002	2001
ASSETS			
Fixed assets			
Intangible assets	12		
Intangible rights		**8.5**	9.1
Other long-term expenses		**0.1**	0.1
		8.5	9.2
Tangible assets	12		
Machinery and equipment		**9.2**	6.9
Other tangible assets		**2.0**	2.0
		11.2	8.9
Investments	13		
Shares in affiliated undertakings	15, 19	**231.0**	226.6
Loans to affiliated undertakings	15	**50.6**	1.5
Participating interests	16, 19	**7.2**	9.4
Other shares	17, 19	**141.6**	147.1
Other debtors	18	**1.1**	0.1
		431.5	384.6
Current assets			
Debtors			
Long-term			
Deferred tax assets	28	**0.7**	0.7
Short-term			
Amounts owed by affiliated undertakings	20	**95.9**	5.0
Amounts owed by participating interest undertakings	20	**0.1**	0.3
Other debtors		**3.7**	1.2
Prepayments and accrued income	21	**5.9**	6.7
		105.5	13.3
Investments			
Other securities	13	**53.4**	213.2
Cash at bank and in hand		**3.0**	26.7
Assets in total		**614.0**	656.5
LIABILITIES			
Capital and reserves	22		
Share capital		**44.5**	44.5
Share premium account		**39.7**	39.7
Other reserves			
Legal reserve		**158.2**	158.2
Other reserves		**161.3**	15.7
Profit for financial year		**155.0**	348.7
Provisions	25	**0.5**	-
Creditors			
Short-term			
Trade creditors		**1.0**	2.3
Amounts owed to affiliated undertakings	26	**24.8**	21.0
Amounts owed to participating interest undertakings	26	**0.1**	0.8
Other creditors		**17.1**	19.5
Accruals and deferred income	27, 25	**11.8**	6.1
		54.8	49.7
Liabilities in total		**614.0**	656.5

NOTES ON THE ACCOUNTS

1. Accounting principles

a) Changes in accounting principles and comparability of data

The parent company's profit and loss account and balance sheet have been drawn up using the layout described in the Finnish Accounting Ordinance as the company on January 18, 2002 changed from an insurance company into an insurance holding company. The data for 2001 have been reclassified correspondingly. The change of the company form does not have any effect on the insurance holding company's consolidated accounts, which are subject to the rules on an insurance company's consolidated accounts.

The annual accounts of the Conventum companies have been included in Pohjola's consolidated accounts as of August 28, 2001. The business operations of A-Insurance were acquired on December 31, 2001. Since the beginning of 2002, the consolidated accounts have included the accounts of the Baltic associated undertakings which have turned into subsidiaries. The January-February figures for 2001 contained the life insurance operations sold to the Suomi Group. The gains on realization of this business were shown under extraordinary items.

The data by segment included in the Report by the Board of Directors are show in accordance with the organizational structure of the Group decided in August 2001. Changeover to reporting in accordance with the new organizational structure confirmed in 2002 will take place at the beginning of 2003. A provision for restructuring has been included in other charges under other operations. Inter-group subordinated loans and their interest have been eliminated.

The Series C shares of Pohjola, which were returned to the company against no consideration, have been deducted from the total number of shares when calculating the key figures. The key figures for 2001 have been changed correspondingly.

Pohjola will draw up its consolidated accounts in accordance with the International Accounting Standards (IAS/IFRS) as of 2005. According to current information, the amount of the consolidation goodwill would not change. Material parts of the content of the rules on the new accounting practice, especially as regards insurance contracts, are still undefined.

b) Consolidated accounts

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

All subsidiaries are consolidated, item by item, excluding Varma Mutual Insurance Company (in liquidation). Varma went into voluntary liquidation after acquisition and the acquisition cost of the guarantee shares was in whole entered as charge. In accordance with the exceptional permission issued by the Finnish Insurance Supervision Authority on December 12, 2001, the first financial period of A-Insurance Ltd, July 30, 2001 to December 31, 2002, can deviate from the financial year of the parent company. The figures for the new subsidiary were included in Pohjola's 2001 consolidated accounts on the basis of the subsidiary's interim accounts as at December 31, 2001.

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

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

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

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

Asunto Oy Helsingin Korppaanmäki is included by proportional consolidation, item by item, in proportion to the holding (34.2%; 50% in 2001), otherwise applying the same principles as those used in the consolidation of subsidiaries.

Other holdings (20% to 50%) in mutual housing and real estate companies are stated at cost. Since the expenses for these companies are covered by shareholders, the effect on consolidated profit and profit brought forward is insignificant.

The associated undertaking Ilmarinen Mutual Pension Insurance Company is stated at cost since the Act on employment pension insurance companies provides that a company carrying on statutory pension insurance may not be included by the equity method in the consolidated accounts of another company. The prohibition is based on restrictions pertaining to employment pension insurance. There are some transactions between the Group and Ilmarinen in the ordinary course of their insurance or insurance-related activities. Ilmarinen owns 25.4% of the Pohjola shares.

c) Book value of investments

Buildings and constructions are shown in the balance sheet at acquisition cost reduced by scheduled depreciation or at current value, whichever is lower. Acquisition cost includes purchase price and production cost directly attributable to the item in question. Shares in land and buildings as well as land and water areas are shown in the balance sheet at purchase price or at current value, whichever is lower. The book value of certain land and buildings or shares therein has been written up (see section e).

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

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

Private equity investments are shown in the balance sheet at purchase price or at current value, whichever is lower. The current value applied is the prudently calculated most recent value of a fund unit as reported by each mutual fund. However, because of the administrative and establishment costs paid into mutual funds, the book value of investments in the funds is not lowered until the year after the establishment year, unless the value of a fund has fallen markedly. The value of unquoted direct private equity investments is lowered on the basis of price data available from new financing rounds or equity offerings carried out by outsiders. If such price data are not available, the value adjustments are recorded using a 25% scale.

Shares classified as fixed assets are shown in the balance sheet at acquisition cost reduced by permanent value adjustments. Acquisition cost is calculated in accordance with the FIFO-method. In the parent company, the acquisition cost of the Conventum shares includes, as regards the share exchange, the subscription price for the share issue; and, as regards the redemption offers, the purchase price of the redeemed shares and options; as well as all direct expenses for the acquisition.

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

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

Derivative contracts are valued at the market-based current value on the closing day, December 31. The profit or loss for a derivative contract signed for hedging purposes is entered in the profit and loss account to the extent that it corresponds to the amount entered as income or charge for the hedged item. However, any loss exceeding the rise in the value of the hedged item is entered in whole as charge. The difference between the current value and a higher book value of a derivative contract signed for other than hedging is entered as charge in the profit and loss account. Unrealized gain is not entered in the books. In the brokerage business, however, all profit and loss for derivative contracts is entered in the profit and loss account. The difference between the current and book values of derivatives not entered in the profit and loss account and any maximum losses for non-hedging contracts in non-life insurance companies are taken into account in the solvency margin calculation.

d) Book value of other assets than investments

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

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

e) Unrealized gains on and revaluation of investments

The book values of land and water areas, buildings and securities can be written up if the current values of these items are, on a permanent basis, materially higher than their original acquisition cost. Write-ups of items classified as investments are entered in the profit and loss account as unrealized gains, and write-ups of items classified as fixed assets are entered in the revaluation reserve. The revaluation reserve may be used for bonus issues to the extent that the reserve, at the time of the bonus issue, pertains to investments classified as fixed assets. Write-ups are made observing the principle of prudence.

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

Unrealized gains on buildings are depreciated according to schedule.

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

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

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

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

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

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

The provision for unearned premiums includes that part of premiums written which is attributable to the period after the balance-sheet date. The amount of the provision is mainly calculated by statistical methods. The provision is increased by a provision for unexpired risks if effective insurance contracts are expected to yield a loss during the remaining insurance period. Policy acquisition costs are shown as charges for that financial year in which they are incurred.

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

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

The provision for claims outstanding includes the equalization provision, which, too, has to be shown separately in the balance sheet. The purpose of the equalization provision is to balance the annual fluctuations of claims incurred and to maintain the insurance undertaking's solvency. The size of the equalization provision is determined on the bases of calculation prescribed by the Insurance.

Supervision Authority. Confirmation of new bases of calculation has to be sought in advance. The equalization provision increases if the loss ratio is less than the average for previous years, and decreases if the loss ratio exceeds that average. Moreover, an amount calculated in accordance with confirmed bases must be transferred to the equalization provision. This amount can, for the class of insurance concerned, be 0% to 15% of premiums earned, net of reinsurance. In addition, the equalization provision must always be raised by an interest of four per cent calculated on the opening balance of the equalization provision.

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

h) Book value of other liabilities

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

i) Deferred tax liabilities and assets

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

Under Finnish accounting and tax legislation, untaxed reserves (voluntary provisions and depreciation in excess of schedule) can be included in the annual accounts. These items are tax-deductible only if deducted also in the books. In the consolidated accounts, untaxed reserves are included partly in profit for financial year and reserves and partly in deferred tax charge and deferred tax liability.

All deferred tax liabilities and assets pertaining to timing differences between taxable profit and accounting profit and to other temporary differences are also entered in the balance sheet. The most important items originate from consolidation goodwill allocated to land and buildings; from value adjustments of investments in land and buildings and from their revaluations entered in the revaluation reserve; as well as from internal gains and losses. No tax liability is included in unrealized gains on investments entered in the profit and loss account because these are accounted for as taxable profit for the write-up year and the depreciation and value adjustment made on them are correspondingly deducted from the taxable profit.

Deferred tax liability is also included in the difference between current and book values of investments shown in the notes on the accounts. When calculating the net asset value/share, return on equity and equity to balance-sheet total, deferred tax liability is throughout deducted in full from difference between current and book values of investments, while from solvency margin, solvency capital and solvency ratio, deferred tax liability is deducted only if such liability is deemed likely to become payable in the near future. From the difference between current and book values of investments in the parent company, deferred tax liability has been deducted in full, whereas in non-life insurance the deduction has been made on an 18% portion of the difference between current and book values of investments (60% in 2001).

The deferred tax liabilities and assets are shown in accordance with the tax rate valid at the time of closing the accounts. The tax rate applied is 29% (28% in 1998).

j) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and if it is probable that an expenditure or loss arising from such an obligation is likely to be incurred. If the exact amount of future expenditure or loss or the date when such expenditure or loss will be incurred is unknown, the item is shown in the balance sheet as a provision, otherwise as accruals. For the social security costs arising from the unused option rights of the key staff, a provision is made on the basis of the current value of the options. The provision is adjusted along with changes in the share price.

k) Solvency margin and solvency capital

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

l) Company's own shares

All Series C shares of Pohjola were returned to the company against no consideration as the targets set for obtaining the shares were not met.

When calculating the key figures, the company's own shares are not included in the number of shares.

m) Items in foreign currencies

Transactions in foreign currencies are entered at the rate quoted on the date of the transaction. Receivables and liabilities unsettled at the end of the financial year and current values of investments denominated in foreign currencies are translated into euros at the rates quoted on December 31. Exchange gains and losses arising during the financial year and at year-end are entered in the profit and loss account as adjustments of the income and charges concerned or as investment income or charges, provided that the exchange gains and losses pertain to financing transactions or the foreign insurance business. The exchange gains and losses in the foreign insurance business are calculated as a difference between variable and year-end rates.

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

n) Pension arrangements

The pension cover for those employed by the domestic affiliated undertakings has been arranged through pension schemes taken out from Ilmarinen Mutual Pension Insurance Company and Suomi Insurance Company Ltd. For the employees of Pohjola's foreign subsidiaries, pension cover has been arranged in accordance with the respective local practice. The accrued pension premium charges have been entered in the profit and loss account.

The pension benefits for certain employees are based on the company's own pension commitments. The pension liability is computed by actuarial methods and is entered in the profit and loss account.

o) Activity-based profit and loss account

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

p) Information by segment

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

The investment services segment includes companies providing investment banking, securities brokerage, fund management and asset management services.

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

The other operations segment includes the Group's administrative and IT service companies and group administration of Pohjola and Conventum.

In reporting by segment, internal transactions of segments have been eliminated but transactions between segments have not been eliminated. Transfer prices between segments are the prices between the legal entities.

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

q) Definition of key figures

General

The key figures are based on consolidated data and comply with the exceptional permission issued by the Finnish Accounting Board for the insurance industry on September 17, 2002 and the regulations issued by the Finnish Insurance Supervision Authority for insurance companies on September 23, 2002. The exceptional permission was granted for 2002 and 2003.

The Finnish Accounting Board has given the insurance industry permission to deviate from the regulations of the Ministry of Finance ordinance in respect of the following:

- The market values of securities subject to public trading are not specified by balance-sheet item since the total current value of each balance-sheet item is shown in the notes on the accounts.
- Volume of orders is not reported because of the special nature of insurance.
- Research and development costs and gross investments in fixed assets are not reported unless these are significant for providing a true and fair view of the result of the operations and the financial position of the company.
- Return on invested capital is replaced by return on assets.

Turnover =

Non-life insurance

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

Life insurance

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

Premiums written =

Premiums written before reinsurers' share

Operating profit or loss =

Non-life insurance

± Profit or loss before change in equalization provision, unrealized gains/losses on investments, extraordinary items and tax

Life insurance

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

Return on equity at current values (%) =

± Profit or loss before extraordinary items and tax
± Revaluation entered in/withdrawn from revaluation reserve
± Change in difference between current and book values of investments
\- Tax
± Change in deferred tax liability on difference between current and book values of investments
__________ x 100
\+ Capital and reserves
\+ Minority interest
± Difference between current and book values of investments
\- Deferred tax liability on difference between current and book values of investments
(average of Jan. 1 and closing date)

Return on assets, excl. unit-linked insurance, at current values (%) =

± Operating profit or loss
\+ Interest on and charges for loans
\+ Interest assumption of technical provisions
± Unrealized gains and losses of investments (non-life insurance)
± Revaluation entered in/withdrawn from revaluation reserve
± Change in difference between current and book values of investments
__________ x 100
\+ Balance-sheet total
\- Technical provisions for unit-linked insurance
± Difference between current and book values of investments
(average of Jan. 1 and closing date)

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

\+ Capital and reserves
\+ Minority interest
± Difference between current and book values of investments
\- Deferred tax liability on difference between current and book values of investments
__________ x 100
\+ Balance-sheet total
± Difference between current and book values of investments

Average number of employees =

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

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

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

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

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

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

Loss ratio + expense ratio

A major part of the provision for claims in statutory workers' compensation insurance and motor third party liability insurance consists of long-term pension liabilities. For annuities, the provision for claims is calculated in accordance with the present value method and the increase in technical provisions due to the flow of time is entered under claims incurred. To improve comparability internationally, the combined ratio has also been shown before unwinding of discount, whereby claims incurred are reduced and premiums earned are increased by the unwinding of discount when calculating the loss ratio.

Expense ratio (%) (life insurance) =

$$\frac{\begin{array}{l} + \text{ Operating expenses before change in deferred policy acquisition costs} \\ + \text{ Claims settlement expenses} \end{array}}{\text{Expense loading}} \times 100$$

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

Income/expenses ratio (investment services) =

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

Depreciation does not include depreciation on consolidation goodwill.

Return on investments at current values before tax (%) =

$$\frac{\begin{array}{l} + \text{ Investment income and charges before expenses for Group investment organization} \\ \pm \text{ Unrealized gains and losses of investments} \\ \pm \text{ Revaluation entered in/withdrawn from revaluation reserve} \\ \pm \text{ Change in difference between current and book values of investments} \end{array}}{\begin{array}{l} + \text{ Book value of investments} \\ \pm \text{ Difference between current and book values of investments} \\ \quad \text{(average of Jan. 1 and closing date)} \end{array}} \times 100$$

Solvency margin =

- \+ Capital and reserves after deduction of proposed distribution of profit
- ± Difference between current and book values of investments
- ± Deferred tax liability (amount likely to be payable in near future)
- \+ Subordinated loans
- \- Intangible assets
- ± Other items required by ordinance

Solvency capital =

Solvency margin + equalization provision + minority interest

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

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

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

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

Solvency ratio (%) (life insurance) =

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

Earnings/share =

$$\frac{\begin{array}{l} \pm \text{ Profit or loss before extraordinary items and tax} \\ - \text{ Tax} \\ - \text{ Minority share} \end{array}}{\text{Adjusted average number of shares}}$$

Capital and reserves/share =

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

Net asset value/share at current values =

$$\frac{\begin{array}{l} + \text{ Capital and reserves} \\ \pm \text{ Difference between current and book values of investments} \\ - \text{ Deferred tax liability on difference between current and book values of investments} \\ - \text{ Minority share of difference between current and book values of investments} \end{array}}{\text{Adjusted number of shares at closing date}}$$

Dividend/share =

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

Dividend/earnings (%) =

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

Effective dividend yield (%) =

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

Price/earnings ratio (P/E ratio)=

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

Adjusted average share price =

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

Adjusted share price, lowest and highest =

Lowest and highest share price in public trading

Adjusted share price on Dec. 31 =

Last trading price of financial year

Market capitalization =

Number of shares at closing date x last trading price of financial year

Development of turnover =

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

Dilution effect of option rights

The number of shares is increased by the number of shares to which the option rights given entitle. The resulting number of shares is reduced by the number of shares that could have been acquired at the current value of the shares with the funds received in share subscription. Should the dilution effect decrease the number of shares, the key figures adjusted by the dilution effect are not shown.

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

Group EUR million	Premiums written (before reinsurers' share)	Premiums earned (before reinsurers' share)	Claims incurred (before reinsurers' share)	Operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Balance on technical account before change in collective guarantee item and equalization provision						
Direct insurance						
Statutory workers' compensation						
2002	**164.0**	**163.8**	**-168.9**	**-11.8**	**0.1**	**-16.8**
2001	120.0	120.2	-163.9	-9.6	-	-53.2
2000	137.8	138.1	-116.1	-8.7	-	13.3
Other accident and health						
2002	**43.3**	**42.8**	**-33.4**	**-14.8**	**-0.5**	**-6.0**
2001	35.7	35.4	-28.7	-11.0	-0.5	-4.8
2000	35.1	34.9	-27.8	-10.5	-0.3	-3.7
Motor. third party liability						
2002	**121.1**	**117.5**	**-109.3**	**-27.9**	**-0.7**	**-20.4**
2001	94.0	93.7	-85.2	-19.8	-0.3	-11.6
2000	92.5	90.8	-96.4	-21.8	-0.3	-27.7
Motor. other classes						
2002	**111.0**	**103.5**	**-80.3**	**-25.5**	**-1.1**	**-3.5**
2001	72.6	73.0	-51.4	-16.8	-	4.8
2000	73.0	72.4	-52.9	-18.0	-	1.5
Marine. aviation and transport						
2002	**33.7**	**30.8**	**-19.7**	**-10.3**	**-2.2**	**-1.4**
2001	28.8	28.2	-18.9	-10.3	-0.5	-1.5
2000	27.2	27.0	-21.3	-8.8	-1.1	-4.1
Fire and other damage to property						
2002	**121.7**	**119.3**	**-105.8**	**-44.5**	**-9.8**	**-40.8**
2001	102.7	102.2	-95.8	-37.0	-4.9	-35.5
2000	100.9	103.0	-73.8	-34.6	-4.9	-10.2
Third party liability						
2002	**40.3**	**48.3**	**-27.0**	**-10.2**	**-12.3**	**-1.2**
2001	29.4	27.7	-23.7	-6.5	-2.5	-5.0
2000	31.0	28.8	-24.8	-5.7	-0.9	-2.6
Miscellaneous						
2002	**24.1**	**23.7**	**-15.4**	**-8.2**	**-6.1**	**-5.9**
2001	27.7	26.7	-11.6	-6.0	-8.2	0.9
2000	26.5	22.9	-17.0	-7.2	0.5	-0.7
Direct insurance in total						
2002	**659.2**	**649.7**	**-559.9**	**-153.2**	**-32.7**	**-96.1**
2001	510.8	507.2	-479.1	-117.0	-16.9	-105.9
2000	524.0	517.9	-430.0	-115.4	-7.0	-34.4
Reinsurance						
2002	**47.8**	**45.7**	**-16.9**	**-7.7**	**-20.1**	**1.0**
2001	41.8	42.0	-32.8	-7.1	6.7	8.9
2000	27.0	25.7	-71.6	-6.8	36.2	-16.4
Total						
2002	**706.9**	**695.3**	**-576.8**	**-160.9**	**-52.8**	**-95.2**
2001	552.6	549.2	-511.9	-124.1	-10.1	-97.0
2000	551.1	543.6	-501.6	-122.1	29.3	-50.8

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

Group EUR million	Premiums written (before reinsurers' share)	Premiums earned (before reinsurers' share)	Claims incurred (before reinsurers' share)	Operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Balance on technical account by group of insurance classes/ non-life insurance						
Change in collective guarantee item						
2002						**-1.2**
2001						-1.0
2000						-1.0
Change in equalization provision						
2002						**22.0**
2001						26.6
2000						-14.3
Total						
2002						**-74.3**
2001						-71.4
2000						-66.1

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

Parent company EUR million	Premiums written (before reinsurers' share)	Premiums earned (before reinsurers' share)	Claims incurred (before reinsurers' share)	Operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Balance on technical account before change in collective guarantee item and equalization provision						
Direct insurance in total						
2002	**-**	**-**	**-**	**-**	**-**	**-**
2001	-	-	0.7	-	-0.7	-
Reinsurance						
2002	**-**	**-**	**-**	**-**	**-**	**-**
2001	7.3	2.4	-2.9	-1.6	-0.1	-2.3
Total						
2002	**-**	**-**	**-**	**-**	**-**	**-**
2001	7.3	2.4	-2.2	-1.6	-0.8	-2.3
Change in equalization provision						
2002						**-**
2001						1.8
Total						
2002						**-**
2001						-0.4

3. Premiums written of non-life insurance

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Direct insurance				
In Finland	**632.9**	509.9	**-**	-
In EEA countries	**0.1**	0.3	**-**	-
In other countries	**26.2**	0.6	**-**	-
Total	**659.2**	510.8	**-**	-
Reinsurance				
Non-life insurance	**42.8**	36.5	**-**	7.3
Life insurance	**5.0**	5.3	**-**	-
Total	**47.8**	41.8	**-**	7.3
Total (before reinsurers' share)	**706.9**	552.6	**-**	7.3
Items deducted from premiums written				
Credit loss on premiums	**5.4**	5.6	**-**	-
Premium tax	**72.1**	70.0	**-**	-
Public charges and fees				
Fire brigade charge	**1.1**	1.1	**-**	-
Road safety charge	**1.0**	1.0	**-**	-
Occupational safety charge	**2.7**	2.2	**-**	-
Medical treatment fee forwarded to the State	**12.0**	10.8	**-**	-
	94.3	90.6	**-**	-

4. Premiums written of life insurance

EUR million	Group 2002	Group 2001
Direct insurance		
In Finland	**-**	44.0
In other countries	**-**	0.6
Total (before reinsurers' share)	**-**	44.6
Items deducted from premiums written		
Credit loss on premiums	**-**	-

Premiums written of life insurance

EUR million	Group 2002	Group 2001
Specification of premiums written, direct insurance		
Life insurance		
Individual life insurance policies where the investment risk is borne by the policyholders	-	3.6
Other individual life insurance	-	6.9
Capital redemption policies where the investment risk is borne by the policyholders	-	0.6
Other capital redemption policies	-	14.6
Employees' group life insurance	-	2.5
Other group life insurance	-	2.1
Total	-	30.2
Pension insurance		
Individual pension insurance policies where the investment risk is borne by the policyholders	-	2.3
Other individual pension insurance	-	9.2
Group pension insurance policies where the investment risk is borne by the policyholders	-	0.1
Other group pension insurance	-	2.8
Total	-	14.4
Total	-	44.6
Periodic premiums	-	23.2
Single premiums	-	21.4
Total	-	44.6
Premiums from non-bonus contracts	-	-
Premiums from bonus contracts	-	38.1
Premiums from contracts where the investment risk is borne by the policyholders	-	6.5
Total	-	44.6

5. Claims paid of life insurance and bonuses and rebates

EUR million	Group 2002	Group 2001
Claims paid		
Direct insurance		
Claims paid		
Life insurance	-	48.7
Pension insurance	-	9.0
Total	-	57.7
Surrenders		
Life insurance	-	16.7
Pension insurance	-	1.0
Total	-	17.7
Claims settlement expenses		
Life insurance	-	0.2
Pension insurance	-	0.1
Total	-	0.3
Total	-	75.7
Bonuses and rebates		
Effect on balance on technical account of bonuses and rebates declared in financial year	-	7.2

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

EUR million	Group 2002	Group 2001
Non-life insurance		
Claims paid		
Claims settlement expenses	**53.0**	41.6
Operating expenses		
Acquisition costs		
Direct insurance commissions	**10.0**	5.0
Commissions and profit participation, assumed reinsurance	**3.7**	4.3
Other acquisition costs	**57.0**	36.3
Total	**70.6**	45.6
Portfolio administration expenses	**59.1**	51.5
Other administrative expenses	**31.2**	26.9
Commissions and profit participation, ceded reinsurance	**-6.7**	-6.1
Operating expenses in total	**154.2**	118.0
Investment charges		
Investment management expenses (own organization)	**3.1**	2.8
Other charges		
Expenses for services sold	**10.9**	8.1
Non-life insurance in total	**221.1**	170.6
Life insurance		
Claims paid		
Claims settlement expenses	**-**	0.3
Operating expenses		
Acquisition costs		
Direct insurance commissions	**-**	0.4
Other acquisition costs	**-**	1.2
Total	**-**	1.6
Portfolio administration expenses	**-**	1.4
Other administrative expenses	**-**	0.8
Operating expenses in total	**-**	3.7
Investment charges		
Investment management expenses (own organization)	**-**	0.3
Other charges		
Expenses for services sold	**-**	0.7
Life insurance in total	**-**	5.1

Operating expenses by profit and loss account item and by activity

EUR million	Group 2002	Group 2001
Other operations		
Investment charges		
Investment management expenses (own organization)	**0.9**	0.6
Other charges		
Administrative expenses	**9.1**	10.0
Expenses for investment services	**14.1**	4.1
Other expenses for services sold	**37.6**	32.2
Other operations in total	**61.6**	47.0
Operating expenses in total	**282.8**	222.7
Operating expenses include		
Scheduled depreciation on intangible assets and on machinery and equipment	**15.2**	14.0
Depreciation on goodwill	**0.4**	0.3
Gains and losses on realization of intangible assets and of machinery and equipment	**-0.4**	-0.1
Operating expenses do not include		
Change in provisions	**13.8**	-
Depreciation on consolidation goodwill and on goodwill	**2.5**	4.6

7. Specification of social costs, staff and members of corporate bodies

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Social costs in profit and loss account				
Salaries and remunerations	**112.4**	91.6	**10.5**	7.3
Pension expenses	**20.3**	17.1	**2.7**	2.9
Other social security costs	**8.5**	7.6	**1.0**	0.8
Total	**141.3**	116.3	**14.2**	11.0
Average number of employees during financial year				
Office staff	**2 757**	2 338	**177**	137
Sales staff	**364**	293	**-**	-
Real estate management staff	**49**	59	**42**	52
Total	**3 170**	2 690	**219**	189

Specification of social costs, staff and members of corporate bodies

EUR million	2002	2001
Information on Board members, Presidents and Managing Directors		
Group		
Salaries and remunerations as per profit and loss account		
Salaries and remunerations paid to Board members by reason of their responsibilities	**0.7**	0.5
Salaries and remunerations paid to Presidents and Managing Directors by reason of their responsibilities	**1.5**	1.8
Total	**2.2**	2.3
Salaries, remunerations and fringe benefits paid in financial year	**2.6**	2.4
Parent company		
Salaries and remunerations as per profit and loss account		
Salaries and remunerations paid to Board members by reason of their responsibilities	**0.6**	0.4
Salaries and remunerations paid to President	**0.3**	0.6
Total	**0.9**	1.0

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

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

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

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

The Presidents and Managing Directors of subsidiaries are, once they have reached the age of 62 or 65, entitled to retire on a pension amounting to 60% of the pensionable salary calculated in accordance with TEL, provided that they, at the age of 62 or 65, have at least 30 years of service. One previous President has the right to retire on a full 60% pension as per TEL once he has reached the age of 60.

8. Net investment income

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Investment income				
Income from affiliated undertakings				
Dividends	-	-	195.6	364.5
Interest	-	-	2.6	0.3
Total	-	-	198.2	364.8
Income from participating interests				
Dividends	-	-	1.5	1.9
Interest	0.1	-	-	-
Total	0.1	-	1.5	1.9
Income from land and buildings				
Dividends				
Other	0.3	0.3	-	-
Other				
Other	13.9	12.8	-	-
Total	14.2	13.1	-	-
Income from other investments				
Dividends	44.3	57.3	14.9	14.2
Interest				
Affiliated undertakings	-	-	2.4	1.2
Other	74.9	89.6	8.5	16.5
Other	12.3	3.7	0.4	1.3
Total	131.6	150.7	26.2	33.1
Total	145.9	163.8	225.9	399.8
Value re-adjustments on investments	6.0	35.7	-	-
Gains on realization of investments	322.9	140.2	68.2	7.8
Investment income in total	474.8	339.6	294.2	407.5
Investment charges				
Charges for land and buildings	12.6	10.6	-	-
Provision	2.6	-	-	-
Charges for other investments	7.3	8.7	1.6	1.0
Interest and other financing charges				
Affiliated undertakings	-	-	2.6	1.3
Other	6.1	4.9	3.8	1.2
Total	28.6	24.2	7.9	3.4
Value adjustments and depreciation				
Value adjustments on investments	106.2	98.0	2.5	-
Scheduled depreciation on buildings	4.5	4.8	-	-
Depreciation on unallocated consolidation goodwill	0.1	0.1	-	-
Total	110.8	102.9	2.5	-
Losses on realization of investments	42.7	20.8	0.1	1.7
Investment charges in total	182.1	147.9	10.5	5.1

Net investment income

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Net investment income before unrealized gains and losses	**292.7**	191.7	**283.7**	402.4
Unrealized gains on investments	**-**	0.4	**-**	-
Unrealized losses on investments	**-**	-10.4	**-**	-
Net investment income in profit and loss account	**292.7**	181.7	**283.7**	402.4
Net investment income includes				
Exchange gains/losses on insurance business	**9.9**	-2.8	**-**	-
Other exchange gains/losses on investments	**-3.0**	-	**-1.1**	0.2
Net investment income of contracts where the investment risk is borne by the policyholders	**-**	-16.4	**-**	-
Breakdown regarding investment services				
Breakdown of net income from securities transactions				
Net income from quoted investments	**-1.6**	1.9		
Total values of securities held as current assets purchased and sold in financial period				
Shares				
Sold	**1 783.3**	281.9		
Purchased	**1 788.6**	279.3		

9. Extraordinary items

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Extraordinary income				
Gains on realization of subsidiaries	**-**	176.9	**-**	99.2
Extraordinary charges				
Group contribution	**-**	-	**-57.0**	-
Losses on realization of subsidiaries	**-**	-0.4	**-**	-0.4
Tax on profit on extraordinary items				
Tax for financial year/group contribution	**-**	-	**16.5**	-
Tax for financial year/gains/losses on realization	**-**	-28.5	**-**	-28.5
Deferred tax/gains/losses on realization	**-**	4.4	**-**	-0.1

10. Income and charge items affecting comparability of profit

EUR million	Group 2002	Group 2001
Non-life insurance		
Premiums written	**6.1**	-11.3
Change in provision for unearned premiums		
Provision for unearned premiums	**-6.1**	-
Provision for unexpired risks	**-4.5**	-
Change in provision for claims	**-**	-43.9
Change in equalization provision		
Change in calculation basis. Adjustment of technical provisions in 1999-2001 eliminated from average loss ratios	**16.9**	-
	12.4	-55.2

11. Grounds for scheduled depreciation

Buildings and constructions

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

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

Intangible assets, machinery and equipment

Scheduled depreciation is calculated on the acquisition cost per commodity (in previous years partly per group of commodities) in accordance with the straight-line depreciation method applying the following estimated useful lives of groups of commodities. The depreciation periods and corresponding annual depreciation percentages are:

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

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

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

12. Changes in intangible assets and in machinery and equipment

Group EUR million	Intangible rights	Goodwill	Unallocated consolidation goodwill	Other long-term expenses	Machinery and equipment
Acquisition cost Jan. 1, 2002	24.1	30.5	25.2	13.8	42.6
Transfer between items	-1.1	-	-	1.1	-
Increase	4.7	-	1.7	4.0	6.8
Decrease	-0.4	-	-3.2	-0.4	-0.9
Adjustments of acquisition cost and accumulated depreciation	3.4	-	-0.9	0.9	11.0
Acquisition cost Dec. 31, 2002	30.7	30.5	22.8	19.4	59.5
Accumulated depreciation Jan. 1, 2002	-8.6	-16.9	-2.7	-7.6	-21.5
Accumulated depreciation related to decrease and transfers	0.3	-	-	-	0.3
Depreciation in financial year	-5.3	-1.7	-1.3	-2.5	-7.5
Adjustments of acquisition cost and accumulated depreciation	-3.4	-	0.9	-0.9	-11.0
Accumulated depreciation Dec. 31, 2002	-17.0	-18.6	-3.1	-11.1	-39.6
Book value Dec. 31, 2002	13.7	11.9	19.7	8.3	19.9
Book value Dec. 31, 2001	15.4	13.6	22.4	6.2	21.1
Consolidation goodwill (asset) Dec. 31, 2002			19.8		
Consolidation goodwill (liability) Dec. 31, 2002			-0.2		
Total Dec. 31, 2002			19.7		
Depreciation on consolidation goodwill (asset)			-1.5		
Decrease in consolidation goodwill (liability)			0.2		
Total			-1.3		

Changes in intangible assets and in machinery and equipment

Parent company EUR million	Intangible rights	Other long-term expenses	Machinery and equipment	Other tangible assets
Acquisition cost Jan. 1, 2002	15.4	0.2	21.9	2.0
Increase	2.6	-	11.7	-
Decrease	-	-	-2.8	-
Adjustments of acquisition cost and accumulated depreciation	-0.4	0.1	-0.2	-
Acquisition cost Dec. 31, 2002	17.5	0.3	30.7	2.0
Accumulated depreciation Jan. 1, 2002	-6.4	-0.1	-15.0	-
Accumulated depreciation related to decrease and transfers	-	-	-3.4	-
Depreciation in financial year	-3.1	-0.1	-3.2	-
Adjustments of acquisition cost and accumulated depreciation	0.4	-0.1	0.2	-
Accumulated depreciation Dec. 31, 2002	-9.1	-0.3	-21.5	-
Book value Dec. 31, 2002	8.5	0.1	9.2	2.0
Book value Dec. 31, 2001	9.1	0.1	6.9	2.0

All machinery and equipment is used by administrative operations.

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

Group EUR million	2002 Remaining acquisition cost	2002 Book value	2002 Current value	2001 Remaining acquisition cost	2001 Book value	2001 Current value
Investments in land and buildings						
Land and buildings	**110.9**	**116.6**	**130.7**	155.4	173.5	207.9
Shares in land and buildings related to participating interests	**13.4**	**13.4**	**14.4**	12.2	12.2	12.5
Other shares in land and buildings	**9.5**	**9.5**	**10.2**	16.7	16.7	17.2
Investments in participating interests						
Shares in associated undertakings	**20.2**	**18.2**	**17.9**	20.9	19.1	21.1
Participating interests	**0.2**	**0.2**	**0.2**	0.2	0.2	0.2
Debt securities	**0.1**	**0.1**	**0.2**	0.1	0.1	0.2
Loans	**1.0**	**1.0**	**1.0**	-	-	-
Other investments						
Shares	**606.5**	**608.1**	**911.2**	750.1	753.2	1 565.3
Debt securities	**1 454.0**	**1 456.3**	**1 502.5**	1 253.3	1 254.0	1 273.7
Mortgage loans	**5.2**	**5.2**	**5.2**	-	-	-
Other loans	**0.6**	**0.6**	**0.6**	0.1	0.1	0.1
Deposits with credit institutions	**24.1**	**24.1**	**24.1**	56.0	56.0	56.0
Deposits with ceding undertakings	**4.0**	**4.0**	**4.0**	7.0	7.0	7.0
	2 249.7	**2 257.3**	**2 622.3**	2 272.0	2 292.0	3 161.1
Land and buildings and shares therein, occupied by company	**76.1**	**81.4**	**85.4**	62.8	68.2	71.6
Remaining acquisition cost of debt securities includes that difference between the amount repayable at maturity and purchase price which has been released to interest income (+) or charged to interest income (-)	**-5.7**			-3.0		
Book value includes						
Unrealized gains entered in profit and loss account		**4.2**			11.5	
Revaluation entered in revaluation reserve		**5.3**			10.4	
		9.5			21.8	
For unrealized gains and revaluation, see section 1 e of notes on the accounts						
Difference between current and book values			**365.1**			869.1
Breakdown regarding investment services						
Subordinated claims						
Debt securities. others		**4.8**			3.7	
Debt securities by type of asset, broken down into quoted and other securities						
Securities held as current assets, quoted						
Government bonds		**35.0**			-	
Securities held as current assets, unquoted						
Convertible bonds		**-**			0.3	
Convertible subordinated loans		**4.8**			3.7	
Shares by type of asset, broken down into quoted and other shares						
Shares						
Securities held as current assets, quoted		**6.6**			5.5	
Securities held as current assets, unquoted		**13.2**			-	
Other, unquoted		**0.1**			26.8	

Investments: current value, book value and their difference

Parent company EUR million	2002 Remaining acquisition cost	2002 Book value	2002 Current value	2001 Remaining acquisition cost	2001 Book value	2001 Current value
Fixed assets/investments						
Shares in affiliated undertakings	**231.0**	**231.0**	**232.3**	226.6	226.6	391.1
Amounts owed by affiliated undertakings	**50.6**	**50.6**	**50.6**	1.5	1.5	1.5
Participating interests	**7.2**	**7.2**	**7.2**	9.4	9.4	9.7
Other shares	**140.8**	**141.6**	**275.2**	145.9	147.1	605.7
Other debtors	**1.1**	**1.1**	**1.1**	0.1	0.1	0.1
	430.6	**431.5**	**566.4**	383.4	384.6	1 008.0
Current assets/investments						
Other securities	**53.4**	**53.4**	**53.9**	213.2	213.2	213.8
	484.1	**485.0**	**620.3**	596.6	597.8	1 221.8
Remaining acquisition cost of debt securities includes that difference between the amount repayable at maturity and purchase price which has been released to interest income (+) or charged to interest income (-)	**-0.7**			0.9		
Book value includes						
Unrealized gains entered in profit and loss account		**0.9**			1.2	
For unrealized gains, see section 1 e of notes on the accounts						
Difference between current and book values			**135.3**			624.1

14. Investments in land and buildings

EUR million	Group 2002	Group 2001
Land and buildings and shares therein		
Acquisition cost Jan. 1	**264.4**	282.7
Adjustments of acquisition cost, accumulated depreciation and value adjustments	**1.6**	-
Increase	**2.7**	62.6
Decrease	**-55.0**	-80.8
Acquisition cost Dec. 31	**213.6**	264.4
Unrealized gains and revaluation Jan. 1	**25.0**	25.0
Decrease	**-18.7**	-
Unrealized gains and revaluation Dec. 31	**6.3**	25.0
Accumulated depreciation Jan. 1	**-61.7**	-64.2
Adjustments of acquisition cost, accumulated depreciation and value adjustments	**-9.9**	-
Accumulated depreciation related to decrease and transfers	**15.4**	7.3
Depreciation in financial year	**-4.5**	-4.8
Accumulated depreciation Dec. 31	**-60.8**	-61.7
Value adjustments Jan. 1	**-25.3**	-32.8
Adjustments of acquisition cost, accumulated depreciation and value adjustments	**8.3**	-
Value adjustments related to decrease and transfers	**1.2**	8.1
Value adjustments in financial year	**-4.0**	-0.7
Value adjustments Dec. 31	**-19.7**	-25.3
Book value Dec. 31	**139.4**	202.4

15. Investments in affiliated undertakings

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Shares				
Acquisition cost Jan. 1	**2.5**	5.3	**229.2**	318.4
Increase	**-**	-	**2.2**	107.4
Decrease	**-0.2**	-2.8	**-0.2**	-196.7
Transferred participating interests	**-**	-	**2.2**	-
Acquisition cost Dec. 31	**2.3**	2.5	**233.4**	229.2
Value adjustments Jan. 1	**-2.5**	-2.6	**-2.6**	-5.2
Accumulated value adjustments related to decrease	**0.2**	0.2	**0.2**	2.6
Value adjustments Dec. 31	**-2.3**	-2.5	**-2.4**	-2.6
Book value Dec. 31	**-**	-	**231.0**	226.6
Loans				
Acquisition cost Jan. 1	**-**	-	**1.5**	1.5
Increase	**-**	-	**21.5**	1.5
Decrease	**-**	-	**-12.3**	-1.5
Acquisition cost Dec. 31	**-**	-	**10.6**	1.5
Subordinated loan debtors				
Acquisition cost Jan. 1	**-**	-	**-**	-
Increase	**-**	-	**40.0**	-
Acquisition cost Dec. 31	**-**	-	**40.0**	-

The subordinated loan will be in force until further notice. For the parent company, the notice period is five years and, for the debtor one month. The annual interest rate is the average annual return on Finnish government five-year bonds on the secondary market increased by two percentage points. The debtor is Pohjola Non-Life Insurance Company Ltd.

16. Investments in participating interests

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Shares				
Acquisition cost and equity-method adjustments related to associated undertakings Jan. 1	**19.2**	12.4	**9.4**	9.1
Increase	**12.3**	7.4	**-**	0.4
Decrease	**-3.5**	-0.6	**-**	-
Transfers to affiliated undertakings	**-3.7**	-	**-2.2**	-
Adjustments of acquisition cost and accumulated depreciation	**2.0**	-	-	-
Acquisition cost and equity-method adjustments related to associated undertakings Dec. 31	**26.2**	19.2	**7.2**	9.4
Accumulated depreciation (consolidation goodwill) Jan. 1	**0.1**	0.1	**-**	-
Depreciation in financial year	**-5.5**	-	**-**	-
Transfers to affiliated undertakings	**-0.1**	-	**-**	-
Adjustments of acquisition cost and accumulated depreciation	**-2.0**	-	**-**	-
Accumulated depreciation (consolidation goodwill) Dec. 31	**-7.4**	0.1	**-**	-
Value adjustments Jan. 1	**-**	-	**-**	-
Value adjustments in financial year	**-0.4**	-	**-**	-
Value adjustments Dec. 31	**-0.4**	-	**-**	-
Book value Dec. 31	**18.4**	19.3	**7.2**	9.4
Non-depreciated consolidation goodwill (asset) Dec. 31	**5.9**	4.5		
Consolidation goodwill (liability) not released to income Dec. 31	**-**	-		
Debt securities				
Acquisition cost Jan. 1	**0.2**	1.7		
Increase	**-**	0.3		
Decrease	**-**	-1.8		
Acquisition cost Dec. 31	**0.2**	0.2		
Value adjustments Jan. 1	**-0.1**	-0.1		
Accumulated value adjustments related to decrease	**-**	0.1		
Value adjustments in financial year	**-**	-0.1		
Value adjustments Dec. 31	**-0.1**	-0.1		
Book value Dec. 31	**0.1**	0.1		
Loans				
Acquisition cost Jan. 1	**-**	-		
Increase	**2.0**	-		
Decrease	**-1.0**	-		
Acquisition cost Dec. 31	**1.0**	-		

17. Investments, other shares

EUR million	Parent company 2002	Parent company 2001
Acquisition cost Jan. 1	**147.5**	130.4
Increase	**7.5**	17.7
Decrease	**-10.2**	-0.6
Acquisition cost Dec. 31	**144.8**	147.5
Value adjustments Jan. 1	**-1.6**	-1.8
Accumulated value adjustments related to decrease	**-**	0.4
Value adjustments in financial year	**-2.4**	-0.2
Value adjustments Dec. 31	**-4.1**	-1.6
Unrealized gains and revaluation Jan. 1	**1.2**	1.2
Decrease	**-0.3**	-
Unrealized gains and revaluation Dec. 31	**0.9**	1.2
Book value Dec. 31	**141.6**	147.1

18 . Investments, other loans

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Acquisition cost Jan. 1			**0.1**	-
Increase			**2.0**	-
Decrease			**-1.0**	-
Acquisition cost Dec. 31			**1.1**	0.1
Other, no security	**0.6**	0.1		

Loans do not include inner-circle loans.

19. Holdings in other undertakings

EUR million

Name of company	Latest annual accounts Profit/loss	Latest annual accounts Capital and reserves	Domicile	Sector	Percentage of shares/votes	Group 2002 Book value	Parent company 2002 Book value
Affiliated undertakings							
Conventum Capital Limited			Helsinki	Investments	100.00		
Conventum Corporate Finance Limited			Helsinki	Investment banking	100.00		
Conventum Securities Limited			Helsinki	Brokerage	100.00		
Conventum Limited			Helsinki	Holding company	100.00		**60.2**
Conventum Limited optios 1999					100.00		**2.6**
Conventum Limited optios 2000-2001					100.00		**0.9**
Bothnia International Insurance Company Ltd.			Helsinki	Non-life insurance	100.00		**21.0**
Eurooppalainen Insurance Company Ltd			Helsinki	Non-life insurance	100.00		
Northclaims Oy			Helsinki	Non-active	100.00		
Pohjola Non-Life Insurance Company Ltd			Helsinki	Non-life insurance	100.00		**67.3**
Moorgate Insurance Company Limited			United Kingdom	Non-life insurance	100.00		**13.2**
Moorgate Insurance (Nominees) Limited			United Kingdom	Non-life insurance	100.00		
Russia Life Investments Limited			United Kingdom	Holding company	67.50/80.50		**1.7**
Closed Joint-Stock Company “RLIR”			Russia	Holding company	67.50/80.50		
Closed Joint-Stock Insurance Company “Principal”			Russia	Non-life insurance	67.50/80.50		
Finnish Insurance Services Oy			Helsinki	Non-active	100.00		**-**
Osmo Oy			Helsinki	Non-active	100.00		**-**
Pohjola International Consulting Ltd			Helsinki	Non-active	100.00		**-**
Pohjola Asset Management Ltd			Helsinki	Asset management	100.00		
Pohjola Fund Management Company Limited			Helsinki	Fund management	100.00		
A-Insurance Ltd			Helsinki	Non-life insurance	100.00		**42.0**
Pohjola Customer Service Ltd			Helsinki	Sales and customer service	100.00		**10.3**
Pohjola Administrative Services Ltd			Helsinki	Administrative services	100.00		**6.2**
Pohjolan Systeemipalvelu Oy			Helsinki	IT services	100.00		**1.7**
Pohjolan Atk-palvelu Oy			Helsinki	Computer operation services	40/60		**1.5**
Joint Stock Insurance Company “Seesam Latvia”			Latvia	Non-life insurance	45.00*) 50.05		**0.7**
Joint Stock Insurance Company “Seesam Lithuania”			Lithuania	Non-life insurance	39.34*) 50.07		**0.5**
Seesam International Insurance Company Ltd			Estonia	Non-life insurance	50.50		**1.1**
Affiliated undertakings, stated at cost							
Varma Mutual Insurance Company (in liquidation)	-	-0.3	Helsinki	Non-life insurance	100.00	**-**	**-**
						-	**231.0**

*) Parent company’s holding

Holdings in other undertakings

Name of company	Latest annual accounts Profit/loss	Latest annual accounts Capital and reserves	Domicile	Sector	EUR million Percentage of shares/votes	Group 2002 Book value	Parent company 2002 Book value
Participating interests							
Associated undertakings, accounted for by the equity method							
Autovahinkokeskus Oy			Espoo	Sale of damaged goods	27.75	**1.0**	
Delfoi Ltd			Espoo	Production e-business solutions	30.31	**1.0**	
Done Solutions Corporation			Helsinki	Preparation and sale of logistics solutions	25.81	**1.2**	
Futuremark Oy			Espoo	Development of benchmark software	32.51	**1.0**	
Lonix Oy			Leppävirta	Manufacturing of industrial automation systems	20.00	**1.1**	
Pirene Oy			Helsinki	Manufacturing of surface soil and waste treatment equipment	30.65	**0.7**	
Pohjanmaan Mikro Oy			Kempele	Manufacturing and sale of computers	25.00	**0.9**	
Profec Technologies Oy			Helsinki	Electronics industry	22.16	**0.7**	
Solid Information Technology Ltd			Helsinki	Information technology programs	20.53	**2.8**	
Suomen turvatarkastus Oy			Helsinki	Regulatory security inspections	47.00	**-**	
Vahinkopalvelu Oy			Loppi	Sale of damaged goods	46.67	**0.6**	
Associated undertaking, stated at cost							
Ilmarinen Mutual Pension Insurance Company	-33.5	70.8	Helsinki	Employment pension insurance	68.57/24.04	**7.2**	**7.2**
						18.2	**7.2**
Participating interests, stated at cost							
Euro-Center Holding A/S	-	1.3	Denmark	Claims services	16.67	**0.2**	**-**
Associated undertakings (real estate), included by proportional (34.2%) consolidation							
Asunto Oy Helsingin Korppaanmäki			Helsinki	Real estate management	34.20	**-**	**-**
Associated undertakings (real estate), stated at cost							
Asunto Oy Bertel Jungintie 10	-	1.7	Helsinki	Real estate management	46.40	**0.9**	
Asunto Oy Einonkatu 8	-	0.2	Imatra	Real estate management	42.77	**0.4**	
Asunto Oy Espoon Haukitie 2	-	0.7	Espoo	Real estate management	25.00	**0.2**	
Kiinteistö Oy Etelä-Esplanadi 12	-0.1	10.8	Helsinki	Real estate management	27.18	**5.9**	
Asunto Oy Forssan Hämeentie 11	-	2.1	Forssa	Real estate management	25.26	**0.5**	
Joensuun Metsätalo Oy	-	3.2	Joensuu	Real estate management	20.53	**0.9**	
Kiinteistö Oy Kaarinan City	-	1.0	Kaarina	Real estate management	34.38	**0.2**	
Kiinteistö Oy Kiteen Yhdyskulma	-	0.1	Kitee	Real estate management	24.42	**0.2**	
Asunto Oy Loimaan Pohjolankulma	-	1.3	Loimaa	Real estate management	27.19	**0.2**	
Kiinteistö Oy Nokian Nosturikatu 18	-0.5	0.1	Helsinki	Real estate management	33.33	**0.2**	
Sarfvik Oy	-	1.3	Kirkkonummi	Real estate management	20.00	**0.4**	
Asunto Oy Veräjänmäenmutka	-	0.2	Helsinki	Real estate management	31.11	**0.5**	
Asunto Oy Vilkenintie 18	-	0.3	Helsinki	Real estate management	25.00	**0.3**	
Kiinteistö Oy Ylivieskan Asemakulma	-	1.2	Ylivieska	Real estate management	25.22	**0.2**	
Asunto Oy Ranta	-	4.2	Hämeenlinna	Real estate management	27.12	**0.6**	
Asunto Oy Oravanpyörä	-	1.5	Vaasa	Real estate management	30.36	**0.5**	
Kiinteistö Oy Nisulanportti	-	0.8	Jyväskylä	Real estate management	34.72	**0.4**	
Kiinteistö Oy Kulmaleveri	-	0.9	Oulu	Real estate management	23.77	**0.7**	
Kiinteistö Oy Vilhonkulma	-	0.5	Mikkeli	Real estate management	20.39	**0.2**	
						13.4	-

Holdings in other undertakings

EUR million

Name of company	Domicile	Group 2002 Percentage of shares	Group 2002 Book value	Group 2002 Current value	Parent company 2002 Percentage of shares	Parent company 2002 Book value	Parent company 2002 Current value
Other companies							
Domestic companies, listed							
Alma Media Corporation	Finland	3.03	7.7	8.4			
Amer Group Plc	Finland	0.45	3.0	3.8			
Aspocomp Group Plc	Finland	3.96	0.8	2.5			
Elektrobit Group Plc	Finland	0.35	0.6	0.6			
Elisa Communications Corporation	Finland	0.57	4.5	4.5			
Finnlines Plc	Finland	3.50	14.3	14.3	0.73	3.0	3.0
Fortum Corporation	Finland	0.55	13.3	29.3	0.19	4.0	9.8
Huhtamäki Oyj	Finland	1.22	6.0	11.8	0.40	2.5	3.8
Incap Corporation	Finland	5.40	1.1	1.1	5.40	1.1	1.1
Instrumentarium Corporation	Finland	0.59	4.9	11.0			
Jaakko Pöyry Group Oyj	Finland	0.80	1.7	1.7			
KCI Konecranes International Plc	Finland	0.20	0.7	0.7			
Kemira Oyj	Finland	0.79	6.4	6.4			
Kesko Corporation	Finland	0.90	9.3	9.9			
Kone Corporation	Finland	1.57	2.5	28.6	0.87	1.2	15.8
Lassila & Tikanoja plc	Finland	4.32	2.2	10.6			
Lemminkäinen Corporation	Finland	6.89	10.4	18.8			
Lännen Tehtaat plc	Finland	2.55	1.1	1.6			
Martela Oyj	Finland	4.58	1.3	1.3			
Metso Corporation	Finland	0.77	10.8	10.8			
M-real Corporation	Finland	0.06	0.8	0.8			
Nokia Corporation	Finland	0.03	9.2	24.4			
Nokian Tyres plc	Finland	0.50	1.5	1.8			
Olvi plc	Finland	1.70	0.7	0.9			
Orion Corporation	Finland	0.84	11.5	12.1			
Outokumpu Oyj	Finland	0.10	1.4	1.4			
Oyj Leo Longlife Plc	Finland	3.06	0.7	0.7			
Perlos Corporation	Finland	0.49	1.5	1.5			
Polar Real Estate Corporation	Finland	0.81	0.8	0.8			
Rakentajain Konevuokraamo Oyj	Finland	7.79	0.9	5.8			
Rautakirja Corporation	Finland	8.15	4.1	25.9	4.07	2.0	12.9
Rautaruukki Corporation	Finland	0.41	2.0	2.0			
Sampo plc	Finland	0.06	2.3	2.3			
SanomaWSOY Corporation	Finland	2.12	2.1	29.3	0.88	0.9	12.0
Spar Finland plc	Finland	4.59	2.0	2.0			
Stora Enso Oyj	Finland	0.02	1.4	1.4			
Suominen Corporation	Finland	4.39	0.9	4.2			
Tamfelt Corp.	Finland	1.05	2.0	2.7			
Tietoenator Corporation	Finland	0.67	1.5	7.2	0.33	0.4	3.5
UPM-Kymmene Corporation	Finland	1.41	27.8	112.4	0.80	16.4	63.4
Uponor Oyj	Finland	0.55	3.2	4.0			
YIT Corporation	Finland	5.48	7.6	27.4	1.78	2.4	8.9
Warrants	Finland		0.5	0.5			
Other shares			4.1	7.8			
Other warrants			0.8	0.8			

Holdings in other undertakings

Name of company	Domicile	Group 2002 Percentage of shares	Group 2002 Book value	Group 2002 Current value	Parent company 2002 Percentage of shares	Parent company 2002 Book value	Parent company 2002 Current value
EUR million							
Foreign companies, listed							
Assa Abloy Ab	Sweden	0.03	1.3	1.3			
Astra-Zeneca Plc	United Kingdom	0.00	2.3	2.3			
BP Plc	United Kingdom	0.00	2.0	2.0			
Danisco A/S	Denmark	0.08	1.5	1.5			
Eniro Ab	Sweden	0.11	1.2	1.2			
Glaxosmithkline plc	United Kingdom	0.00	1.5	1.5			
HSBC Holdings Plc	United Kingdom	0.00	1.2	1.2			
ISS International Service System A/S	Denmark	0.09	1.4	1.4			
Nestle S.A.	Switzerland	0.00	1.5	1.5			
Nordea Plc	Sweden	0.11	13.6	13.6			
Novartis AG	Switzerland	0.00	1.5	1.5			
Novo-Nordisk A/S	Denmark	0.01	1.1	1.1			
Orkla ASA	Norway	0.03	1.1	1.1			
Sea Containers Ltd.	United States	0.94	1.6	1.6			
Skandia Insurance Company Limited (publ)	Sweden	4.53	84.9	117.6	4.53	84.9	117.6
Svenska Handelsbanken Ab	Sweden	0.03	2.5	2.5			
TeliaSonera AB	Sweden	0.06	9.2	10.2			
Total Fina Elf SA	France	0.00	1.0	1.1			
Vodafone Group Public Ltd	United Kingdom	0.00	2.2	2.2			
Other shares			40.4	41.8			
Domestic companies, non-listed							
Fingrid Oyj	Finland	2.26	2.5	2.5			
HEX Plc	Finland	3.70	3.0	3.0	3.70	3.0	3.0
Inion Ltd.	Finland	2.06	0.7	0.7			
Ion Blast Ltd	Finland	8.67	0.9	0.9			
Kuopion Puhelin Oyj	Finland	2.24	2.5	2.5			
NetHawk Oyj	Finland	11.00	6.1	6.1			
Oy Wireless Entertainment Services Finland Ltd.	Finland	16.67	1.9	1.9			
Suomi Mutual Life Assurance Company	Finland	*)	0.5	0.5	*)	0.5	0.5
Tornator Timberland Oy	Finland	5.00	4.0	4.0			
Other shares			5.0	5.0		-	-

*) 100% of guarantee capital

Name of company	Domicile	Group 2002 Percentage of shares	Group 2002 Book value	Group 2002 Current value	Parent company 2002 Percentage of shares	Parent company 2002 Book value	Parent company 2002 Current value
Foreign companies, non-listed							
Cygate AB	Sweden	4.70	1.5	1.5			
EIC Corporation Ltd.	Bermuda	2.12	0.7	1.0			
Other shares			0.9	0.9			
Absolute return funds							
HedgeFirst Ltd	United Kingdom		2.3	2.3			
RMF Absolute Return Strategies I Limited	Cayman Islands		6.1	6.1			
Bond funds							
Pimco High Yield Bond Fund, Ins Class	Ireland		9.8	9.8			
Pohjola Fund Management Company Limited	Finland		31.4	33.1			
SISF Emerging Markets Debt C	Luxembourg		5.7	5.8			

Holdings in other undertakings

EUR million

Name of company	Domicile	Group 2002 Percentage of shares	Group 2002 Book value	Group 2002 Current value	Parent company 2002 Percentage of shares	Parent company 2002 Book value	Parent company 2002 Current value
Private equity funds							
Aboa Venture II Ky	Finland		0.6	0.6			
Access Capital LP II	United Kingdom		0.6	0.6		0.6	0.6
Apax Europe V - D, LP	United Kingdom		1.7	1.7			
Baltic Investment Fund III L.P.	United Kingdom		1.1	1.1			
Behrman Capital III L.P.	United States		2.2	2.2			
Bio Fund Ventures III Ky	Finland		1.2	1.2			
CapMan Equity VII B L.P.	Finland		1.4	1.4			
Deutsche European Partners IV (No.3) LP	United Kingdom		1.8	1.8			
Duke Street Capital IV UK No.1 LP	United Kingdom		2.1	2.1			
ECI 7 (UK) LP	United Kingdom		1.3	1.3			
Eqvitec Technology Fund II Ky	Finland		2.4	2.4		0.8	0.8
Euroknights IV Jersey No.2 L.P.	United Kingdom		1.7	1.8			
European Strategic Partners LP	United Kingdom		4.3	4.3			
Finnmezzanine Rahasto II B Ky	Finland		2.3	2.3			
Finnventure Rahasto I Ky	Finland		0.8	0.8			
Finnventure Rahasto V Ky	Finland		5.7	5.7		5.7	5.7
Industri Kapital 2000 LP IV	United Kingdom		6.1	6.6		6.1	6.6
Lexington Capital Partners IV. L.P.	United States		3.2	3.2			
Nexit Infocom 2000 Fund Ltd	United Kingdom		0.7	0.7			
Nordic Capital IV Limited	United Kingdom		2.0	2.1			
Nordic Mezzanine Fund No.1 LP	United Kingdom		4.2	4.2		4.2	4.2
Nova Polonia Private Equity Fund. L.L.C.	Ireland		1.3	1.3			
Prime Technology Ventures	Netherlands		0.6	0.6			
Private Energy Market Fund Ky	Finland		0.5	0.5			
Promotion Capital I Ky	Finland		1.8	1.8		1.8	1.8
Proventure & Partners Scottish LP	United Kingdom		2.1	2.1			
Seedcap Ky	Finland		0.7	0.7			
SFK 99-Rahasto Ky	Finland		1.8	1.8			
Sponsor Fund I Ky	Finland		1.5	1.5			
The First European Fund Investments UK LP	United Kingdom		3.5	3.5			
Other private equity funds			2.8	3.0			
Mutual funds							
AAF Eastern Europe Equity Fund	Luxembourg		2.7	3.1			
ABN AMRO Trans Europe Fund	Netherlands		1.2	1.2			
CAF Asian Growth I	Luxembourg		4.4	4.4			
Carnegie Småbolag	Sweden		0.6	0.6			
Gartmore Japan Fund	United Kingdom		0.9	0.9			
Nations Small Company Fund (Offshore) A	Cayman Islands		1.2	1.2			
P.F. Small Cap Europe I Class	Luxembourg		0.9	1.3			
Parvest Europe Mid Cap C	Luxembourg		7.2	7.2			
Pohjola Fund Management Company Limited	Finland		47.7	47.7			
PWT US Relative Value	Ireland		10.8	10.8			
SISF Japanese Equity Class C	Luxembourg		8.3	8.3			
SISF PacificEquity Class C	Luxembourg		5.7	5.7			
Other mutual funds			0.1	0.5			
			608.1	911.2		141.6	275.1
Shares in land and buildings						-	-
						141.6	275.2

20. Debtors

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Affiliated undertakings				
Accounts receivable	**-**	-	**0.8**	2.1
Prepayments and accrued income	**-**	-	**2.7**	0.2
Interim dividend receivable	**-**	-	**75.3**	-
Other debtors	**-**	-	**17.1**	2.7
Total	**-**	-	**95.9**	5.0
Participating interests				
Direct insurance debtors	**0.4**	0.4	**-**	-
Accounts receivable	**0.6**	0.4	**-**	-
Other debtors	**1.5**	4.8	**0.1**	0.3
Total	**2.5**	5.7	**0.1**	0.3
Breakdown regarding investment services				
Other debtors				
Subordinated claims				
Claims on the general public and on public-sector entities	**-**	0.6		

21. Prepayments and accrued income

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Interest and rent	**34.7**	32.7	**1.8**	2.4
Other				
Expenses paid in advance	**3.0**	3.2	**0.3**	0.1
Tax on profit	**1.3**	5.0	**0.2**	2.7
Derivatives	**6.5**	4.2	**3.6**	1.4
Other	**10.4**	11.3	**-**	-
	21.2	23.6	**4.1**	4.3
Total	**56.0**	56.2	**5.9**	6.7

22. Capital and reserves

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Share capital				
A shares Jan. 1	**7.8**	8.0	**7.8**	8.0
Conversion into B shares	**-**	-0.2		-0.2
Combined into D shares	**-7.8**	-	**-7.8**	-
Total	**-**	7.8	**-**	7.8
B shares Jan. 1	**35.9**	27.0	**35.9**	27.0
Directed issue	**-**	8.7	**-**	8.7
Conversion from A shares	**-**	0.2	**-**	0.2
Combined into D shares	**-35.9**	-	**-35.9**	-
Total	**-**	35.9	**-**	35.9
C shares Jan. 1	**0.8**	-	**0.8**	-
Directed issue	**-**	0.8	**-**	0.8
Total	**0.8**	0.8	**0.8**	0.8
D shares Jan. 1	**-**	-	**-**	-
Formed by A and B share series	**43.7**	-	**43.7**	-
Total	**43.7**	-	**43.7**	-
Share capital Dec. 31	**44.5**	44.5	**44.5**	44.5
Share premium account				
Reserve Jan. 1	**39.7**	-	**39.7**	-
Directed issue	**-**	39.7	**-**	39.7
Reserve Dec. 31	**39.7**	39.7	**39.7**	39.7
Revaluation reserve				
Reserve Jan. 1	**2.4**	0.3	**-**	-
Cancelled revaluation	**-5.1**	-	**-**	-
Deferred tax	**1.5**	-	**-**	-
Deferred tax, transfer to profit/loss brought forward	**-**	2.0	**-**	-
Bonus issue to contingency reserve	**1.2**	-	**-**	-
Reserve Dec. 31	**-**	2.4	**-**	-
Legal reserve				
Reserve Jan. 1/Dec. 31	**158.3**	158.3	**158.2**	158.2
Other reserves				
Contingency reserve				
Reserve Jan. 1	**299.6**	143.7	**15.7**	60.8
To parent company distribution of dividend	**-**	-45.1	**-**	-45.1
Bonus issue to revaluation reserve	**-1.2**	-	**-**	-
From profit brought forward	**-2.0**	-	**-**	-
From profit for previous financial year	**-73.2**	201.0	**145.6**	-
Reserve Dec. 31	**223.1**	299.6	**161.3**	15.7
Profit/loss brought forward				
Reserve Jan. 1	**-85.4**	-54.6	**-**	-
From profit/loss for previous financial year	**89.9**	-29.4	**-**	-
Transfer to contingency reserve	**2.0**	-	**-**	-
Deferred tax, transfer from revaluation reserve	**-**	-2.0	**-**	-
Translation difference	**-2.0**	0.7	**-**	-
Reserve Dec. 31	**4.5**	-85.4	**-**	-

Capital and reserves

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Profit for previous financial year	**219.8**	778.0	**348.7**	606.3
To parent company distribution of dividend	**-203.1**	-606.3	**-203.1**	-606.3
To contingency reserve	**73.2**	-201.0	**-145.6**	-
To profit/loss brought forward	**-89.9**	29.4	**-**	-
Total	**-**	-	**-**	-
Profit for financial year	**132.6**	219.8	**155.0**	348.7
Capital and reserves in total	**602.7**	678.8	**558.7**	606.8

Revaluation reserve

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Pertaining to investments classified as fixed assets	**5.2**	7.2	**-**	-
Pertaining to other investments	**0.1**	3.1	**-**	-
Deferred tax	**-1.5**	-3.0	**-**	-
Total	**3.8**	7.4	**-**	-
Bonus issues	**-3.8**	-5.0	**-**	-
	-	2.4	**-**	-

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

Untaxed reserves (voluntary provisions and depreciation in excess of schedule) transferred to capital and reserves (net of tax)

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Profit/loss brought forward	**2.0**	1.6		
Profit for financial year	**0.7**	0.4		
Total	**2.7**	2.0		

Distributable funds

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Profit for financial year	**132.6**	219.8	**155.0**	348.7
Contingency reserve	**223.1**	299.6	**161.3**	15.7
Profit/loss brought forward	**4.5**	-85.4	**-**	-
Untaxed reserves transferred to capital and reserves	**-2.7**	-2.0	**-**	-
Translation differences of restricted capital and reserves	**-2.6**	-5.1	**-**	-
Other adjustments	**-0.6**	-0.4	**-**	-
	354.3	426.5	**316.3**	364.4

After the proposed distribution of profit, the parent company has unused tax surplus totalling EUR 85 814 000.

Major provisions of the Articles of Association concerning classes of shares

The company's Series A and Series B shares were combined into new Series D shares on January 18, 2002. The minimum number of Series D shares is 40 710 000 and the maximum number 162 840 000 shares. In addition, the company still has a minimum of 0 and a maximum of 1 000 000 Series C shares.

The shares give entitlement to dividend and the company's assets. Each share confers one vote at a General Meeting of Shareholders. Because the Series C shares are in the company's possession, only Series D shares provide the voting right at a General Meeting of Shareholders.

At the end of 2002, the number of Series D shares was 50 772 851 and the number of Series C shares 955 648.

Company's holding of own shares

All Series C shares, totalling 955 648 shares, were returned to Pohjola against no consideration on October 31, 2002. Their accounting par value totals EUR 821 857.28.

Pohjola's option programme 2001

The Extraordinary General Meeting of Shareholders on July 5, 2001 resolved to issue a maximum of 1 100 000 option rights entitling to subscription of a total maximum of 1 100 000 new Series B shares (currently Series D shares) of Pohjola. The option rights are offered free of charge to the key staff of the Pohjola group of companies and to Pohjola's wholly-owned subsidiary. The subscription periods for shares will begin on August 1, 2003 (100 000 shares), August 1, 2004 (500 000 shares) and August 1, 2005 (500 000 shares) and will expire on July 30, 2006. The share subscription prices are EUR 28.46, EUR 21.23 and EUR 21.23 respectively, reduced by the amount of dividends paid prior to the share subscription. The dividend paid for 2001 was EUR 4 per share. For 2002, the Board of Directors proposes that EUR 2 per share be distributed in dividend. In consequence of the subscriptions, the share capital can increase by a maximum of EUR 946 000. The decision on those entitled to subscribe for options is taken by the Board of Directors. The subsidiary had 120 000 option rights on December 31, 2002.

Authorizations of the Board of Directors

The Annual General Meeting on April 11, 2002 authorized the Board of Directors to decide on an increase in the share capital through a new issue of shares. On the basis of the authorization, the share capital can be raised by a total maximum of EUR 7 949 152 by offering new Series D shares for subscription. The Board of Directors can exercise the authorization, among other things, for carrying out company acquisitions and cooperation arrangements. The authorization will be in force until April 11, 2003.

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

23. Provision for unearned premiums of non-life insurance

EUR million	Group 2002	Group 2001
Provision for unexpired risks	**4.5**	-

24. Provision for claims outstanding of non-life insurance

	Group 2002	Group 2001
Annuities		
Average interest rate used for calculation of technical provisions	**3.8%**	3.8%

25. Expense provisions

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Profit and loss account items				
Other charges (other operating expenses)				
Pension arrangements	**6.8**	-		
Support packages	**4.5**	-		
	11.2	-		
Investment charges				
Emptying of premises under repair	**2.6**	-		
Social costs/Pension costs				
Pension arrangements			**0.6**	-
Other operating expenses				
Support packages			**0.1**	-
Total	**13.8**	-	**0.7**	-
Balance-sheet items				
Provisions				
Pension arrangements	**2.8**	-	**0.4**	-
Support packages	**3.5**	-	**-**	-
Emptying of premises under repair	**2.6**	-	**-**	-
	8.9	-	**0.5**	-
Accruals and deferred income				
Pension arrangements	**3.9**	-	**0.2**	-
Support packages	**1.0**	-	**0.1**	-
	4.9	-	**0.2**	-
Total	**13.8**	-	**0.7**	-

26. Creditors

EUR million	Group		Parent company	
	2002	2001	**2002**	2001
Amounts owed to affiliated undertakings				
Trade creditors	**-**	-	**2.9**	2.0
Accruals and deferred income	**-**	-	**0.2**	0.2
Other creditors	**0.8**	0.9	**21.7**	18.8
	0.8	0.9	**24.8**	21.0
Amounts owed to participating interest undertakings				
Amounts owed to credit institutions	**18.0**	20.8	**-**	-
Trade creditors	**0.4**	0.3	**0.1**	-
Other creditors	**0.2**	0.9	**-**	0.8
Total	**18.6**	22.0	**0.1**	0.8
Amounts becoming due and payable later than in five years				
Amounts owed to credit institutions	**5.5**	6.2	**-**	-

27. Accruals and deferred income

EUR million	Group		Parent company	
	2002	2001	**2002**	2001
Staff expenses	**31.2**	29.3	**5.1**	4.4
Tax on profit	**18.0**	11.5	**2.5**	0.1
Derivatives	**3.9**	3.9	**3.6**	1.4
Restructuring provision	**4.9**	-	**0.2**	-
Other	**15.3**	4.0	**0.4**	0.2
	73.3	48.8	**11.8**	6.1

28. Deferred tax assets and liabilities

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Profit and loss account items				
Tax on profit/deferred tax				
Included in affiliated undertakings' annual accounts	**-5.6**	4.2	**-**	0.2
Based on untaxed reserves	**-0.2**	-0.2	**-**	-
Timing differences based on consolidation procedure	**-1.3**	1.3	**-**	-
Other temporary differences based on consolidation procedure	**0.1**	0.1	**-**	-
	-7.0	5.4	**-**	0.2
Extraordinary items/deferred tax				
Included in affiliated undertakings' annual accounts	**-**	-0.1	**-**	-0.1
Timing differences based on consolidation procedure	**-**	4.5	**-**	-
	-	4.4	**-**	-0.1
Balance-sheet items				
Deferred tax assets				
Included in affiliated undertakings' annual accounts	**4.9**	10.5	**0.7**	0.7
Based on consolidation procedure	**-**	0.5	**-**	-
	4.9	11.0	**0.7**	0.7
Deferred tax liabilities				
Based on untaxed reserves	**0.9**	1.0	**-**	-
Timing differences based on consolidation procedure	**-1.2**	-2.0	**-**	-
Other temporary differences based on consolidation procedure	**2.3**	7.0	**-**	-
	2.0	6.0	**-**	-
Deferred tax assets have been omitted from the balance sheet because they were not deemed likely to be realized	**-**	0.1	**-**	-

29. Security and financial commitments

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Security				
Given as security on company's own behalf				
Loans from financing institutions	**9.5**	13.8	**-**	-
Guarantees	**8.7**	10.3	**-**	-
Mortgaged land and buildings	**1.5**	5.8	**-**	-
Technical provisions	**23.6**	19.8	**-**	-
Assets pledged	**29.2**	53.7	**-**	-
As security for derivatives trading				
Assets pledged	**4.1**	8.3	**2.5**	-
As security for call money credit limit of Group account				
Assets pledged	**9.8**	10.4	**9.8**	10.4
As security for market making business				
Assets pledged	**35.0**	-	**-**	-
Given as security on behalf of affiliated undertakings				
Guarantees	**-**	-	**3.9**	4.0
Assets pledged	**-**	-	**1.8**	29.8
Given as security on behalf of participating interest undertakings				
Loans from financing institutions	**4.7**	7.3	**-**	-
Guarantees	**4.7**	7.3	**-**	-
Given as security on behalf of other companies				
Guarantees	**7.9**	1.8	**-**	-
Given as security in total	**101.1**	97.5	**17.9**	44.2

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

The parent company has made a financial commitment of a maximum of EUR 105 million as security for a settlement limit and for market making business.

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Financial commitments and liabilities not included in balance sheet				
Uncompleted securities transactions	**69.5**	85.6	**-**	-
Contractual liabilities				
Sold call option on shares in land and buildings				
Book value	**-**	6.1	**-**	-
Current value	**-**	6.1	**-**	-
Agreed sales price	**-**	6.4	**-**	-
Difference between current value and sales price	**-**	0.3	**-**	-
Commitment to subscribe for shares in general partnership companies carrying on Venture Capital investments	**141.7**	134.3	**18.7**	21.7
Agreed subordinated loan limit	**-**	-	**50.5**	50.5
Other contractual liabilities	**24.5**	15.1	**11.7**	1.9

Security and financial commitments

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Derivatives (hedging)				
Interest rate derivatives				
Option contracts				
Bought, market value	**0.1**	2.4	**-**	-
value of underlying security	**90.0**	80.0	**-**	-
Sold, market value	**-1.3**	-1.0	**-**	-
value of underlying security	**287.5**	150.0	**-**	-
Current derivatives				
Option contracts				
Bought, market value	**5.3**	1.6	**0.8**	0.4
value of underlying security	**202.4**	257.3	**60.3**	111.2
Sold, market value	**-2.4**	-2.5	**-0.5**	-0.6
value of underlying security	**375.4**	500.3	**122.1**	227.3
Equity derivatives				
Option contracts				
Bought, market value	**1.6**	-	**1.6**	-
value of underlying security	**16.3**	9.9	**16.3**	-
Sold, market value	**-1.3**	-	**-1.3**	-
value of underlying security	**33.9**	12.2	**33.9**	-
Derivatives (other)				
Equity derivatives				
Forward and futures contrats				
Market value	**0.2**	1.0	**-**	-
Value of underlying security	**3.9**	1.2	**-**	-
Option contracts				
Bought, market value	**0.1**	-	**-**	-
value of underlying security	**2.0**	-	**-**	-
Leasing liabilities				
Amount payable during current financial year	**2.3**	2.5	**0.1**	-
Amount payable in subsequent financial years	**1.2**	1.0	**-**	-
Amount of joint liability				
Pertaining to VAT group registration, Pohjola Group is, together with the other members of the Pohjola Group taxable group, jointly and severally liable for the value added tax imposed on the group				
Affiliated undertakings	**-**	-	**0.2**	-0.4
Participating interests	**5.2**	1.6	**5.2**	1.6
Other undertakings	**-1.7**	0.2	**-1.7**	0.2
	3.4	1.8	**3.6**	1.4

Pohjola's risk management is based on the common guidelines confirmed by the parent company's Board of Directors for the internal control of the whole Group. Internal control consists of a risk management system by which business risks can be identified and controlled. The risk control function is independent of the business function taking the risk.

At Pohjola the concept 'risk' is understood to cover any factors that have an impact on the attainment of the set business objectives. The Board of Directors has set targets for return on equity, for combined ratio, for solvency ratio in non-life insurance and for corporate social responsibility. The following risk analysis focuses on the Group's most important identified risks.

Capital structure

In an insurance group, adequate capitalization has a vital role. A condition for an insurance company's licence is that the solvency requirements set by the law are fulfilled. The amount of capital has an effect both on return on equity and on the risk carrying capacity of the group of companies. High profitability supports both the above-mentioned targets and provides favourable conditions for socially responsible operations.

Pohjola's objective is to retain in the subsidiaries the capital required for core business operations. The capital buffers are in the parent company. In addition to capital and reserves, the solvency capital includes the difference between current and book values of investments and the equalization provision. The deferred tax liability that is likely to become payable in the near future is deducted from the difference between current and book values. The efficiency of the capital structure is increased by replacing part of the subsidiaries' capital and reserves by a subordinated loan granted by the parent company. The equalization provision can only be used to cover insurance risks; other solvency capital can be used to cover all risks. The financial standing of a company ultimately sets the limits to how large risks a group of companies can assume.

Insurance risks

The insurance business is based on risk-taking and on the management of risks. The largest risks pertain to risk selection and rating, acquisition of reinsurance cover, and sufficiency of technical provisions. The technical provisions risk is involved particularly in those insurance lines where the claims settlement period is long. In addition, a major insurance business risk is the investment risk related to the assets covering the technical provisions.

The Group's new operational model lays emphasis on the role of risk selection and premium rating. The development of a data warehouse is also underway to provide support to the underwriting function. Insurance terms and conditions are a vital tool in controlling risks.

Of Pohjola's premiums written, 90% come from Finland. Our country has had no major natural catastrophes nor terrorist attacks. Such risks mainly pertain to Finnish clients' foreign operations, which Pohjola insures in cooperation with the Royal & SunAlliance group. Pohjola does not write foreign treaty reinsurance business.

The adequacy of the technical provisions is monitored on a regular basis. Around one half of Pohjola's technical provisions represent annuities related to statutory workers' compensation and motor liability insurance. The level of the annuities is defined by the law. In Finland, the growth in the number of serious asbestos-induced occupational diseases is slowing down. About a hundred new fatal presumably work-related asbestos cases are discovered annually, of which around 30 cases pertain to Pohjola's portfolio. The average age of those who fell ill in 2001 was 64 years. No major asbestos risks are involved in product liability insurance because the number of these policies was small when asbestos was still used in Finland. Pohjola's special provision for occupational diseases regarding those asbestos claims that have been incurred but have not yet been reported to the company totals EUR 56 million. The provision is estimated to be sufficient to cover all already existing work-related asbestos exposures.

In Pohjola's foreign business in run-off, the most significant uncertainty factor related to the adequacy of technical provisions consists of US liability insurance written as reinsurance. The underwriting of the business was discontinued at the beginning of 1990s. The portfolio also includes reinsurance agreements under which claims are paid for asbestos-induced diseases. The portion of these in the technical provisions is around EUR 30 million. On the basis of an outside expert review, the level of this provision is deemed to be sufficient. Commutation of the liabilities has decreased the risk annually.

Reinsurance

The Pohjola Board of Directors decides on the Group's reinsurance principles and on the risk to be retained for own account. The level of reinsurance protection has an impact on the need of solvency capital. Only companies with a sufficiently high financial strength rating are accepted as reinsurers. Moreover, the Group has confirmed maximum limits for the amounts of business that can be ceded to one reinsurer. The limit depends on the nature of the risk involved and on the company's financial standing. The Group's reinsurance agreements have mainly been placed with companies whose ratings are at least "A" in accordance with

Standard & Poor's. The amount of uncertain or disputed receivables is not significant.

In consequence of the September 11, 2001 terrorist attacks, the reinsurance market became unstable. Reinsurance terms and conditions were tightened, premium rates went up and reinsurers set restrictions on the cover they offered for losses incurred from terrorism. Following the rise in reinsurance rates, the risks pertaining to Pohjola's portfolio were re-assessed. On the basis of the assessment, the retentions per claim were increased in 2002. In property and business interruption insurance, the increase was considerable. The proportional reinsurance treaties used earlier were mostly replaced by non-proportional treaties. In 2002, the premiums paid to reinsurers amounted to 10% of the received gross premiums.

In property and business interruption insurance, Pohjola's retention per claim in 2002 was EUR 8 million for both lines, i.e. a total of EUR 16 million. For 2003, a cover was taken out for the combined property and business interruption risk and, at the same time, the retention per claim went down from EUR 16 million to EUR 10 million. As a general rule, the amounts of retention in other lines are EUR 4 million in 2003.

Pohjola has signed a catastrophe reinsurance agreement to cover the portion of storm, earthquake and other cumulative losses retained for own account. In 2003, the catastrophe cover totals EUR 38.5 million in excess of the EUR 10 million retention. The cover includes property and business interruption insurance, and home, motor, forest and yacht insurance. In addition, catastrophe cover has been taken out in traveller's and private accident insurance for cumulative bodily injury losses incurred, for example, in connection with an accident involving an aeroplane or a ship. The reinsurance cover totals EUR 22.5 million in excess of a retention of EUR 2.5 million.

The availability of reinsurance protection continues to be poor for losses incurred from terrorism. Therefore, Pohjola applies restrictions to terrorism-related claims payable under corporate insurance. In 2003, the maximum amount of indemnity is EUR 3 million. The catastrophe cover taken out by Pohjola also includes protection against terrorism losses. Biological and chemical terrorism is excluded from the scope of traveller's and private accident reinsurance cover.

Sensitivity analysis of insurance business

The following table shows how changes in different risk parameters affect the result of the insurance business. The figures in the table are only indicative.

	Total amount in 2002, EUR million	Risk parameter	Change	Effect on result, EUR million
Premiums earned [1]	620	Combined ratio	1 percentage point	5
Claims incurred [1]	562	Combined ratio	1 percentage point	6
Operating expenses	158	Combined ratio	1 percentage point	6
Total expenses[2]	212	Staff expenses	5%	5
Discounted claims provision	847	Discounting rate	-0.25 percentage points	-25

[1] For own account
[2] Operating expenses and claims settlement expenses

Investment risks

Investment risks can materialize in lower than expected returns or in a fall of the value of investments. Pohjola pays special attention to the diversification of investment risks, the liquidity of investments, and the counter-party risk. In accordance with Pohjola's business strategy, investments are made in fixed-income securities, shares and real estate both in Finland and abroad. The aim is to guarantee a good return in the long term. Investment operations are based on investment plans confirmed annually by the Boards of Directors and on the investment powers approved by the Boards.

Market risks

Changes in share prices, interest rates and foreign exchange have an impact on the value of Pohjola's investments. To reduce the investment risks, Pohjola's investment portfolio has been diversified over various instruments in different markets. Moreover, derivative contract are used to manage market risks.

Credit risk

As regards fixed-income securities, Pohjola mainly invests in euro-denominated bonds issued by states within the euro area. The investment powers define the limits for corporate loans on the basis of credit ratings.

Foreign exchange risk

Pohjola's foreign exchange risks originate mainly from investments in foreign shares. The largest currency positions consist of the US dollar, the Swedish crown and the British pound. The currency risks are actively hedged against by derivative contracts.

Liquidity risk

The most part of Pohjola's investments in shares and fixed-income securities are quoted and therefore liquid. To meet cash management needs, some of the assets are also placed on short-term money-market instruments.

Sensitivity analysis of solvency

	Portfolio at current values Dec.31,2002, EUR million	Risk parameter	Change	Effect on solvency capital, EUR million
Fixed-income securities and fixed-income funds	1 193	Interest rate	1 percentage point	55
Shares[1]	876	Market rate	10%	88
Business premises[2]	54	Continuous income requirement	+1 percentage point - 1 percentage point	-6 8

[1] Includes shares classified as investments, equity-linked investments and private-equity investments.

[2] Premises leased to third parties outside the group of companies.

The largest individual investments in shares include Skandia and UPM-Kymmene shares. The most important real estate investment is the Pohjola head office at Lapinmäentie in Helsinki.

Pohjola has invested in companies at a growth stage in the IT and biotechnology sectors. These investments include factors of uncertainty inherent of their nature and sector, but they do not include any such risk that would have a notable negative impact on the Group's results.

The company aims to maintain the solvency of non-life insurance at a level which corresponds to the financial strength rating of "A".

Operative risks

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

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

All operations at Pohjola comply with the valid legislation, official regulations and guidelines, and the self-regulatory norms of the insurance industry.

Investment services

Along with the trading and market making business launched by the company, emphasis has been laid on risk management and risk management systems. The steering of business is done using risk and position-specific limits and alarm limits.

IAS accounting

As a listed company, Pohjola has to draw up its consolidated accounts in accordance with the International Accounting Standards (IAS/IFRS) as of 2005. We have been preparing for upcoming changes by setting up a separate IAS project, which is now moving over to its realization stage. The International Accounting Standards Board (IASB) is at present establishing a standard for insurance contracts. The standard is to be introduced in two phases. Because of the lack of such a standard, the changeover to IAS accounting is especially challenging.

Information security risks

The Group's business operations are heavily dependent on information systems and technology. Therefore, the Group has laid special emphasis on the management of information security risks. The focus in information security development is on the prevention of the risks caused by viruses, on the securing of properly functioning data systems, and on the protection of the Pohjola network.

Court and arbitration proceedings

Pohjola or its affiliated undertakings are not aware of any pending or impending court or arbitration proceedings that could have any material impact on the Group's financial position.

31. Solvency

EUR million	Group 2002	Group 2001	Parent company 2002	Parent company 2001
Solvency margin				
Capital and reserves	**602.7**	678.8	**558.7**	606.8
Proposed distribution of profit	**-101.6**	-203.1	**-101.6**	-203.1
Difference between current and book values of investments	**365.1**	869.1	**135.3**	624.1
Deferred tax liability	**-50.0**	-200.2	**-39.2**	-181.0
Intangible assets	**-53.5**	-57.6	**-8.5**	-9.2
Other items	**-**	-4.7	**-5.1**	-34.0
Total	**762.6**	1 082.3	**539.6**	803.6
Equalization provision				
Equalization provision included in the technical provisions for years with a high loss frequency	**185.8**	207.8	**-**	-
Minority interest	**9.3**	7.2	**-**	-
Solvency capital	**957.7**	1 297.3	**539.6**	803.6

Helsinki, February 26, 2003

Peter Fagernäs Heikki Hakala Martin Granholm Eino Halonen

Heikki Pentti Kari Puro Timo Salonen

Eero Heliövaara
President and CEO

To the shareholders of Pohjola Group plc

We have audited the accounting, the financial statements and the corporate governance of Pohjola Group plc for the period 1 January - 31 December 2002. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on corporate governance of the parent company.

We have conducted the audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. The purpose of our audit of corporate governance is to examine that the members of the Board of Directors and the President of the parent company have legally complied with the rules of the Companies' Act.

In our opinion the financial statements have been prepared in accordance with the Accounting Act, the regulations of the Ministry of Social Affairs and Health and other rules and regulations governing the preparation of financial statements. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company's result of operations as well as of the financial position. The financial statements with the consolidated financial statements can be adopted and the members of the Board of Directors and the President of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the distribution of retained earnings is in compliance with the Companies' Act.

Helsinki, March 10, 2003

PricewaterhouseCoopers Oy
Authorized Public Accountants

Pekka Nikula
Authorized Public Accountant

Juha Wahlroos
Authorized Public Accountant

Auditors

PricewaterhouseCoopers Oy
Auditor
Partner-in-charge
Pekka Nikula
Authorized Public Accountant

Juha Wahlroos
Authorized Public Accountant
Auditor

Sari Airola
Authorized Public Accountant
Deputy Auditor

Leena Rajala
Authorized Public Accountant
Deputy Auditor

Board of Directors

The Board of Directors is responsible for the management of the company in accordance with legal provisions, ordinances, official regulations, Articles of Association, and resolutions passed by the General Meeting of Shareholders.

The Board of Directors is in charge of corporate governance, the proper arrangement of the company's operations, and the supervision of accounting and asset management, to ensure that they are adequately organized. The Board of Directors deals with matters of principle and of great importance with regard to the operations of the parent company and subsidiaries.

The Board of Directors has adopted rules of procedure which define the duties of the Board, the Chairman of the Board and the President. The main duties of the Board of Directors are as follows:

- Confirm the business strategy of the Group
- Decide on the Group's capital structure
- Define the company's dividend policy
- Approve the operational plans, objectives and budgets and supervise their implementation
- Approve major investments
- Appoint the President and the deputy to the President and decide on their salaries and other benefits
- Confirm common guidelines for the Group's entire internal control and ensure that the Group, in relation to the nature and extent of corporate operations, has adequate internal control and risk management systems
- Confirm the general outline of the Group's organizational structure
- Confirm the staff's reward pay and incentive schemes
- Appoint the members of the Audit Committee and the Remunerations Committee

The Board of Directors has at least four and at most seven members. The Annual General Meeting elects the Board members for a term of office expiring upon the closing of the Annual General Meeting following their election. A person who by the beginning of the term of office has reached the age of 65 cannot be elected a Board member. The General Meeting of Shareholders elects the Chairman of the Board. The Board elects, from among its own number, a member who will act as Deputy Chairman, whenever necessary. In 2002, the Board of Directors convened 18 times.

Audit Committee and Remunerations Committee

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

In December 2002, the Board of Directors decided to establish a remunerations committee whose responsibility it would be, among other things, to prepare a motion to the company's Annual General Meeting regarding the remunerations of the Chairman of the Board and the Board members; bring forward a motion to the Board of Directors for the nomination of the President and for his salary; together with the Chairman of the Board, decide on the salary principles to be applied to the immediate subordinates of the President; and, together with the Chairman of the Board and the President, prepare the incentive systems to be adopted in the company. The Remunerations Committee includes three members, who are elected annually among those Board members who are not in the company's service. The Committee elects a chairman from among their number.

Executive Chairman of the Board

The Chairman of the Board is in the company's employ. In addition to his statutory duties, he is in charge of

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

President and Group Executive Committee

The Board of Directors appoints the company's President and decides on the terms of his employment.

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

The duties of the President include the management and supervision of the Group's business operations, the preparation of the matters to be dealt with by the Board of Directors, and the execution of the Board's decisions. In this, the President is assisted by the Group Executive Committee.

Salaries and remunerations of the management

The Annual General Meeting on April 11, 2002 resolved that the Chairman of the Board be paid an annual remuneration of EUR 30 000 for acting as a Board member, that the Deputy Chairman be paid EUR 24 000 and the other members of the Board EUR 20 400. The annual remunerations were paid in such a manner that, for an amount corresponding to 40% of the total of the annual remuneration, Pohjola shares were acquired in the name of the Board members; the rest was paid in cash. In addition, the Board members, with the exception of the Executive Chairman of the Board, are paid EUR 350 per meeting in attendance fees.

Authorized by the Extraordinary General Meeting of Shareholders, held on July 5, 2001, the company's Board of Directors has signed with the Chairman of the Board a written contract of service regarding the executive nature of his post. In 2002, the salary and fringe benefits of the Executive Chairman of the Board totalled EUR 385 725.

The terms of employment of the President are defined in a written contract of service. In 2002, the President's salary and fringe benefits were EUR 346 540. The President is entitled to a performance-based pay totalling a maximum of three months' salary, as agreed under the company's reward pay scheme.

At the end of 2002, the President had 150 000 options entitling to Pohjola Series D shares.

The President's notice period is six months for both the President and the company. Should the company terminate the President's contract of service, he will, in addition to the salary for the notice period, be entitled to a severance pay corresponding to 12 month's salary.

The pension benefits of the Chairman of the Board and the President are explained on page 45 of the notes on the accounts.

Control system

The Board of Directors of the parent company has the ultimate responsibility for the control of accounting and asset management, and for the proper arrangement of operations. The Board approves the common guidelines for the internal control of the whole Group. The Audit Committee supervises the implementation of the Group's internal control. The Board assesses the state of the internal control at least once a year.

The Group's Executive Committees together with the subsidiaries' Boards of Directors engage in the steering of business and control of management in day-to-day Group operations. The Group's risk management function coordinates and develops risk management and related reporting, and prepares a risk management plan for the Board's approval.

The Group has an internal audit function, which together with PwC Services Oy is responsible for the implementation of internal audit in the companies within the Group, in accordance with the operational guidelines approved by the Board of Directors. The internal audit and risk management functions report regularly to the President, the Chairman of the Board and the Audit Committee, and at least once a year to the Board of Directors.

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

Insider rules

Pohjola complies with the insider rules approved by the company's Board of Directors on March 26, 2001. The rules are based on the guidelines for insiders issued by the Helsinki Stock Exchange. In accordance with the law, insiders are the Board members, President and auditors. The specified insider group includes, among others, the members of the Group Executive Committee. Project-based insider registers are kept for major projects.

The insider rules for investment operations approved in January-February 2003 apply to the Group's investment services companies, fund management company and the Group's own investment function.

Corporate social responsibility

Pohjola has included the corporate social responsibility aspect in its strategy, values and mission, which in particular emphasize the stakeholder perspective. Corporate social responsibility is an integral part of both Pohjola's own and customers' risk management. For continuous development of human resources, Pohjola has drawn up a human resources policy based on the company's objectives and values.

The Board of Directors has approved the following objectives for Pohjola's corporate social responsibility:

- Pohjola's strategic objectives will be realized and the operations required to attain these objectives will be carried out taking into consideration the interests of customers, staff, shareholders and society.
- Pohjola's corporate social responsibility is based on the values revised in 2002, which, by stakeholder group, define the company's operational principles.

The Board of Directors monitors the realization of the objectives, for instance, by customer satisfaction surveys and, as regards the staff, by working atmosphere surveys.

In the area of environmental responsibility, it is noteworthy that Pohjola and its cooperating partners own or occupy around 194 000 m^2 of office premises where special attention is paid to energy efficiency. Waste disposal is handled in compliance with current legislation and official regulations.

BOARD OF DIRECTORS AND GROUP EXECUTIVE COMMITTEE

Board of Directors of Pohjola Group plc[1)]

Chairman
Peter Fagernäs, born 1952

Chairman of the Board of Directors of Pohjola Group plc since 2001
Member of the Board of Directors of Finnlines Plc
Shareholding in Pohjola: 1 217 072 Series D shares.

Deputy Chairman
Heikki Hakala, born 1941

Chairman of the Board of Directors of Pohjola Group plc 2000–2001,
Deputy Chairman since 2001
President and CEO of Metso Corporation (former Rauma Corporation) 1996–2001,
Member of the Board of Directors since 2000
Member of the Board of Directors of Lassila & Tikanoja plc since 1988
Member of the Board of Directors of Orion Corporation since 2002
Shareholding in Pohjola: 1 588 Series D shares.

Martin Granholm, born 1946

Executive Vice President of UPM-Kymmene Corporation since 1996
Member of the Board of Directors of Pohjola Group plc since 2000
Member of the Board of Directors of Ilmarinen Mutual Pension Insurance Company since 1998
Chairman of the Board of Directors of VR-Group Ltd since 1996
Member of the Board of Directors of Stiftelsen för Åbo Akademi since 1997
Shareholding in Pohjola: 585 Series D shares.

Eino Halonen, born 1949

President and CEO of Suomi Mutual Life Assurance Company since 2000
President of Suomi Insurance Company Ltd since 2001
Member of the Board of Directors of Pohjola Group plc since 2001
Member of the Board of Directors of Ilmarinen Mutual Pension Insurance Company since 2000
Chairman of the Board of Directors of Pohjantähti Mutual Insurance Company since 2001
Member of the Board of Directors of YIT Corporation since 2000
Shareholding in Pohjola: 585 Series D shares.

Heikki Pentti, born 1946

Chairman of the Board of Directors of Lemminkäinen Corporation since 1994
Member of the Board of Directors of Pohjola Group plc since 2001
Member of the Board of Directors of Fortum Corporation since 1998
Member of the Board of Directors of Myllykoski Corporation since 1997
Shareholding in Pohjola: 698 Series D shares.

Kari Puro, born 1941

President and CEO of Ilmarinen Mutual Pension Insurance Company since 1991
Member of the Board of Directors of Pohjola Group plc since 2001
Member of the Board of Directors of the Central Pension Security Institute 1992–1993,
Chairman of the Board of Directors since 1994
Member of the Supervisory Board of OKO Bank since 2000
Shareholding in Pohjola: 585 Series D shares.

Timo Salonen, born 1958

Chief Financial Officer of Huhtamäki Corporation since 1998
Member of the Board of Directors of Pohjola Group plc since 2000
Shareholding in Pohjola: 585 Series D shares.

[1)] Shareholders of the company who represent around 59% of the voting rights carried by shares in the company announced on March 4, 2003 that they will propose to the Annual General Meeting of Pohjola to be held on April 9, 2003 that Mr Martin Granholm, Mr Heikki Hakala, Mr Eino Halonen, Mr Kari Puro and Mr Timo Salonen be re-elected as members of the Board of Directors and that Mr Heikki Bergholm be elected as a new member of the Board. According to the proposal, Mr Eino Halonen, President and CEO of the Suomi Group, would be elected as Chairman of the Board.

Other senior management

President and CEO
Eero Heliövaara, born 1956*

NON-LIFE INSURANCE
Corporate customers
Matti Tossavainen, born 1947*
Senior Executive Vice President
- Olavi Kauppila, corporate customers
- Jorma Rämö, claims settlement
- Jussi Niemelä, A-Insurance Ltd, Managing Director

Private customers
Eva Valkama, born 1949*

Underwriting
Tomi Yli-Kyyny, born 1962*
- Martti Pesonen, Chief Actuary

Group investments
Esko Torsti, born 1964*

INVESTMENT SERVICES
Asset management services
Olli Latola, born 1955*
- Lauri Lundström, Pohjola Fund Management Company Limited, Managing Director
- Aki Kostiander, Pohjola Asset Management Ltd, Managing Director
- Jarmo Lilja, private banking

Investment banking
- Juha Mikkonen, Conventum Corporate Finance Ltd, Managing Director
- Kristian Warras, Conventum Securities Limited, Managing Director
- Jyri Merivirta, Conventum Capital Limited (management of technology investments), Managing Director

GROUP ADMINISTRATION
Human resources and administration
Eva Valkama, in addition to her regular duties

Finance and Group IT
Hannu Linnoinen, born 1957*
- Marja-Liisa Valtonen, Chief Financial Officer, born 1945*
- Henrik Sjöblom, risk management
- Marco Halén, Chief Information Officer

Corporate communications
Jarmo Heiniö, born 1948*

Legal matters
Olavi Nieminen, born 1943*

Internal audit
Pertti Öman

* Members of the Group Executive Committee

The staff representatives on the Group Executive Committee: Sirpa Komonen and Hannes Lampimäki.

Important information for shareholders can be found on the following pages:

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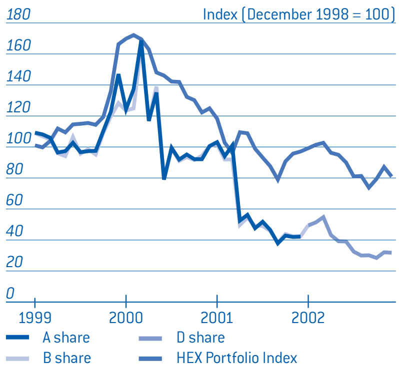
For more information on the Group, please consult our web pages at www.pohjola.fi/Investor Relations.

Avoir fiscal tax credit system and taxable value of share

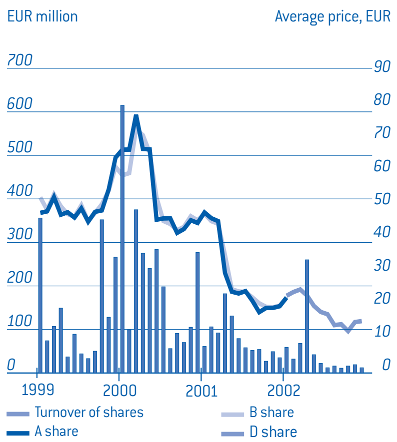
The avoir fiscal tax credit system is applied to the dividend distributed on the Pohjola share. Pohjola pays corporate tax totalling at least 29/71 of the amount of the dividend paid. Under Finnish legislation, taxpayers who receive dividend are, on account of the tax paid by the company, entitled to deduct in their own taxation an amount which corresponds to 29/71 of the dividend. The credit corresponding to the dividend of EUR 2/share, proposed by the Board of Directors, amounts to EUR 0.82/ share. The dividend recipient's taxable income totals EUR 2.82/share, which is capital income subject to a 29% tax rate in Finnish taxation in 2003. The avoir fiscal tax credit is taken into account in the same manner as withholding tax.

For 2002, the taxable value of Pohjola's Series D share is EUR 10.64.

Share price performance



Turnover and average price of shares



INFORMATION TO SHAREHOLDERS

Annual General Meeting

The Annual General Meeting of Pohjola Group plc will be held on Wednesday April 9, 2003 at 4 p.m. in the company's head office at Lapinmäentie 1, Helsinki.

Notification of attendance at the Annual General Meeting

Shareholders who wish to attend the AGM are requested to notify the company of their attendance no later than on Friday April 4, 2003 at 4 p.m. Notice of attendance can be given as follows:

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

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

Right to attend the Annual General Meeting

Shareholders who no later than on Friday March 28, 2003 have been entered as shareholders in the company's shareholder register kept by the Finnish Central Securities Depository Ltd have the right to attend the AGM.

Shareholders whose shares have been registered in the name of a nominee and who wish to attend the AGM and exercise their right of vote there must be entered temporarily in the shareholder register no later than on Friday March 28, 2003. For temporary registration, the shareholders must, well in advance, contact the custodian of their shares.

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

Dividend payment

The Board of Directors proposes to the Annual General Meeting that EUR 2 per Series D share be paid in dividend for the financial year ended on December 31, 2002. The dividend will be paid to shareholders who no later than on the record date of dividend payment, April 14, 2003, have been entered as shareholders in the company's shareholder register kept by the Finnish Central Securities Depository Ltd. Deviating from the regulatory payment date, the dividend is proposed to be paid on April 25, 2003. No dividend will be paid on Series C shares held by the company.

Changes of address

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

Contact data

Investor Relations
Ms Ritva Kauria
Tel. +358 10 559 2884, fax +358 10 559 3365
E-mail: ritva.kauria@pohjola.fi

Share Register
Lapinmäentie 1, FIN-00013 Pohjola
Tel. +358 10 559 6771, fax +358 10 559 2443
E-mail: erja.ventomaa@pohjola.fi

CONTACT DATA

Pohjola Head Office

Calling address: Lapinmäentie 1, 00350 Helsinki
Mailing address: FIN-00013 Pohjola
Tel. +358 10 559 11
Fax +358 10 559 3066
E-mail: given name.family name@pohjola.fi
Internet: www.pohjola.fi

Insurance services

Private households: +358 10 55 88 00
Entrepreneurs, companies and corporations: +358 10 55 88 55
Swedish-language service: +358 10 55 88 22

Motor claims: +358 10 559 580
Traffic accidents/bodily injuries: +358 10 559 567
Emergency phone service for motor and home losses,
24h/day: +358 10 55 88 112
Customer service for professional transport (A-Insurance):
+358 10 50 45 377
Emergency phone service for professional transport,
24h/day (A-Insurance): +358 10 50 45 222
Eurooppalainen emergency phone service 24h/day
(Euro Finland Claims Service)
From Finland: 010 55 88 111
From abroad: +358 10 55 88 111

Investment services

Pohjola Fund Management Company Limited
Service number +358 9 2312 3355
Fax +358 9 2312 3345

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