



Annual Report 2002

TAPIOLA



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

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Contents

<i>Tapiola in short</i>	4
<i>Review by the President</i>	6
<i>Tapiola's administrative bodies</i>	8
Tapiola General	23
Tapiola Pension	37
Tapiola Life	55
Tapiola Corporate Life	69
Tapiola Asset Management Ltd	81
Tapiola Fund Management Company Ltd	85
Tapiola Bank Ltd	91
Tapiola Group	93
<i>Staff report</i>	94
<i>Social distribution of income</i>	97
<i>Social responsibility</i>	98
<i>Advisory boards</i>	100
<i>Organization</i>	108
<i>Offices and service outlets</i>	112
<i>Guide to the reader</i>	116

This is Tapiola



Tapiola is owned by its customers

Tapiola is a group of companies owned by its customers. The Tapiola Group comprises four insurance companies, a fund management company, an asset management company and a bank from the first half of 2002.

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

Companies of the Tapiola Group

Tapiola was established on 18th June 1982, when the supervisory boards of its predecessor companies decided on a merger. The scope of Tapiola Group's business was expanded into financial services when Tapiola Asset Management Ltd and Tapiola Fund Management Company Ltd were set up in the year 2000 and Tapiola Bank Ltd in 2002.

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

Tapiola General

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

Tapiola General's result in 2002 was positive. Market share and premiums written both rose. Although down on the previous year, solvency remained at a high level. Tapiola General is the country's second biggest motor vehicle insurer.

Tapiola Pension

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

The result for Tapiola Pension in 2002 rose well. In spite of the difficult investment climate, the company's investment return grew. Market share rose slightly and solvency remained at a high level.

Tapiola Life and Tapiola Corporate Life

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

Key figures

Combined figures for the insurance groups of Tapiola

	2002 EUR mill.	2001 EUR mill.	Change %
Turnover	2 296.5	2 218.5	3.5
Premiums written	1 637.0	1 535.6	6.6
Net return on investments	266.0	524.3	- 49.3
Claims expenditure	1 340.8	1 316.5	1.8
Operating costs	154.6	143.2	8.0
Investments, book value	8 040.6	7 541.3	6.6
Investments, current value	8 825.4	8 293.1	6.4
Equity	291.9	279.4	4.5
Technical provisions	8 003.8	7 545.9	6.1
Balance sheet total	8 538.9	8 036.0	6.3

The premiums written by Tapiola Life and its group company Tapiola Corporate Life rose Market share was also up. The results of the parent companies were positive but the group showed a small loss.

Tapiola Asset Management Ltd and Tapiola Fund Management Company Ltd

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

The funds managed by Tapiola Asset Management Ltd totalled EUR 2,933.8 million at the end of the year, and the fund capital of Tapiola Fund Management Company Ltd rose to about EUR 310.9 million and the market share was almost doubled.

Tapiola's partners

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

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

The most important of Tapiola's other international partners are the XL Insurance Global Risk which belongs to the Bermudan XL Capital group and the Italian company Generali. Tapiola also co-operates with the Winterthur Swiss Insurance Company belonging to the Credit Suisse Group. Tapiola's partners in the Baltic states are Salva and Ergo which belongs to the München Re. Tapiola's partner in Russia is Ingosstrakh.

Review by the President



Tapiola Group preserves good level of solvency

The uncertain operating environment poses challenges especially for an industry that seeks to further the economic security of its customers. Geopolitical uncertainty increased in 2002 as the Iraq crisis came to a head, exacerbating the uncertainty that has been prevalent in the international economy for some years. Lower interest rates intended to stimulate consumption in the United States and the collapse of listed share prices following the bursting of the technology bubble have had a serious impact on the insurance companies' investment portfolios both in Finland and internationally. The profitability of underwriting has also been hit as the impacts of terrorism and natural catastrophes have led to higher reinsurance prices everywhere, Finland included. The coming years may bring greater challenges for the management of the insurance companies' economic risks than we have been accustomed to in the past. The insurance companies and groups will continue to develop their businesses actively in the face of great challenges concerning underwriting and investment risks.

The aim of the Tapiola Group is to develop as steadily as possible. Maintaining the good level of solvency is an essential aspect of this stability. In view of the conditions, Tapiola was very successful in achieving its solvency targets in 2002. All the companies of the Group are leaders of their respective fields in terms of solvency. Because of the stock market situation, the combined annual results of the Group did not come even close to the level of the peak years, but they can be considered satisfactory in the context of the general development of the insurance sector. The number and loyalty of our customers continued to develop favourably.

The long-term challenges of our operating environment are based to an increasing extent on problems caused by age structure changes in Finland, in Europe as a whole, and in all the OECD countries. It is perfectly clear that the general need to manage economic risks is growing. This spurs us at Tapiola to develop our business sustainably in a way that meets the needs of our customers.

The Tapiola Group has a long tradition of economic management dating back to 1857, when property insurance providing cover against mainly fire losses was first introduced. Life assurance protecting families started up in 1920 and statutory employment pension insurance against old age and work disability in 1962.

The challenges posed by the ageing population underline the need to develop services associated with long-term saving. The Tapiola Group responded to this in the year 2000 by establishing asset and fund management businesses, which have made a very good start. In spite of the challenging operating environment, Tapiola's new companies have even managed to exceed their targets in only their second year of operation. The qualitative values of their activities have also been good.

On 4th April 2002 Tapiola's supervisory boards made an important decision on the expansion of the Group's business into banking. Tapiola Bank Ltd was established on 10th June. The shareholders of the bank are Tapiola General (74.5 %), Tapiola Life and Tapiola Corporate Life (jointly 20 %), and Tapiola Asset Management Company (0.5 %). Tapiola Bank's services for the public at large will start up in the early months of 2004. The bank will seamlessly

complement Tapiola Group's other services. Our banking, savings and investment activities will together form an important service entity.

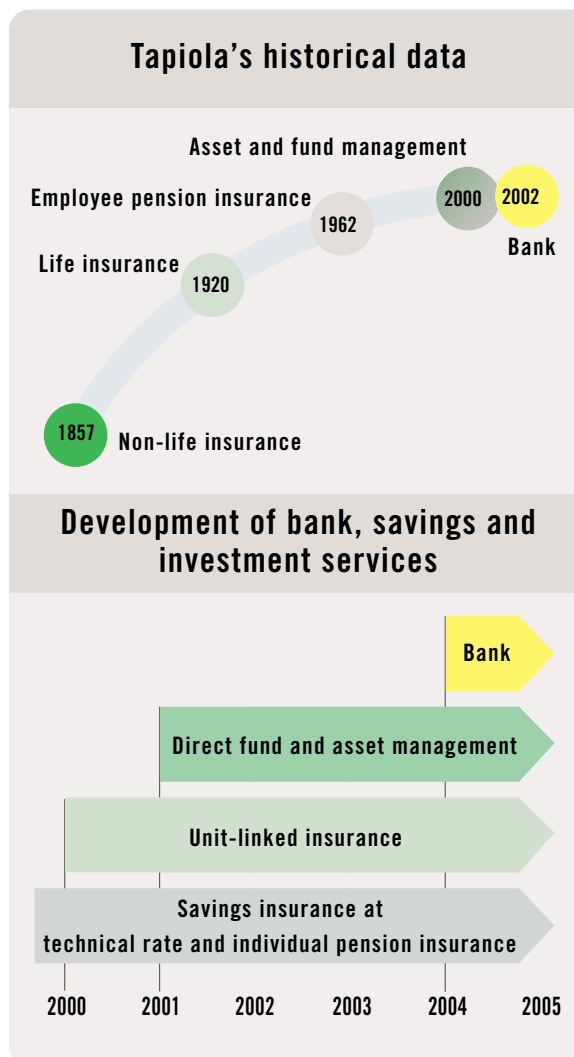
The movement towards a financial services group has been received optimistically. Both customers and personnel have provided positive feedback, and the expansion of services is being awaited in an atmosphere of enthusiasm and anticipation.

With the successful management of business risks the Tapiola Group has been able to focus on the long-term construction of competitive advantages based on co-operation inside the Group. This has required continuous development of the Group's corporate governance and management systems as well as expansion of the expertise base relating to financial services. At the same time the Tapiola Group has developed in a very gratifying way as a workplace appreciated by our most valuable resource, our personnel.

The different financial groups are developing their operations with differing emphases, which is perfectly natural. It is equally important that customers are able to make solutions based on their own interests. That is the market economy at its best. Mutuality has become a competitive advantage for the Tapiola Group. Responsible business has been and will continue to be the guiding principle for Tapiola as it works for the present and future prosperity of its customers. This approach to business is strengthened by the principles of social responsibility that we have embraced. Acting in accordance with these principles creates a firm foundation for the development of the Group's business activities.

I would like to warmly thank every employee and insurance representative of our Group companies for the good work done on Tapiola's behalf in 2002. I believe we can all look forward with confidence to an interesting year in 2003.

A significant change occurred in the Group's senior management. Having served the company in many important posts for almost 37 years, Pertti Heikkala, deputy chairman of the board of director of Tapiola Group, will retire on 1st April 2003. The supervisory boards have appointed Juhani Heiskanen to take his place as a member of the boards of directors of Tapiola General and the life assurance companies, as a deputy member of the board of directors of Tapiola Pension, and as the group director respon-



sible for private households. Group director Tom Liljeström, who already serves as the deputy chairman of the board of directors of Tapiola Pension, has been appointed to take Mr. Heiskanen's place as the deputy chairman of the other Group companies' boards of directors. I express my deep appreciation to Insurance Counsellor Pertti Heikkala for his long and distinguished service to the Tapiola Group.

I would also like to thank the members of Tapiola's supervisory and advisory boards for the valuable work they have done for benefit of the Group's future.

Asmo Kalpala

Espoo, 10th March 2003

Tapiola's administrative bodies and their tasks



Policyholders are the company's owners

Tapiola's administrative model is based on customer-ownership. Tapiola's owners are the policyholders, guarantee shareholders and all those who are insured with Tapiola Pension. All the guarantee shares, which in each Tapiola mutual insurance company represent less than 5% of the total number of votes, are owned by the Group's mutual companies. Similarly, all the shares of the Group's joint-stock insurance and financial services companies are owned by other companies belonging to the Tapiola Group.

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

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

Authority of the supervisory board is extensive

The annual general meetings elect a supervisory board for each insurance company of the Group on the ba-

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

The tasks of the supervisory boards are:

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

- to appoint and dismiss the members, deputy members, chairman and deputy chairman of the board of directors, and decide on the fees payable to the members and on the reimbursement principles for travelling expenses.
- to decide on issues that concern a significant expansion or contraction of business activity or a significant change in the company's organisation.
- the supervisory board of Tapiola Pension approves on an annual basis and in accordance with the Employment Pension Insurance Act the principles on which the plan is drawn up for the investment of the company's resources.
- The supervisory boards can also issue instructions to the boards of directors on matters that have far-reaching consequences or involve matters of important principle. For example, the exercise of voting power based on guarantee shares at the annual general meeting of a company belonging to the Group is regarded in Tapiola as being a case in point.

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

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

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

With the exception of Tapiola Corporate Life Insurance Company, the Group's joint-stock companies do not have a supervisory board.

The board of directors is responsible for the administration of the company, the appropriate organisation of activities, and the Group's services for different customer segments

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

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

The board of directors is responsible for the administration of the company and the appropriate organisation of its activities. The board of directors also ensures that the supervision of bookkeeping and financial management is appropriately organised. The board of directors approves the company's strategic plan and operating principles, the annual action plan and the budget, and supervises their implementation. The board of directors approves the company's maximum insurance liability without reinsurance, and approves the policy for seeking

reinsurance cover. The board of directors also approves the investment plan and the risk management plan. The development of services for customer-owners, as well as investment matters and risk management are emphasised in the work of a mutual insurance company's board of directors.

Tapiola Bank Ltd, Tapiola Asset Management Ltd and Tapiola Fund Management Ltd each have their own board of directors. The boards of directors are elected at the annual general meeting of their respective companies.

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

The boards of directors have selected a different person to act as the managing director of each insurance company with the exception of Tapiola Corporate Life, in which case the managing director of the parent company, Tapiola Life, acts as the managing director. According to the Insurance Companies Act, the managing director of an insurance company, like

the members of the board of directors, must possess sufficient knowledge of the insurance business, given the nature and scope of the company's insurance activities. The managing director of an employment pension insurance company is required to have sufficient knowledge of employment pension insurance, investment and business management.

Tapiola Bank Ltd, Tapiola Asset Management Ltd and Tapiola Fund Management Ltd each have their own managing director.

Advisory committees represent the customer-owners

In addition to the supervisory boards, Tapiola's customers are also represented in Tapiola's activities through the advisory committee system. Tapiola has 20 regional advisory committees, each of which consists of 9-15 members, as well as an advisory committee for the SME sector and an advisory committee for agriculture and forestry, each of which has 12 members. These committees act as an additional channel of interaction between the company and its customers.

Tapiola's administration

Co-operation committee of the supervisory boards



Ilkka Brotherus (b. 1951)

Chairman. Chairman of the supervisory board of Tapiola Pension

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



Tuula Entelä (b. 1955)

Chairwoman of the supervisory board of Tapiola Life

Master of Economic Sciences, Master of Laws, investment director of Sato-Yhtymä since 1997, deputy

chairwoman of the board of Helsingin Osuuskauppa HOK since 1996, member of the supervisory board of SOK Corporation since 2002.



Jouko Havunen (b. 1947)

Deputy chairman of the supervisory board of Tapiola Life

Licentiate of Economic Sciences, director of the Levón institute of Vaasa University, C.P.A. auditor, member

of the board of Laihian Mallas since 1988, member of the board of Kymppi-Maukkaat since 1999.



Marjut Nordström (b. 1956)

Chairwoman of the supervisory board of Tapiola Corporate Life

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



Antti Oksanen (b. 1944)

Deputy chairman of the supervisory board of Tapiola Pension

Master of Forestry, Mining Councillor, CEO of Metsäliitto Group since 1996, managing director of Metsäliitto Osuuskunta since 1992, chairman of the board of M-real since 1995, chairman of the board of Metsä-Botnia since 1995, chairman of the board of Finnforest since 1995, chairman of

the board of Metsä Tissue since 1997, deputy chairman of the board of Metsäliitto Osuuskunta since 1995, member of the board of Myllykoski Paper since 1995, member of the board of the Forest Industry since 1995, member of the Confederation of Industry and Employers since 1966, member of the supervisory board of Vapo Oy since 2002.



Reino Penttilä (b. 1940)

Deputy chairman of the supervisory board of Tapiola General

Agricultural councillor, chairman of the board of Atria since 1991, chairman of the board of Itikka Osuuskunta since 1982, deputy chairman

of the board of Pellervo Confederation of Finnish Cooperatives since 2001.



Pentti Sihvola (b. 1945)

Chairman of the supervisory board of Tapiola General

Consultant (eye specialist), Licentiate of Medical Science, managing director of Kuopion Silmäasema since

1975, chairman of the board of Silmäasemat Marketing since 1991, member of the board of Suomen Hammashuolto since 1998.



Antero Taanila (b. 1941)

Deputy chairman of the supervisory board of Tapiola Corporate Life

Provincial councillor, administrative director of Outokumpu Zinc,

member of the board SOK Corporation since 1991, chairman of the supervisory board of Osuuskauppa KPO since 1992.

Boards of directors of the Tapiola Group



Asmo Kalpala (b.1950)

Chairman, Master of Economic Sciences

Chairman of the boards of Tapiola General, Tapiola Life and Tapiola Pension since 1987 and president since 1994; chairman of the board and president of Tapiola Corporate Life since 1994, chairman of the board of directors and board of management of the Federation of Finnish Insurance Companies since 1988, member of the board of the Insurance Employers' Association since 1988, member of the board of Metsä-Serla since 1990, member of the board of

YIT Corporation since 2000, deputy chairman of the supervisory board of Turva Insurance since 1996, member of the board of LTT-Tutkimus since 1988, member of the Centre for Finnish Business and Policy Studies (EVA) 1993-1995, deputy chairman since 2000.



Pertti Heikkala (b. 1940)

Insurance councillor, Master of Economic Sciences

Group director of the business field households, deputy chairman of the boards of Tapiola General and Tapiola Life since 1988, deputy chairman of the board of Tapiola Corporate Life since 1994, deputy member

of the board of Tapiola Pension as from 2001, deputy chairman of the board of Turva Insurance 1996-2002. Retired 1.4.2003.



Antti Calonius (b. 1950)

Master of Political Sciences

Director of major clients, international operations and brokers since 1993, deputy member of the boards of Tapiola General and Tapiola Life since 1993 and Tapiola Corporate Life since 1994, chairman of the board of Alma Insurance since 1995,

member of the board of Tapiola Asset Management since 2001, member of the boards of the Finnish Atomic Insurance Pool and the Finnish Pool of Aviation Insurance since 1989.



Jari Eklund (b. 1963)

Master of Economic Science

Investment director of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998, deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate Life since 1998, chairman of the board of Tapiola Asset Management Ltd. since 2001, chairman of the board of Tapiola Fund Management Company since 2001, dep-

uty chairman of the board of Tapiola Bank Ltd since 2002, member of the supervisory board of Ilkka Yhtymä since 1998, member of the board of Suomen Hypoteekkiyhdistys since 2000, member of the board of Suomen SKV since 2000 and Vacom since 2001 and member of the board of Seligson & Co Ltd. since 2002.



Juhani Heiskanen (b.1948)

Master of Arts, eMBA, FASF
Group director, business field households as from 1.4.2003.

Deputy managing director of Tapiola Pension, Tapiola Life and Tapiola Corporate Life 1998-31.3.2003 and director of Tapiola Pension 1995-31.3.2003, member of the boards of Tapiola General, Tapiola Life and

Tapiola Corporate Life 1998-31.3.2003, deputy member since 2001 and member from 1.4.2003, deputy member of the board of Tapiola Pension from 1.4.2003, actuary and deputy member of the board of Turva Insurance since 1995, deputy chairman of the board since 2003.



Juhana Hintsanen (b. 1945)

Master of Laws

Deputy member of the board of Tapiola Pension since 2002, managing director of Viestintäyönantajat VTA since 2002.



Kari Kaukinen (b. 1944)

Consultant (general medicine)

Consultant (occupational health care), specialist in insurance medicine, deputy member of the board of Tapiola Pension 1996-31.12.2001, member since 1.1.2002, medical expert of the Confederation of Finnish Industry and Employers (TT) and the Employers' Confederation of Service Industries in Finland since 1995, senior consultant to Diacor terveystalvet since 1990, member of the

board of the Finnish Work Environment Fund since 1995, member of the board of management of the Institute of Occupational Health since 1995, member of the Merikoski board of the Association of the Pulmonary Disabled since 1998, member of the board of the Rehabilitation Foundation since 1995.



Seppo Kemppinen (b. 1950)

Attorney-at-law

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



Markku Koponen (f. 1949)

Master Philosophy

Member of the board of Tapiola Pension since 1.2.2002, director of the Employers' Confederation of Service Industries in Finland since 1996, deputy member of the board of the Central Pension Security Institute since 1987 and member since 1998, member of the board of the pension fund ETEK since 1995 and

chairman since 2002, member of the board of the Federation of the Accident Insurance Institutions since 1998, deputy chairman of the supervisory board of the Education and Redundancy Payments Fund since 1998 and chairman since 2002, member of the board of the Unemployment Insurance Fund since 1999.



Leila Kostainen (b. 1950)

Master of Laws

Member of the board of Tapiola Pension since 2002, director at the Confederation of Salaried Employees since 2001, member of the board of the Central Pension Security In-

stitute since 2003 and member of the board of the Federation of Accident Insurance Institutions since 2003.



Tom Liljeström (b. 1959)

Master of Engineering Sciences, Master of Economic Sciences

Group director of the of the business field corporations and major clients, member of the board of Tapiola General and Tapiola Life since 1994 and deputy chairman from 1.4.2003, member of the board of

Tapiola Corporate Life since 2001 and deputy chairman from 1.4.2003, deputy member of the board of Tapiola Pension since 2000 and deputy chairman since 2001, member of the board of Tapiola Bank since 2002, chairman of the supervisory board of Lännen Tehtaat since 1996.



Ismo Luimula (b. 1945)

Master of Social Sciences

Member of the board of Tapiola Pension since 1996, research secretary of the Central Organisation of Finnish Trade Unions (SAK) since 1970, economist since 1991 and senior economist since 2001, member of the supervisory board of Finnvera

since 1998, member of the board of the Labour Institute for Economic Research since 1988, deputy member of the board of the Central Pension Security Institute since 1998.



Paavo Mäkinen (b. 1955)

Doctor of Agriculture and Forestry Sciences

Member of the board of Tapiola Pension since 2000, operations manager of the Central Union of Agricultural Producers and Forest Owners (MTK) since 1997.



Markku Pakkanen (b. 1951)

Licentiate of Philosophy, FASF

Economy director of Tapiola Insurance Group since 1998, deputy member of the boards of Tapiola General, Tapiola Life and Tapiola Corporate since 1998, member of the board of Tapiola-Data Ltd since 1998.



Maj-Len Remahl (b. 1942)

Member of the board of Tapiola Pension since 1987

Chairman of the Union of Commercial Employees in Finland 1987 - 2000, chairman of Service Trade Union PAM 2000-2002, member of the board and executive committee of the Central Organisation of Finnish Trade Unions (SAK) 1986-2002, chairman of the International Feder-

ation of Commercial, Clerical, Professional and Technical Employees (FIET), 1999-2000, member of the board of management of the Labour Institute for Economic Research since 1996, deputy chairman of the Union Network International (UNI) since 2000 and chairman since 2001.



Jari Saine (b. 1951)

Master of Philosophy, FASF

Group director of the business field bank, savings and investments, member of the boards of Tapiola Life and Tapiola Corporate Life since 1994, member of the board of Tapiola General since 2001, deputy member of Tapiola Pension since 2001, member of the board of Tapiola Asset Management since 2001, member

of the board of the Life insurance company Retro Ltd since 1994, member of the supervisory board of Turva Insurance 1996-2002 and deputy member since 2003, chairman of the board of Tapiola Pankki Ltd since 2002, member of the board of Seligson & Co since 1999.



Seppo Salisma (b. 1948)

Master of Laws

Member of the board of Tapiola Pension since 2000, managing director of Turva Insurance 1998, member of the board of the Federation of Finnish Insurance Companies since 1998, member of the board of Pike-

spo Invest since 1998, chairman of the board of Tampere Technology Centre Ltd since 2002.



Veikko Simpanen (b. 1942)

Social councillor

Member of the board of Tapiola Pension 1999-2002, social secretary of the Finnish Confederation of Salaried Employees (STTK) 1979-2002, member of the board of the Federation of Accident Insurance Institu-

tions 1986-2002, member of the board of the Central Pension Security Institute 1998-2002, member of the board of ETEK Employment Pension Fund 1998-2002, member of the board of the Helsinki and Uusimaa Hospital District since 2000.



Risto Suominen (b. 1947)

Licentiate of Political Sciences

Member of the board of Tapiola Pension since 1999, managing director of the Federation of Finnish Enterprises since 1996, member of the board of the

Central Pension Security Institute since 1998, member of the board of Finnvera since 1996.



Aino Toikka (b. 1947)

Master of Philosophy
Member of the board of Tapiola Pension since 1995.

Personnel director of SOK Corporation since 1991, member of the board of the Commercial Employers' Association since 1991, deputy chairman of the board of management of

the Finnish Business College since 1995, member of the board of the Finnish Employers' Management Development Institute (FEMDI) since 2000.



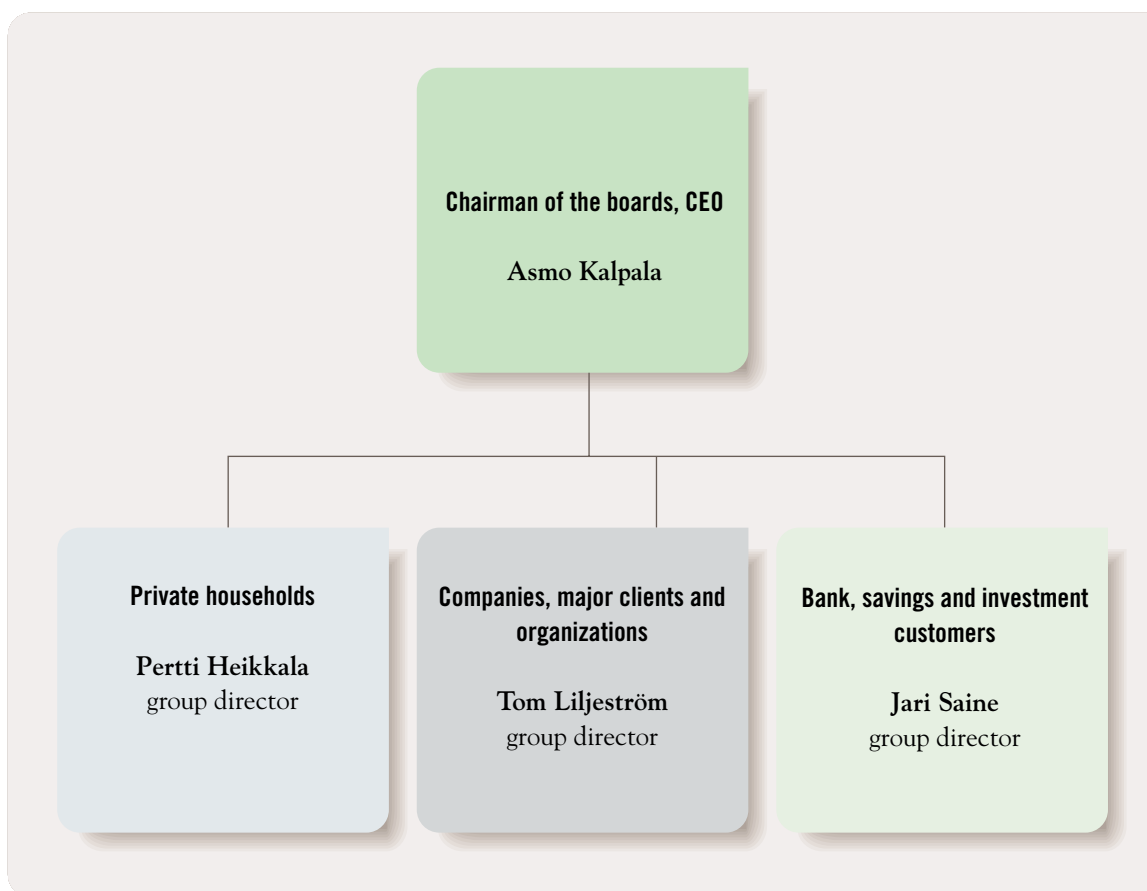
Pauli Torkko (b. 1947)

Licentiate of Economic Sciences

Member of the board of Tapiola Pension since 1989, deputy managing director of Orion-yhtymä since 1984, chairman of the board of the Salaried Staff's Pension Foundation

of Orion-yhtymä since 1991, chairman of the Labour Market Advisory Committee of the Chemical Industry Association since 1997.

Tapiola establishes customer-segmented organization



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

In the spring of 2001 Tapiola reorganized its businesses into three customer segments: private households and companies, major clients and organizations as well as bank, savings and investment services. Each customer segment has its own representative at board level, i.e. a group director. The new

organizational model promotes good and smooth internal co-operation as well as efficient decision-making. It further enhances Tapiola's work as a financial expert organization that genuinely cares for the interests of its customers.

Tapiola's services for private households



Owner-customers see mutuality as a major benefit

Tapiola's benefits for owner-customers, concern for their economic security and good collaboration with network partners have been well received by the company's customers. The number of household, self-employed and farm customers continued to grow. Customers are increasingly sourcing their insurance cover from Tapiola as the sole supplier and the monetary value of the services purchased from the company has also risen. Tapiola gained about 50,000 new private household customers in 2002 and the net number rose by over 20,000.

Tapiola's desire to make its financial expertise available to customers was highlighted in the Group's communications in 2002. Internal marketing projects improved customer service and employee expertise. An effective advertising campaign and its associated brand renewal raised Tapiola's profile and image as a mutual insurance company that also offers savings and investment services. A survey indicated that an increasingly large proportion of our customers understand the importance of mutuality in the creation of concrete benefits for owner-customers.

In accordance with its owner-customer programme, Tapiola distributed about EUR 5 million in no-claims bonuses to its customer in 2002. In addition the maximum amount of the owner discount rose from 7 per cent to 10 per cent. The way in which Tapiola cares for the financial security of its customers was significantly improved during 2002. Attention was also paid to offering Tapiola's financial expertise for use by the customer in all customer service situations and increasing the expertise of all the

sales channels in savings and investment services.

The management group responsible for private household services focused intently on the development of planning, the clarification of key goals and the improvement of target-orientation. A management method based on the balanced score card concept was developed for use in marketing and sales work, in the regions and in Tapiola's insurance units.

Pertti Heikkala
Group Director

Tapiola's services for companies, major clients and organisations

Further development of Tapiola's corporate services



The services offered by Tapiola to corporate clients were further developed in 2002. The number of corporate clients continued to rise in line with the set targets. The number of new clients joining Tapiola exceeded the number leaving. Retention of clients in Tapiola is good, which testifies to the high level of customer loyalty.

Tapiola places particular emphasis on managing the risks of its customers. These services are produced by a highly professional group of Tapiola employees with special expertise in this area. Ensuring the safety of employees by building a functional and adequate risk management model is essential for the good running of company. As a safety expert, Tapiola has an important role to play in this work. By predicting and analysing the risks of a customer's domestic and foreign operations and then implementing appropriate solutions, it is possible to safeguard the customer's business and its continuity. Systematic planning, comprehensive coverage, and trouble-free operation are the key words for Tapiola's corporate services.

The uncertain international situation has affected the price of insurance. The reinsurance that is so necessary to spread the risks of insurance has become much more expensive, and there is reason to assume high reinsurance prices and restrictive terms will continue in the future. This combined with the more demanding investment environment will raise the insurance price level on the domestic market.

The development of Tapiola's internet service has made good progress during 2002, and the renewed services have been given a favourable recep-

tion by corporate clients. At the present time some 8,000 customers are taking advantage of Tapiola's internet service. Handling insurance matters is easier and less prone to errors when repetitive practical operations are carried out electronically. The aim is not to take the place of personal service but rather to free up such contact time for more useful consulting services. Intensive development work on the internet service continues.

Tom Liljeström
Group Director

Tapiola's services for banking, savings and investment customers



Good progress made in Tapiola's business expansion

Customers' confidence in Tapiola as a provider of savings and investment services strengthened considerably during 2002. The market shares of the fund management company and the life insurance companies grew and there was a marked rise in the number of new contracts. Tapiola's profile and reputation as a provider of savings and investment services has improved, but there still remains much to do in making the expertise of the Group more widely known.

Unrest in the investment environment was manifest in the behaviour of customers as greater interest in money market funds and life insurance with a guaranteed return, even though in the present climate of low equity prices it would pay long-term savers to focus on diversified investment in equity funds. When serving savings and investment customers it is important to offer a comprehensive range of financial management tools, which Tapiola is now in the process of developing. In today's difficult economic environment it is essential to maintain close contact between the customer and the service provider.

The popularity of committed long-term saving in the form of individual pension insurance increased significantly in 2002. The number of new contracts, almost 14,000, was a record-high, and Tapiola Life's market share strengthened by 0.8 of a percentage point.

The product range of Tapiola Fund Management Company Ltd was extended with the launch of five new funds, four of which are managed by T. Rowe Price, a major American fund management company. Tapiola Fund Management Company Ltd strengthened its position in terms of both market share and the number of unit holders.

Tapiola Asset Management Company Ltd's business proceeded according to plan. Four of Tapiola's funds received the top Morningstar rating of five stars

and the one fund got four stars. The rest of Tapiola's funds are still so new that they have not yet been rated.

The most important decision made in 2002, from the perspective of savings and investment services and indeed the whole Tapiola Group, was the expansion into banking services. The decision was made as a result of long and extensive studies that revealed a growing interest among customers towards the provision of banking services by Tapiola. Banking services are being developed to complement insurance services and not at their expense. Owner-customers will receive additional benefits in the form of favourably priced banking services.

The interest shown by customers, the public at large and the media towards Tapiola Bank Ltd has been both significant and encouraging. However, the bank's economic challenges are great and the creation of a customer-friendly business model will still require a great deal of work.

The organisation specialised in savings and investment services will almost double from its present size when the personnel for the bank's regional operations are recruited. Sales of savings and investment products through both the organisation specialised in them and the regional offices increased significantly in 2002.

Long-term saving is an important means of safeguarding future financial security. It is to be hoped that also the importance of creating the prerequisites for long-term, systematic financial planning will be recognised and understood also at the political level.

Jari Saine
Group Director



Tapiola General

Review by the Managing Director



Continued growth for Tapiola General

The premiums written by Tapiola General rose by 7.2 per cent in 2002. The growth in the review year was good, considering the fact that, apart from the premium changes necessitated by the reinsurance market, the company decided to refrain from raising premiums and to concentrate on attracting new customers and increasing the extent to which they source their insurance cover from Tapiola as the sole supplier. Furthermore, Tapiola General distributed more owner-customer benefits than before in the form of premium discounts.

As a consequence of the terrorist attacks on September 11th 2001, international reinsurers excluded coverage of losses due to terrorism from the terms and conditions of their policies. As a result, the Finnish insurance sector also had to make changes to its own terms and conditions: some companies completely excluded such losses. Tapiola, as a company owned by its customers, did not pass the buck to its customers; instead, it included losses due to terrorism within the coverage of its insurances up to EUR 3 million for corporate customers. No limit whatsoever was set on the liability for losses due to terrorism as far as private household customers are concerned.

Market share and especially the number of customers continued to follow the upward trend of recent years. As an insurer of motor vehicles, Tapiola has strengthened its position as the second biggest in the Finnish market.

Claims incurred grew somewhat more than expected. The main reasons for this were storm damages and traffic accidents caused by bad road conditions.

Reinsurance costs rose significantly and the availability of reinsurance became more problematic world-

wide. Operating expenses rose somewhat more than expected. On the whole, Tapiola General's underwriting result in 2002 was satisfactory.

The result of investment activities was significantly weakened by the general economic downturn. This manifested itself as a reduction in investment income and especially as value adjustments in respect of shares.

The company's solvency declined slightly but still remains at an excellent level.

The general climate of opinion is even more favourable towards Tapiola and its mutual form of ownership than it was before. Tapiola's financial expertise, owner-customer benefits, commitment to quality, and increased network co-operation are all strengthening customer loyalty and bringing in new customers.

Tapiola continues to develop its products, services for individual customer groups, and operating models. Particular emphasis is being placed on improving the company's claims handling and risk management services.

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

Juha Seppänen

Juha Seppänen
Managing Director
Tapiola General

Administration and auditors

Supervisory board

Pentti Sihvola chairman, ophthalmologist, chairman, Kuopio	2002-2005
Reino Penttilä deputy chairman, agricultural councillor, Nurmo	2000-2003
Heli Alanko managing director, Järvenpää	2000-2003
Jukka Alho managing director, Espoo	2001-2004
Martti Haaman industrial councillor, Helsinki	2000-2003
Kari Haavisto finance director, Helsinki	2000-2003
Veikko Hannus welder, Kajaani	2001-2004
Arto Hiltunen managing director, Porvoo	2000-2003
Risto Ihamuotila chancellor, Helsinki	1999-2002
Heikki Ikonen municipal councillor, Nurmes	2000-2003
Robert Ingman managing director, Sipoo	1999-2002
Kari Jalas Dr.Pol.Sc., Helsinki	2001-2004
Janne Juvonen support, Kuopio	2001-2004
Markku Koskinen director, Kärkölä Olavi Kuusela	2000-2003
Juha Laaksonen economy director, Helsinki	2002-2005
Pirkko Lahti operations manager, Helsinki	2000-2003
Raimo Leivo managing director, Tampere	2001-2004
Erkki Lepistö managing director, Säkyä	2002-2005
Ahti Manninen managing director, Lappeenranta	2001-2004
Seppo Paatelainen managing director, Seinäjoki	2001-2004

Pirkko Rantanen-Kervinen managing director, Vantaa	1999-2002
Teuvo Salminen deputy managing director, Espoo	1999-2002
Jari Sarjo managing director, Espoo	2002-2005
Juhani Sormaala managing director, Helsinki	2001-2004
Olli Vuorio police commissioner, Vihti	2001-2004

Auditors

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

Board of directors

Asmo Kalpala , chairman, CEO
Pertti Heikkala , deputy chairman, group director, business field private customers
Tom Liljeström , group director, business field cor- poration and major clients
Jari Saine , group director, business field bank, savings and investments

Deputy members:

Antti Calonius , director, major clients, interna- tional operations and brokers
Jari Eklund , director, investments
Juhani Heiskanen , deputy managing director, sales, marketing and regional services
Markku Paakkanen , director, economy and IT services



*The solvency of Tapiola
General is excellent*

The operating profit of Tapiola General Mutual Insurance Company (Tapiola General) was EUR 15.1 million (107.7 million). The turnover rose by 2.3 per cent to EUR 595.1 million (581.4 million). Tapiola General's risk-carrying capacity, i.e. solvency capital in relation to premiums earned, was 226.5 per cent (253.1 %). Solvency was maintained at the excellent level of the previous year, which provides the company with a good platform to operate from in these times of increasing competition.

The 5.5 per cent growth in premiums written for direct business was higher than the industry average of 4.3 per cent. The growth in 2002 was good, considering the fact that, apart from the premium changes necessitated by the reinsurance market, the company decided to refrain from raising premiums and to try to increase the number of customers and the extent to which they source their insurance cover from Tapiola as the sole supplier. Furthermore, Tapiola General distributed more owner-customer benefits than before in the form of premium discounts. The company's market share of direct business in Finland continued to grow, increasing by 0.2 of a percentage point to 15.2 per cent. As an insurer of motor vehicles, Tapiola has strengthened its position as the second biggest in the Finnish market. Claims incurred grew somewhat more than expected. The main reasons for this were storm damages and traffic accidents caused by bad road conditions.

As a consequence of the terrorist attacks on September 11th 2001, international reinsurers excluded coverage of losses due to terrorism from the terms and conditions of their policies. As a result, the Finnish insurance sector also had to make changes to its

own terms and conditions: some companies completely excluded such losses. Tapiola, as a company owned by its customers, did not pass the problem on to its customers; instead, it bettered the efforts of its competitors by covering losses due to terrorism in their entirety for private household customers and up to EUR 3 million for corporate customers. Reinsurance costs rose significantly and the availability of reinsurance became more problematic worldwide. Operating expenses rose somewhat more than expected. On the whole, Tapiola General's underwriting result in 2002 was satisfactory.

The result of investment activities was significantly weakened by the general economic downturn. This manifested itself as a reduction in investment income and especially as value adjustments in respect of shares. Investment income includes value readjustments that do not have any effect on operating profit. The value readjustments have been made in accordance with a conservative valuation principle. Value readjustments provide for future valuation of investments on the basis of current values.

TAPIOLA GENERAL, PARENT
INSURANCE
Direct insurance

The premiums written for direct insurance totalled EUR 396.2 million (375.4 million), which was 5.5 per cent (10.1 %) higher than the previous year's figure. Credit losses on premiums were EUR 3.0 million (2.6 million), which was 13.2 per cent (-2.8 %) higher than in the previous year. Gross premiums

written for direct insurance before outward reinsurance premiums grew by 9.9 per cent (7.2 %) to EUR 395.9 million (360.1 million). The company paid direct insurance claims totalling EUR 307.1 million (252.6 million), which was 21.6 per cent (6.8 %) higher than in 2001. Direct insurance claims paid before the share of reinsurers grew by 13.3 per cent (15.4 %) to 344.7 million (304.2 million).

The balance on the technical account before net investment income was a deficit of EUR 78.4 million (-37.9 million). The loss ratio was 86.9 per cent (84.7 %). The loss ratio for direct insurance was 87.1 per cent (84.5 %) and the loss ratio for assumed reinsurance business was 62.2 per cent (108.3 %).

The premiums written for statutory accident insurance rose by 6.8 per cent (5.9 %) to EUR 70.8 million (66.3 million). The profitability of this insurance class remained weak.

The premiums written for motor liability insurance fell by 0.7 per cent (+14.9 %) to EUR 100.3 million (100.9 million). The profitability of the class improved somewhat compared with the previous year. The premiums written for motor vehicle insurance rose by 5.9 per cent (9.4 %) to EUR 75.1 million (70.9 million). The profitability of the class was weaker than in the previous year.

The premiums written for fire and property insurances were EUR 91.7 million (87.4 million), which was 4.9 per cent (10.8 %) higher than in 2001. Premiums written in the liability insurance class were EUR 20.9 million (17.2 million), which was 22.0 per cent (-1.5 %) higher than in the previous year. Profitability was weaker than in 2001.

Reinsurance

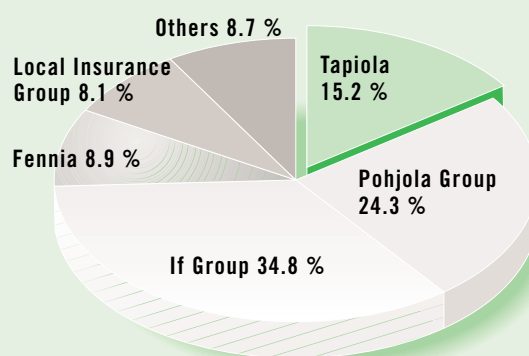
The balance on Tapiola General's technical account for reinsurance before net investment income was a deficit of EUR 1.5 million (+0.3 million).

The premiums written for assumed reinsurance were EUR 36.1 million (27.9 million). The premiums written for domestic reinsurance were EUR 22.3 million (20.0 million). The balance on the technical account for domestic reinsurance before net investment income was a deficit of EUR 1.8 million (+0.1 million).

Premiums written for foreign reinsurance were EUR 13.8 million (8.0 million). The balance on the technical account before net investment income was a surplus of EUR 0.3 million (0.2 million).

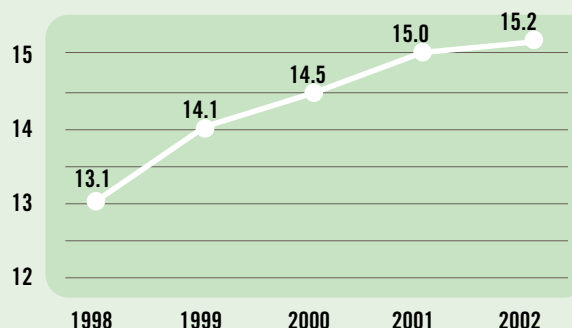
Market shares of direct non-life insurance

Gross premiums written by all companies and associations
EUR 2,609.8 million

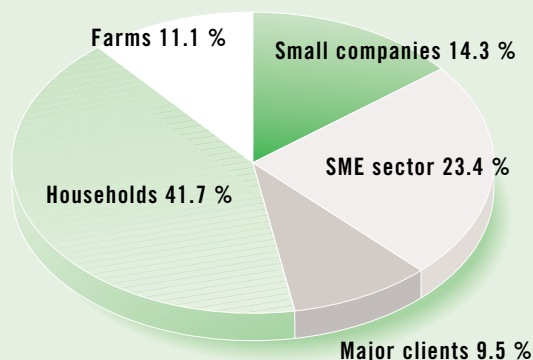


Development of market share in direct insurance

Premiums written by associations included

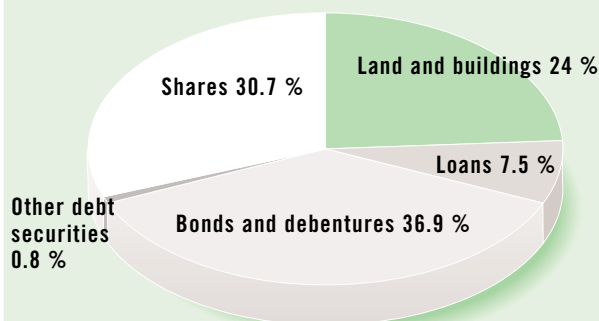


Premiums written by customer group 2002



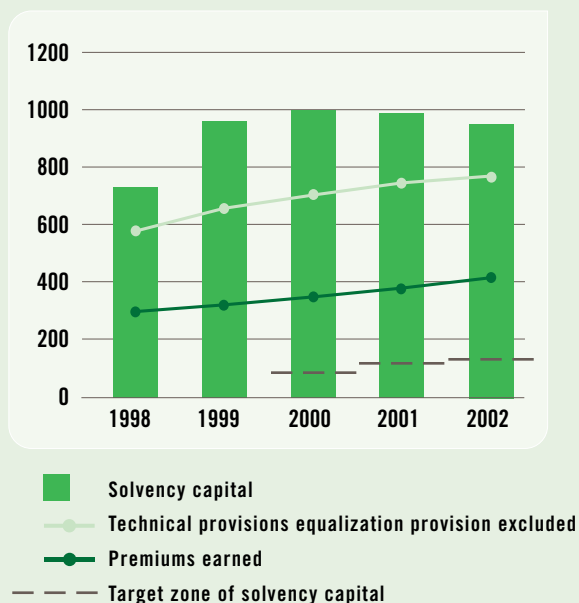
Investment assets

Current value at 31.12.2002 EUR 1,614.4 million



Solvency capital

EUR mill.



The reinsurers' share was a surplus of EUR 5.9 million, compared with a deficit of EUR 6.9 million in the previous year.

Technical provisions

Tapiola General's net technical provisions amounted to EUR 1,219.0 million (1,146.5 million). The provision for unearned premiums, net of the reinsurers' share, increased by EUR 2.9 million (15.9 million) to EUR 136.7 million (133.7 million), and the provision for outstanding claims by EUR 36.8 million (41.2 million) to EUR 631.0 million (594.2 million). The equalisation provision was increased by EUR 32.2 million (3.7 million) to EUR 437.5 million (405.3 million). The provision for the guarantee scheme for statutory accident insurances was increased by EUR 0.5 million (0.5 million) to EUR 13.8 million (13.3 million).

INVESTMENT

Tapiola General's net investment income fell by 30.5 per cent (+4.7 %) to EUR 99.1 million (142.7 million). This total represented 24.6 per cent (38.1 %) of net premiums earned.

Net interest income was EUR 46.9 million (52.4 million), which was 10.5 per cent (+29.8 %) lower than in the previous year. Net realised gains on investments were EUR 40.3 million (57.4 million). Dividend income remained at the level of the previous year: EUR 23.6 million (23.8 million). The net total of investment value adjustments and readjustments reduced the result by EUR 56.5 million (+6.1 million). Of the total, EUR -61.3 million (+6.4 million) related to shares, EUR +2.2 million (+0.8 million) to land and buildings, and EUR +2.6 million (-1.0 million) to debt securities. Revaluations and their adjustments were EUR 37.9 million (- ? million). The revaluations were made in respect of land and buildings in accordance with a conservative valuation principle.

The book and current values of the company's investments as recorded on the Balance Sheet were EUR 1,382.3 million (1,307.0 million) and EUR 1,614.4 million (1,610.2 million), respectively. The difference between the book and current values narrowed by EUR 71.1 million (-98.5 million) to EUR 232.1 million (303.2 million).

OPERATING EXPENSES AND ORGANIZATION

Tapiola General's net operating expenses as reported on the Profit and Loss Account were EUR 98.5 million (91.0 million), which was 8.1 per cent (18.4 %) higher than in the previous year. The ratio of operating expenses to premiums earned was 24.4 per cent (24.3 %).

Gross operating expenses, which include depreciation charges of EUR 5.7 million (5.9 million), are appropriately allocated to different functions. Investment charges include the expenses of the company's own organisation.

The company's staff administered all the business operations of the Tapiola Group during the review year. With the exception of the managing director and the deputy managing director, the company's staff are employed not only by the company but also by Tapiola Mutual Life Assurance Company and Tapiola Mutual Pension Insurance Company. Operating expenses are divided up among the group companies on the basis of amount of work involved in providing them with those services.

Salaries and commissions paid to the members of the Supervisory Board, to the members and deputy members of the Board of Directors and to the managing director and deputy managing director totalled EUR 773,466.00 (644,681.65). Other salaries and commissions amounted to EUR 45,000,439.03 (41,042,990.81), giving a combined total of EUR 45,773,905.03 (41,687,672.46).

RESULT FOR THE ACCOUNTING PERIOD

Tapiola General's turnover for 2002 was EUR 595.1 million (581.4 million) and the operating profit EUR 15.1 million (107.7 million). The operating profit was 2.5 per cent (18.5 %) of turnover.

The balance on the technical account before the change in the equalisation provision was a deficit of EUR 46.2 million (-34.2 million). The loss ratio, i.e. the ratio of earned premiums to claims incurred, was 86.9 per cent (84.7 %). The combined ratio, which also takes account of operating expenses, rose to 111.3 per cent (109.0 %).

The current values of the solvency margin and solvency capital at the end of the year were EUR 475.8 million (542.1 million) and EUR 913.3 million (947.4 million), respectively. The risk-carrying capacity, which describes the company's solvency, was 226.5 per cent (253.1 %).

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

The full amount of depreciation permitted under the Business Taxation Act, i.e. EUR 6.5 million (6.6 million), was charged according to plan. The provision for credit losses was brought into line with the full amount.

During the accounting period, EUR 76,036.94 was paid from the contingency reserve in the form of donations for generally beneficial purposes.

No profit-sharing payment was made to the Staff Fund of the Tapiola Group on the basis of the result for the accounting period.

The Board of Directors recommends that the profit for the accounting period amounting to EUR 14,132,230.89 be appropriated so that EUR 14,000,000.00 is transferred to the security reserve and EUR 132,230.89 is transferred to the contingency reserve.

The Balance Sheet showed assets totalling EUR 1,552,953,933.22 (1,468,827,841.72).

TAPIOLA GENERAL GROUP

The Tapiola General Group comprises the parent company, Tapiola General Mutual Insurance Company, and its subsidiaries: Alma Insurance Company Ltd, Tapiola Data Ltd, Aura-Karelia Oy, Tapiola Safety, Tietotyö Oy, Palokärki Oy, Omre Oy and Kestap Ky, and 47 (47) housing and real estate companies. Tapiola Bank Ltd, which was entered into the Trade Register on 20th November 2002, has been a subsidiary of Tapiola General since that date and its figures are included in the consolidated financial statements.

The Group's associated companies are Suomen Vahinkotarkastus SVT Oy, Vakuutusneuvonta Aura Oy, Vakuutusneuvonta Pohja Oy, Kiinteistö Oy Huittisten Tapiola, Kiinteistö Oy Poimari, Vaasan

Tekno Park Oy, Glasnost Oy, Pohja-yhtymä Oy, Kinteistö Oy Ruosilantie 11, Kehitysyhtiö Botnia Oy and Suomen Turvatarkastus Oy.

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

INSURANCE

The Group's premiums written amounted to EUR 432.2 million (403.3 million). The increase over the previous year was 7.2 per cent (10.1 %). Credit losses on premiums were EUR 2.6 million (2.7 million). Claims paid by the Group totalled EUR 330.4 million (286.6 million), an increase of EUR 15.3 per cent (+15.7 %) over the previous year.

The balance on the technical account before net investment income was a deficit of EUR 76.9 million (-40.9 million). The loss ratio, i.e. the ratio of earned premiums to claims incurred, was 86.3 per cent (84.9 %). The combined ratio, which also takes account of operating expenses, rose to 110.9 per cent (109.8 %).

Direct insurance

The direct insurance figures for Tapiola General's parent company and group are the same.

Reinsurance

The premiums written for Tapiola General Group's assumed reinsurance were EUR 36.0 million (27.9 million). The increase over the previous year was EUR 8 million (2.5 million). The reinsurers' share of the Group's premium income was 8.3 per cent (6.9 %).

The balance on Tapiola General Group's technical account for reinsurance before net investment income was a surplus of EUR 0.6 million (-2.5 million). The premiums written for assumed reinsurance were EUR 36.0 million (27.9 million).

Technical provisions

Tapiola General Group's net technical provisions amounted to EUR 1,225.2 million (1,157.4 million). The provision for unearned premiums, net of the reinsurers' share, increased by EUR 2.9 million (15.9 million) to EUR 136.7 million (133.7 million) and the provision for outstanding claims by EUR 32.1 million (39.1 million) to EUR 637.2 million (605.2

million). The equalisation provision was increased by EUR 32.2 million (3.7 million) to EUR 437.5 million (405.3 million). The provision for the guarantee scheme for statutory accident insurances was increased by EUR 0.5 million (0.5 million) to EUR 13.8 million (13.3 million).

INVESTMENT

Tapiola General Group's net investment income fell by 36.2 per cent (+4.7 %) to EUR 92.4 million (144.7 million).

Net interest income was EUR 43.8 million (52.2 million), which was 16.0 per cent (+34.6 %) lower than in the previous year. Net realised gains on investments were EUR 40.7 million (58.0 million). Dividend income was EUR 20.8 million (21.6 million). The net total of investment value adjustments and readjustments reduced the result by EUR 56.5 million (+4.8 million). Of the total, EUR -61.3 million (+6.4 million) related to shares, EUR +2.2 million (+0.6 million) to land and buildings, and EUR +2.6 million (-1.0 million) to debt securities. Revaluations and their adjustments were EUR 37.9 million (- ? million). The revaluations were made in respect of land and buildings in accordance with a conservative valuation principle.

The book and current values of Tapiola General Group's investments as recorded on the Consolidated Balance Sheet were EUR 1,401.9 million (1,338.9 million) and EUR 1,668.8 million (1,671.5 million), respectively. The difference between the book and current values narrowed by EUR 65.8 million (-97.9 million) to EUR 266.9 million (332.6 million).

OPERATING EXPENSES

Net operating expenses as reported on the Consolidated Profit and Loss Account were EUR 99.2 million (93.2 million), which was 6.4 per cent (17.2 %) higher than in 2001.

RESULT FOR THE ACCOUNTING PERIOD

The Group's turnover in the year 2002 was EUR 592.7 million (583.7 million). The Group's operating profit was EUR 8.6 million (106.7 million), representing 1.5 per cent (18.3 %) of turnover.

The current values of Tapiola General Group's solvency margin and solvency capital at the end of the year were EUR 496.0 million (567.3 million) and EUR 956.9 million (987.7 million), respectively. The risk-carrying capacity, which describes the Group's solvency, was 237.3 per cent (263.8 %).

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

Depreciation was charged according to plan and includes depreciation of goodwill on consolidation. The change in the depreciation difference and optional provisions as well as the depreciation difference and optional provisions are divided among deferred tax liability, minority interests and capital and reserves. The provision for credit losses on other receivables was brought into line with the full amount.

Tapiola General Group's profit for the accounting period was EUR 9,683,300.15, of which the minority interest was EUR 741,245.54. The Balance Sheet showed assets totalling EUR 1,501,186,240.78 (1,501,186,240.78).

RISK MANAGEMENT

Tapiola General's risk management is based in internal control principles that are approved by the boards of directors and applied throughout the whole Group. Internal control includes a risk management system that is used to manage the identification, assessment, limitation and control of risks caused by or closely associated with the Group's activities. Tapiola General's Board of Director's bears overall responsibility for the arrangement and regular assessment of internal control and risk management. Tapiola General's risk management is a systematic process that encompasses all functions of the company.

Additional information: www.tapiola.fi

Key financial indicators

	2002	2001	2000	1999	1998
SCALE OF OPERATIONS					
Gross premiums written, EUR million	432.2	403.3	366.5	338.9	310.6
Turnover, EUR million	592.7	583.7	553.7	473.6	439.3
LOSSES					
Loss ratio, %	86.3	84.9	78.7	91.2	82.8
EFFICIENCY					
Expense ratio, %	24.6	24.9	22.7	22.3	20.7
PERFORMANCE					
Combined ratio, %	110.9	109.8	101.4	113.5	103.5
Operating profit, EUR million	8.6	106.7	132.8	55.2	74.3
Operating profit as percentage of turnover	1.5	18.3	24.0	11.7	16.9
Profit or loss before extraordinary items, EUR million	14.3	102.9	100.0	53.2	35.8
Return on equity (ROE), % *)	-11.2	-2.1	0.5	46.5	20.0
Return on assets (ROA), %	-0.4	1.1	3.6	16.0	9.3
SOLVENCY					
Solvency margin, EUR mill.	496.0	567.3	580.4	572.6	352.9
Solvency capital, EUR million *)	956.9	987.7	997.1	957.6	729.8
Solvency capital as percentage of technical provisions *)	121.5	131.3	143.1	146.7	126.1
Risk-carrying capacity, % *)	237.3	263.8	284.9	304.0	245.3
Equity to assets ratio, % *)	29.1	32.4	33.7	34.9	26.3

*) The assumed realized tax debt is deducted from the valuation differences.

The definitions of the concepts and the formulae for the financial indicators are presented in the Readers' Guide on page 116.

Profit and Loss Account

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Technical account:				
Premiums written				
Premiums written	432 277	403 334	432 200	403 348
Reinsurers' share	-26 099	-13 132	-26 100	-13 107
	406 178	390 202	406 100	390 241
Change in provision for unearned premiums	-3 307	-15 802	-3 307	-15 802
Reinsurers' share	373	-80	373	-80
	-2 934	-15 882	-2 934	-15 882
	403 244	374 320	403 166	374 359
Claims incurred				
Claims paid	-327 744	-283 530	-330 395	-286 556
Reinsurers' share	14 163	7 748	14 356	7 875
	-313 581	-275 782	-316 038	-278 681
Change in provision for outstanding claims	-37 511	-50 501	-32 673	-48 366
Reinsurers' share	674	9 334	603	9 239
	-36 837	-41 167	-32 070	-39 127
	-350 418	-316 949	-348 108	-317 808
Change in provision for joint guarantee system	-530	-510	-530	-510
Net operating expenses	-98 459	-91 039	-99 189	-93 193
Balance on the technical account before the change in the equalization provision	-46 163	-34 178	-44 661	-37 152
Change in the equalization provision	-32 240	-3 741	-32 240	-3 741
Balance on the technical account	-78 403	-37 919	-76 901	-40 893
Non-technical account:				
Investment income	165 414	193 609	163 096	195 702
Investment revaluations	38 400	-	38 400	-
Investment charges	-104 222	-50 931	-108 678	-51 006
Amendments in investment revaluations	-460	-	-460	-
	99 132	142 678	92 358	144 695
Other income				
Decrease in group reserve	-	-	49	-
Others	687	297	701	420
	687	297	750	420
Other expenses				
Decrease in consolidation goodwill	-	-	-139	-1
Others	-630	-1 098	-1 398	-1 105
	-630	-1 098	-1 537	-1 105
Share of associated undertakings' loss	-	-	-366	-197
Direct taxes on ordinary activities				
Taxes for the accounting period	-6 330	-30 302	-5 921	-30 558
Taxes from previous years	-60	18	-59	14
Deferred tax	-	-	618	-429
	-6 390	-30 284	-5 362	-30 973
Profit on ordinary activities	14 396	73 674	8 942	71 947
Profit after extraordinary items	14 396	73 674	8 942	71 947
Appropriations				
Increase in depreciation difference	-9	-14	-	-
Increase in optional reserves	-255	-171	-	-
	-264	-185	-	-
Minority interest in the loss for the accounting period	-	-	741	333
Profit for accounting period	14 132	73 489	9 683	72 279

Balance Sheet

1000 euro	Parent company		Group	
Assets	2002	2001	2002	2001
Intangible assets				
Consolidation goodwill	-	-	554	-
Other long-term expenses	15 410	12 343	20 909	14 570
	15 410	12 343	21 464	14 570
Investments				
Investments in land and buildings				
Land and buildings	212 931	171 853	304 360	249 687
Loans to group companies	79 652	63 288	-	-
Loans to participating interest	2 024	3 026	2 024	3 026
	294 607	238 166	306 384	252 713
Investments in group companies and participating interests				
Shares and holdings in group companies	25 377	3 098	-	-
Debt securities and loans from group companies	7 500	109	-	-
Other shares and variable-yield securities and units in unit trusts	7 166	7 145	7 417	7 490
	40 043	10 353	7 417	7 490
Other investments				
Shares and holdings	352 473	367 647	352 573	367 795
Debt securities	568 663	580 315	568 646	580 298
Loans guaranteed by mortgages	55 080	42 807	55 080	42 807
Other loans	57 975	57 913	57 975	57 913
Deposits	13 150	8 294	25 017	26 935
Other investments	-	1 003	27 400	1 009
	1 047 340	1 057 978	1 086 690	1 076 757
Deposits with ceding undertakings	285	497	1 435	1 941
	1 382 276	1 306 995	1 401 926	1 338 901
Debtors				
Arising out of direct insurance operations				
Policyholders	77 690	77 633	77 690	77 633
Arising out of reinsurance operations	17 335	9 502	18 240	8 921
Other debtors	26 301	28 650	23 848	16 397
	121 326	115 785	119 777	102 951
Other assets				
Tangible assets				
Equipment	7 292	6 150	15 463	14 086
Other tangible assets	-	-	73	84
	7 292	6 150	15 536	14 170
Cash at bank and in hand	4 316	6 021	5 385	8 183
Other assets	803	684	803	684
	12 410	12 855	21 723	23 036
Prepayments and accrued income				
Interest and rents	18 641	18 092	18 670	18 091
Other prepayments and accrued income	2 891	2 759	3 871	3 637
	21 532	20 851	22 541	21 728
	1 552 954	1 468 828	1 587 431	1 501 186

Balance Sheet

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Liabilities				
Capital and reserves				
Equivalent funds	6 875	6 875	6 875	6 875
Guarantee capital	1 766	1 766	1 766	1 766
Revaluation reserve	539	539	1 406	1 406
Other free funds	252 324	178 911	252 324	178 911
Part of optional reserves and depreciation difference transferred to capital and reserves	-	-	6 337	7 790
Group losses for previous years	-	-	-8 200	-5 989
Profit for the accounting period	14 132	73 489	9 683	72 279
Part included in profit for the accounting period of the change in depreciation difference and optional reserves	-	-	1 447	-1 001
	275 638	261 581	271 640	262 038
Minority interest	-	-	23 328	15 122
Accumulated appropriations				
Accumulated depreciation difference	4 113	4 103	-	-
Optional reserves	1 875	1 620	-	-
	5 988	5 724	-	-
Technical provisions				
Provisions for unearned premiums	137 443	134 136	137 443	134 136
Reinsurers' share	-791	-419	-791	-419
	136 652	133 718	136 652	133 718
Provision for outstanding claims	645 888	608 377	652 187	619 514
Reinsurers' share	-14 852	-14 177	-14 962	-14 358
	631 036	594 199	637 225	605 155
Equalization provision	437 546	405 306	437 546	405 306
Change in provision for joint guarantee system	13 782	13 252	13 782	13 252
	1 219 016	1 146 475	1 225 205	1 157 431
Deposits received from reinsurers	-	-	51	76
Creditors				
Arising out of direct insurance operations	801	839	801	839
Arising out of reinsurance operations	4 485	1 065	9 990	8 660
Loans from financing institutes	-	-	7 972	7 793
Pension loans	-	-	97	104
Deferred tax	-	-	2 659	3 280
Other creditors	30 352	36 228	23 707	26 661
	35 638	38 132	45 225	47 337
Accruals and deferred income	16 675	16 915	21 982	19 182
	1 552 954	1 468 828	1 587 431	1 501 186

Performance analysis

EUR million	2002	2001	2000	1999	1998
Premiums earned	403.2	374.4	350.0	315.0	297.5
Claims incurred	-348.1	-317.8	-275.5	-287.4	-246.3
Operating expenses	-99.2	-93.2	-79.5	-70.2	-61.6
Other technical income and expenses	-0.5	-0.5	-0.5	-0.5	-0.5
BALANCE ON TECHNICAL ACCOUNT BEFORE THE CHANGE IN THE EQUALIZATION PROVISION	-44.7	-37.2	-5.5	-43.1	-10.9
Net investment income and expenses	54.4	144.7	139.8	98.6	85.6
Other income and expenses, net	-0.8	-0.7	-1.3	-0.4	-0.5
Share of profits and losses in associated undertakings	-0.4	-0.2	-0.2	0.1	0.1
OPERATING PROFIT	8.6	106.7	132.8	55.2	74.3
Change in equalization provision	-32.2	-3.7	-32.9	-2.0	-38.5
Revaluation of investments and their adjustments	37.9	0.0	0.0	0.0	0.0
PROFIT OR LOSS BEFORE EXTRAORDINARY ITEMS	14.3	102.9	100.0	53.2	35.8
Extraordinary income	0.0	0.0	0.0	0.0	0.0
Extraordinary expenses	0.0	0.0	0.0	0.0	0.0
LOSS OR PROFIT BEFORE APPROPRIATIONS AND TAXES	14.3	102.9	100.0	53.2	35.8
Income and other direct taxes	-5.4	-31.0	-29.8	-15.6	-10.0
Minority shares	0.7	0.3	0.0	-0.2	0.1
Profit from the accounting period	9.7	72.3	70.2	37.4	25.9



Tapiola Pension

Review by the Managing Director



*Tapiola Pension successful
on all fronts*

Tapiola Pension had an excellent year considering the difficult conditions. The company's result was 28.6 per cent higher than in the previous year and was once again in a class of its own compared with the other employment pension companies in Finland. The investment return was a profit even after the high yield requirement set by the technical interest rate. This good result is a consequence of purposeful investment that has borne fruit even in the current weak market environment. Tapiola Pension's solvency position has also remained strong and has even been further strengthened. This provides a firm foundation for successful investment also in the future. As a consequence of the good result, Tapiola Pension's customer bonuses are the best of the industry.

Tapiola Pension's market position has developed steadily. The company has consistently received more new insurances than it has lost to its competitors. Both market share and success in sales of new insurances have settled at a high level. Tapiola Pension has also maintained its position as one of the industry's most efficient companies in terms of operating expenses.

The momentous changes made to the employment pension scheme are now in the implementation phase. Parliament approved the legislative amendments of the pension reform on 18th February 2003 just prior to the general election. The final outcome is satisfactory from the standpoint the development of both the employment pension scheme and the national economy.

The aims of the pension reform, which will come into force at the beginning of 2005, are to make the pension laws simpler and more consistent, to make pension cover more equitable for people in different

occupations, to reward people of retirement age for staying in the workforce, and to raise the retirement age. Moreover, the pension system must accommodate increased life expectancy and ease upward pressure on the employment pension premium.

The pension insurance companies have not been given much time to bring the pension reform into practice. The regulation concerning protection of the pension level will double the number of information system solutions by the year 2012, and the maintenance of these systems will also add to the work load.

There has been much debate within the industry on the setting of the technical interest rate, i.e. the minimum rate of interest payable on the assets of pension funds. Too high a technical interest rate weakens the companies' solvency and reduces their risk-taking capacity, which is necessary to achieve better investment returns. It is absolutely essential for the development of the employment pension business that the technical interest rate is set so that it is competitively neutral and takes account of the real economy.

Tapiola Pension's strong solvency and market position provide the company with an excellent platform for success in 2003. However, coping with the changes to the employment pension scheme poses a great challenge.

Olli-Pekka Laine
Managing Director
Tapiola Pension

Administration and auditors

Supervisory board

Ilkka Brotherus chairman, managing director, Hausjärvi	2001-2004
Antti Oksanen deputy chairman, mining councillor, Espoo	2001-2004
Hannu Aho member of parliament, Perho	2002-2005
Veikko Autio mining councillor, Turku	2002-2005
Tapio Eskelinen specialist, Järvenpää	2001-2004
Reino Hanhinen mining councillor, Espoo	2001-2004
Risto Ikäheimo development manager, Helsinki	2001-2003
Timo Jaakkola managing director, Espoo	2000-2003
Kaarlo Julkunen II deputy chairman, Pori	2001-2002
Vesa Jussila operations manager, Helsinki	2002-2005
Pekka Kaikkonen managing director, Kouvola	2000-2003
Timo Kauranen managing director, Helsinki	2001-2004
Rabbe Klemets president, Turku	2002-2003
Eero Kurri managing director, Helsinki	2000-2003
Leo Laukkanen commercial councillor, Mikkeli	2002-2005
Seppo Maskonen managing director, Oulu	2001-2003
Jarmo Mäntyharju farmer, Oripää	2001-2004
Erkki Niemi managing director, Lahti	2002-2005
Siiri Nuutinen chief shop steward, Helsinki	2000-2003
Max van der Pals farmer, B.Sc. (agriculture), Lohja mlk	2001-2004
Risto Pieviläinen social secretary, Helsinki	2002-2005
Heikki Pitkänen director, Helsinki	2000-2003
Pertti Raitoharju chairman, Vantaa	2001-2004

Olli Saariaho research manager, Helsinki (until 30.9.2002)	2001-2004
Tapio Salomaa foreman, Kokemäki	2002-2005
Mikko Suotsalo managing director, Helsinki	2000-2003
Jouko Vehmas managing director, Kouvola	2000-2003
Olavi Viljanmaa managing director, Jalasjärvi	2002-2005

Auditors

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

Board of directors

Asmo Kalpala , chairman, CEO
Tom Liljeström , deputy chairman, group director, business field corporate services
Kari Kaukinen , consultant (general medicine)
Markku Koponen , director
Leila Kostiainen , director (from 20.11.2002)
Ismo Luimula , senior economist
Paavo Mäkinen , operations manager
Maj-Len Remahl , chairman
Seppo Salismaa , managing director
Veikko Simpanen , social secretary (until 20.11.2002)
Risto Suominen , director
Aino Toikka , personnel director
Pauli Torkko , deputy managing director
Deputy members:
Pertti Heikkala , group director, business field households
Juha Hintsanen , managing director
Seppo Kempinen , attorney-at-law
Jari Saine , group director, business field bank, savings and investments



*Tapiola Pension's
solvency is strong*

The overall result for Tapiola Mutual Pension Insurance Company (Tapiola Pension) was EUR 52.0 million (40.4 million) when the unrealised change in investment valuation differences is taken into account. Solvency exceeded the minimum requirement by a factor of 2.7 (2.5). Tapiola Pension's solvency has developed favourably during the year compared with competitors. Investment income has covered the requirements set by the technical interest rate, which was a significant achievement in view of the difficult investment conditions. After a break of a few years, Tapiola Pension's customer bonuses are once again among the best in the pension insurance field. The company's market share grew by 0.1 of a percentage point to 14.6 per cent (14.5 %). The number of customers transferring to Tapiola Pension was greater than the number leaving the company, and sales of new insurances developed strongly. Tapiola Pension's loading result, which describes the company's cost effectiveness, was again positive.

The significant reforms of the employment pension scheme will require plenty of development work on IT systems. Preparatory work on the so-called 'Ôlast pension institution' model was completed and the implementation phase is now in progress. The system will be introduced at the end of 2003.

In accordance with the proposal made by The Committee on Competition in the Statutory Employment Pension Scheme, customers have been able, since the last quarter of 2002, to decide on

changing their insurance company at four different times during any given year. The first transfer according to the new practice went through successfully from Tapiola's point of view. Also as a result of the committee's proposal, the full payment of accumulated bonuses to the customer was introduced at the beginning of 2003. Earlier, the customer always received half of the bonuses accumulated at the time.

The pension reform and the law pertaining to it were approved by Parliament on 18th February 2003. Significant modification works on IT systems caused by the combination of employment pension laws are under way, and the resources required by Tapiola Pension's management organisation and IT systems development work have been strengthened.

The focus in actual pension insurance business has been on improving customer service and developing internet services. An internet service system intended for new customers was introduced at the beginning of the year.

On the basis of a recommendation issued by the Insurance Supervision Authority on 12th December 2001, PT Pension Foundation transferred part of its statutory pension insurance portfolio to Tapiola Mutual Pension Insurance Company with effect from 1st January 2002.

Tapiola Mutual Pension Insurance Company's wholly owned subsidiary, Kiinteistö Oy Tapiolan Henki-Eläke, merged with its parent company on 31st December 2002.

Tapiola Pension's key figures

	2002	2001	2000	1999	1998
Premiums written, EUR million	948.3	905.8	814.8	776.1	671.5
Pensions paid, EUR million ¹⁾	666.2	615.3	567.3	535.1	505.1
Net return on investment at current value, EUR million	242.3	225.7	189.4	218.3	317.5
return on capital employed, %	5.3	5.2	4.7	5.9	9.6
Turnover, EUR million	1 285.8	1 243.5	1 135.3	999.6	889.1
Total operating expenses, EUR million	30.3	27.6	24.2	19.9	18.5
percentage of turnover	2.4	2.2	2.1	2.0	2.1
percentage of TEL and YEL payroll ²⁾	0.7	0.7	0.6	0.6	0.6
Overall result, EUR million	52.0	40.4	46.5	109.4	208.0
Technical provisions, EUR million	4 807.9	4 527.6	4 068.1	3 709.6	3 375.7
Solvency margin	703.3	680.5	666.8	661.3	555.1
percentage of technical provisions ³⁾	16.0	16.9	18.4	19.9	18.1
in relation to the solvency limit	2.7	2.5	2.7	3.2	3.2
Equalization provision	257.4	243.6	226.8	196.0	155.5
Pensions assets, EUR million ⁴⁾	5 093.8	4 731.3	4 321.8	4 021.7	3 669.5
Transfer to customer bonuses, percentage of TEL payroll ⁵⁾	0.3	0.3	0.4	0.5	0.6
Bonuses paid					
percentage of TEL payroll	0.3	0.6	0.8	0.9	0.6
TEL payroll, EUR million	3 848.7	3 656.4	3 387.4	3 176.7	2 827.0
YEL payroll, EUR million	565.4	522.1	481.2	405.0	396.6
TEL policyholders, number	20 926	20 617	20 511	19 394	19 386
TEL insured, number	167 385	162 440	160 643	150 533	137 317
YEL policyholders, number	41 079	39 111	36 959	34 557	32 262
Pensioners, number	95 219	92 120	88 990	86 477	85 955

¹⁾ Pensions paid to pensioners

²⁾ The total operation costs without expenses for investment and actions taken to maintain work capacity are included in the ratio calculation

³⁾ Ratio calculated as percentage of the technical provisions used when calculating the solvency target zone

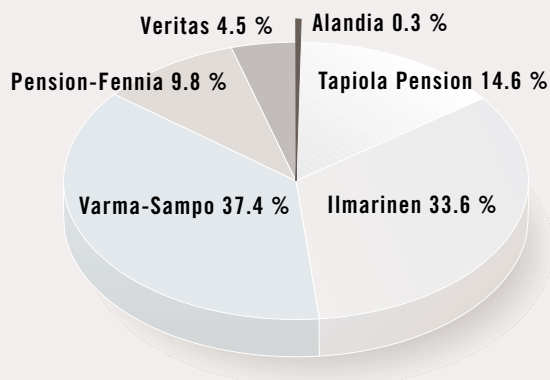
⁴⁾ Technical provisions + valuation differences

⁵⁾ Supplement to provision for current bonuses not included

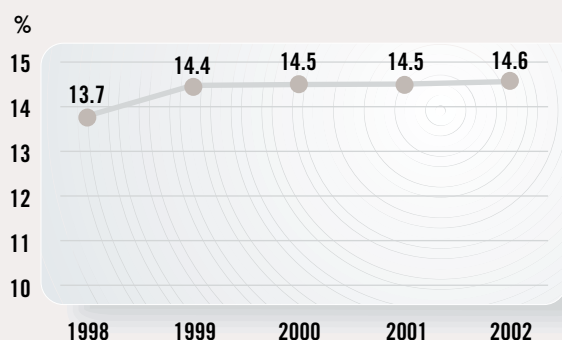
Definitions and calculation formulae in the "Guide to the reader" page 116.

Market shares 2002

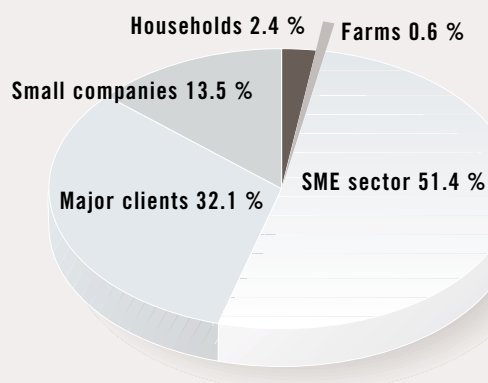
Preliminary data TEL and YEL
Premiums written EUR 6,426.9 million



Tapiola Pension Development of market share



Tapiola Pension Premiums written by customer group 2002



TAPIOLA PENSION, PARENT *Insurance* *Premiums written*

Tapiola Pension's premiums written were EUR 940.1 million (898.9 million), which was 4.6 per cent (11.5 %) higher than the premiums written for statutory employment pension insurance in 2001. Premiums written for TEL (Employees' Pensions Act) pension insurance rose 3.7 per cent (11.4 %) to EUR 829.3 million (799.6 million). Premiums written for YEL (Self-employed Persons' Pensions Act) pension insurance rose 11.5 per cent (12.1 %) to EUR 110.7 million (99.4 million).

Credit losses on premiums due were EUR 8.2 million (6.9 million), i.e. EUR 1.3 million (-1.4 million) more than in the previous year. TEL and YEL insurances accounted for EUR 5.2 million (3.7 million) and EUR 3.0 million (3.2 million) of the credit losses, respectively.

The 2002 level of the TEL pension insurance premium averaged 21.1 per cent (21.1), which includes a 4.4 percentage point (4.5) premium contribution from employees. The level of the YEL pension insurance premium was 21.1 per cent (21.0 %).

Pensions paid

Tapiola Pension paid out pensions totalling EUR 786.1 million (705.6 million), which was EUR 80.5 million (55.8 million) or 11.4 per cent (8.6 %) higher than in the previous year.

The 2002 index increments on TEL and YEL pensions were 2.92 per cent (4.02 %) for over-65-year-olds and 3.68 per cent (4.09 %) for under-65-year-olds.

Technical provisions

Tapiola Pension's technical provisions at the end of the year amounted to EUR 4,807.9 million (4,527.6 million). The provision for future bonuses that is included in the solvency margin amounted to EUR 394.1 million (465.6 million).

INVESTMENT

Tapiola Pension's net investment income as shown on the Profit and Loss Account amounted to EUR 163.6 million (272.5 million), which was 40.0 per cent (+10.8 %) lower than in 2001. Net interest income was EUR 231.5 million (216.6 million), which was 6.9 per cent (13.6 %) higher than in the previous year. Net realised losses on investments were EUR 7.3 million (+38.7 million). The net total of value adjustments and readjustments reduced the result by EUR 88.5 million (-6.2 million). Of the total, EUR -84.6 million (-7.4 million) related to shares, EUR -3.8 million (+1.0 million) to land and buildings, and EUR -0.2 million (- ? million) to debt securities.

The book and current values of the company's investments as recorded on the Balance Sheet were EUR 4,632.1 million (4,290.7 million) and EUR 4,917.9 million (4,494.4 million), respectively. The difference between the book and current values increased by EUR 82.2 million (49.9 million) to EUR 285.5 million (203.7 million).

Investments at current values amounted to EUR 5,024.5 million (4,612.1 million). The return on investment calculated at current values was 5.3 per cent (5.2 %). The total value, proportional share and yields at current values of the various instrument classes in the investment portfolio were as follows: fixed-income investments, EUR 3,741.1 million (3,244.0 million) representing 74.5 per cent (70.3 %); bonds EUR 3,496.2 million (3,061.9 million) representing 69.6 per cent (66.4 %) and giving a yield of 9.8 per cent (6.1 %); other debt securities and deposits EUR 244.9 million (182.1 million) representing 4.9 per cent (3.9 %) and giving a yield of 3.3 per cent (4.6 %); equities EUR 609.7 million (702.1 million) representing 12.1 per cent (15.2 %) and giving a yield of -13.4 per cent (+0.6 %); investments in land and buildings EUR 413.5 million (377.1 million) representing 8.2 per cent (8.2 %) and giving a yield of 6.0 per cent (7.4 %); and, finally, loans EUR 260.5 million (288.8 million) representing 5.2 per cent (6.3 %) and giving a yield of 5.3 per cent (5.7 %).

OPERATING EXPENSES

Net operating expenses as reported on the Profit and Loss Account were EUR 22.7 million (20.4 million), an increase of 11.4 per cent or EUR 2.3 million (2.6 million) on the previous year. Gross operating expenses include depreciation items totalling EUR 2.0 million (2.0 million), and appropriate proportions have been allocated to claims incurred and investment charges.

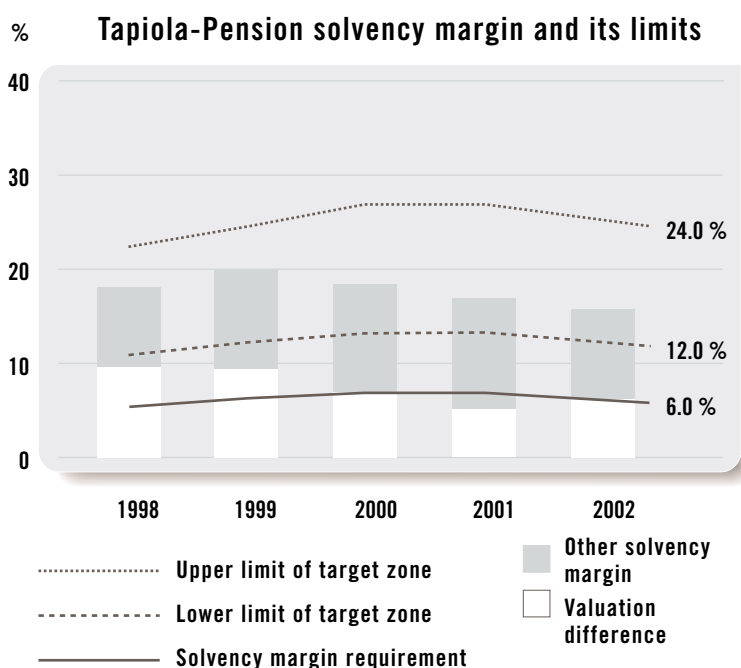
Statutory charges were EUR 1.5 million (1.4 million).

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

Salaries and commissions paid to members of the Supervisory Board, to the members and deputy members of the Board of Directors, and to the managing director and his deputy totalled EUR 767,524.00 (543,261.80). Other salaries and commissions amounted to EUR 9,286,842.71 (8,281,056.87). The total salaries and commissions figure was EUR 10,054,366.71 (8,824,318.68).

RESULT FOR THE ACCOUNTING PERIOD

Turnover was EUR 1,285.8 million (1,243.5 million). The company's result was a loss of EUR 30.2 million (+90.4 million). The result was a loss of EUR 52.0 million (+40.4 million) if the increase in unrealised investment valuation differences is taken into consideration.



The underwriting result, which describes purely insurance operations, was a profit of EUR 13.8 million (16.7 million), of which the result of the premium loss business accounted for EUR 7.1 million (7.8 million) and the remainder of the underwriting result for EUR 6.7 million (8.9 million). The loading result, which describes the company's cost efficiency, was a profit of EUR 7.2 million (7.2 million). The investment return at book values was a loss of EUR 51.2 million (+66.4 million). Valuation differences increased by EUR 82.2 million (- 49.9 million). The investment return at current values was EUR 31.1 million (16.5 million).

The amount set aside out of the result for premium discounts to customers was EUR 12.0 million (10.6 million).

The company's solvency margin is 16.0 per cent (16.9 %) of the technical provisions less certain items specified in the statute. The solvency limit defined on the basis of the structure of the company's investment portfolio is 6.0 per cent (6.7 %) of the above-mentioned technical provisions, so the company's solvency exceeds the required level by a factor of 2.7 (2.5).

During the course of the review year the employment pension companies went over to a new practice regarding premium discounts, i.e. customer bonuses. According to the earlier practice, half of the funds

transferred to the provision for current bonuses were always distributed to the customer as a premium discount in the following year. In the future, the entire transfer to the provision for current bonuses will be paid to the customer in the form of a premium discount in the following accounting period.

According to the principle in effect up until now, part of the premium discount in one financial year was funded by the transfer to the provision for future bonuses made in the same year. As a consequence of the change, the provision for current bonuses has been increased by EUR 4.8 million. This amount will be deducted from the maximum transfers in the years 2002 – 2012. In 2002 this deduction was EUR 0.3 million, leaving a total of EUR 4.5 million to be deducted from transfers made in future years.

The provision for current bonuses that is used for premium discounts for customers amounted to EUR 12.9 million (15.0 million) at the end of the year. This amount will be used to determine the TEL premium discounts for 2003 in accordance with the newly introduced practice. The provision for future bonuses was reduced by EUR 72.0 million (+83.9 million). The provision for future benefits was EUR 394.1 million (465.6 million) at the end of 2002.

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

Depreciation of EUR 2.0 million (2.0 million) was charged according to plan. The full amount of depreciation permitted under the Business Taxation Act was charged.

No profit-sharing payment was transferred to the Staff Fund of the Tapiola Group on the basis of the result for the accounting period.

The Profit and Loss Account shows a profit of EUR 11,264,591.93. The Board of Directors recommends that the profit for the accounting period be appropriated so that EUR 11,260,000.00 is transferred to the security reserve and EUR 4,591.93 is transferred to the contingency reserve. The Balance Sheet shows assets totalling EUR 4,890,472,939.57 (4,573,043,860.67).

TAPIOLA PENSION GROUP

The Tapiola Pension Group comprised the parent company, Tapiola Mutual Pension Insurance Company, as well as Elkes Oy, Tapra Ky and 51 (51) housing and real estate companies as subsidiaries. Tapiola Pension's wholly owned subsidiary, Kiinteistö Oy Tapiolan Henki-Eläke, merged with its parent company on 31st December 2002. Kiinteistö Oy Kiltakallio merged with Kiinteistö Oy Viirikuja 1.

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

INSURANCE

The insurance figures for Tapiola Pension's parent company and group are the same.

INVESTMENT

Net investment income as stated on the Consolidated profit and Loss Account amounted to EUR 157.6 million (270.1 million), which was 41.6 per cent (+9.9%) lower than in 2001. Net interest income was EUR 218.9 million (207.6 million), which was 5.4 per cent (13.3 %) higher than in the previous year. Net realised losses on investments were EUR 7.3 million (+38.7 million). The net total of value adjustments and readjustments reduced the result by EUR 88.1 million (-7.2 million). Of the total, EUR -84.6 million (-7.4 million) related to shares, EUR -3.3 million (+0.2 million) to land and buildings, and EUR -0.2 million (- ? million) to debt securities.

The book and current values of the company's investments as recorded on the Consolidated Balance Sheet were EUR 4,663.6 million (4,328.0 million) and EUR 4,962.4 million (4,540.4 million), respectively. The difference between the book and current values increased by EUR 86.5 million (46.7 million) to EUR 298.8 million (212.4 million).

Performance analysis

EUR million	2002	2001	2000	1999	1998
SOURCES OF SURPLUS					
Underwriting business result	13.8	16.8	31.2	42.9	43.7
Result on investment at current value	31.0	16.5	8.7	58.8	158.0
Return on investments at current value	242.3	225.7	189.4	218.3	317.5
Required rate of return on technical provisions	-211.3	-209.2	-180.7	-159.5	-159.5
Administration costs result	7.2	7.2	6.6	7.6	6.3
Total	52.0	40.4	46.5	109.4	208.0
USE OF RESULT					
Change in solvency	35.3	29.9	34.4	94.3	191.2
Equalization provision	13.8	16.8	31.2	42.9	43.7
Solvency margin	21.4	13.1	3.2	51.3	147.6
Transfer to future customer bonuses	-72.0	83.9	50.8	97.0	95.6
Valuation differences	82.2	-49.9	-58.5	18.3	124.8
Accrued appropriations	0.0	-22.0	2.5	-64.7	-73.4
Profit for the accounting period	11.3	1.1	8.4	0.8	0.6
Customer bonuses	12.0	10.6	12.1	15.1	16.7
Complement of current customer bonuses	4.8				
Total	52.0	40.4	46.5	109.4	208.0

In 2002 of the extra complement EUR 4.4 million without instalment

Loading profit

EUR million	2002	2001	2000	1999	1998
Loading costs in premiums	32.7	30.4	26.5	25.3	22.5
Operating expenses by function ¹⁾	-26.5	-23.7	-20.7	-17.8	-16.6
Other income and expenses	1.0	0.5	0.7	0.2	0.5
Loading profit	7.2	7.2	6.6	7.6	6.3
Loading costs/ loading costs in premiums, %	78.6	76.9	76.2	70.2	72.7

¹⁾ Operating expenses for investment and actions taken to maintain working capacity not included

Solvency margin

EUR million	2002	2001	2000
Equity after distribution of profit proposal	27.6	16.4	15.2
Voluntary provisions and accrued depreciation difference	-	-	22.0
Valuation difference between assets at current value and book value in balance sheet	285.9	203.7	253.6
Provision for future bonuses	394.1	465.6	381.7
Acquisition costs not entered as expenses and intangible assets	-4.3	-5.2	-5.7
Total solvency margin	703.3	680.5	666.8
Solvency margin required under the Insurance Companies' Act section 17	175.2	180.7	162.5
Solvency ratio, % ¹⁾	16.0	16.9	18.4
Solvency limit, %	6.0	6.7	6.7
Lower limit of target zone, % ²⁾	12.0	13.5	13.4
Upper limit of target zone, % ³⁾	24.0	27.0	26.8

¹⁾ Solvency margin/technical provisions used in calculation

²⁾ 2 x solvency limit

³⁾ 4 x solvency limit

OPERATING EXPENSES

Tapiola Pension Group's net operating expenses as reported on the Consolidated Profit and Loss Account rose by 11.4 per cent to EUR 22.7 million (20.4 million), which was EUR 2.3 million (2.6 million) higher than in the previous year. Gross operating

expenses include depreciation items totalling EUR 2.0 million (2.0 million), and appropriate proportions have been allocated to claims incurred and investment charges.

Statutory charges were EUR 1.5 million (1.4 million).

Return on investments at current value

	Total return ¹⁾	Capital	Return % on capital employed		
	EUR million	employed ²⁾	Return % on capital employed		
	2002	2002	2002	2001	2000
Loans	14.5	271.1	5.3	5.7	5.2
Bonds and debentures	297.8	3 026.1	9.8	6.1	6.5
Other debt instruments and deposits	6.9	212.8	3.3	4.6	4.0
Shares	-96.8	719.7	-13.4	0.6	-5.9
Land and buildings ³⁾	23.3	385.9	6.0	7.4	9.3
Total investments	245.6	4 615.5	5.3	5.2	4.8
Unallocated return, costs and operating expenses	0.1				
Total return ⁴⁾	245.8	4 615.5	5.3	5.2	4.7

¹⁾ Return on investments = from changed markets values the cash flow is deducted. Cash flow means difference between purchases/expenses and sales/return.

²⁾ Capital employed = to market value in beginning of period monthly time weighted cash flow is added.

³⁾ Return on land and buildings = Return of parent company (incl. fixed assets). Total return according to the KTI index was 7.9% (incl. interest subsidy).

⁴⁾ Total return on investments = Net return from investments in profit and loss account + change in valuation difference.

RESULT FOR THE ACCOUNTING PERIOD

Tapiola Pension Group's turnover rose by 3.3 per cent (9.3 %) to EUR 1,280.1 million (1,239.5 million).

Depreciation was charged according to plan and it includes depreciation on goodwill.

The Group's profit for the accounting period was EUR 5,676,063.40. The minority interest was EUR 180,804.11. The Balance Sheet shows assets totaling EUR 4,921,012,386.91 (4,609,860,684.96).

Principles of risk management

Tapiola Pension's risk management is based in internal control principles that are approved by the boards

of directors and applied throughout the whole Group. Internal control includes a risk management system that is used to manage the identification, assessment, limitation and control of risks caused by or closely associated with the Group's activities. Tapiola Pension's Board of Director's bears overall responsibility for the arrangement and regular assessment of internal control and risk management. Tapiola Pension's risk management is a systematic process that encompasses all functions of the company.

Additional information www.tapiola.fi

Tapiola Pension's investments

Hanna Hiidenpalo, investment director



*Tapiola Pension's
investments yield
good returns*

Tapiola Pension's return on investment in 2002 was good. Despite the difficult investment environment, the return remained steady and even exceeded the achievements of the previous two years. The return on investment was 5.3 per cent and EUR 245.8 million. The value of the investment portfolio at the end of 2002 was over EUR 5,000 million.

In Tapiola Pension's investment operations the aim is to achieve a good and steady return in the long term and in all conditions, while avoiding capital risks. Investment decisions are based on thorough background research and valuations instead of index investment. The importance of correct tim-

ing is emphasised in Tapiola's investment operations. The company thus seeks to secure competitive bonuses for its customers even in volatile markets. The investments are adequately diversified among different instrument classes. Individual risks and liabilities are controlled by means of limits and investment criteria.

In 2002 the investment challenges were management of interest rate risk amidst growing market volatility, management of equity market risk through well-researched stock-picking, and maintenance of the good solvency position. These measures ensured Tapiola's ability to switch allocations when neces-

Breakdown of Tapiola Pension's investment portfolio

	31.12.2002		31.12.2001		31.12.2000	
	EUR mill.	%	EUR mill.	%	EUR mill.	%
Loans ¹⁾	260.5	5.2	288.8	6.3	285.2	6.8
Bonds ¹⁾	3 496.2	69.6	3 061.9	66.4	2 874.6	68.5
Other debt securities and deposits ¹⁾	244.9	4.9	182.1	3.9	98.1	2.3
Sales and holdings	609.7	12.1	702.1	15.2	625.0	14.9
Investments in land and buildings ²⁾	413.5	8.2	377.1	8.2	313.0	7.5
Investments, total	5 024.8	100.0	4 612.1	100.0	4 195.8	100.0

1) Includes interest accrued

2) Also includes land and buildings held as fixed assets

sary in the increasingly challenging investment environment.

Strong emphasis on fixed-income instruments in the investment portfolio

Fixed-income instruments account for about 70 per cent of Tapiola Pension's investment portfolio. With the significant decline of interest rates, the yield from fixed-income investments rose to 9.5 per cent.

Most of the fixed-income investments were bonds issued in the euro-zone countries. The average interest rate risk over the year according to its benchmark index was slightly below five. The benchmark index used is based on a composite index that describes the European bond market and includes money market investments as well as government, corporate and other loans. The fixed-income portfolio is well diversified throughout the euro-zone, the biggest components being Finnish, French and Dutch government bonds.

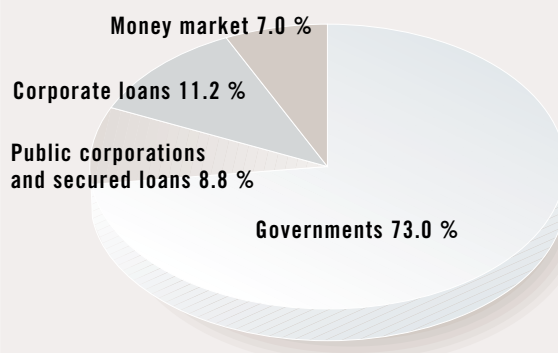
Corporate loans accounted for about a tenth of fixed-income investments at the end of 2002. The investments were diversified among different sectors in Europe. More than a half were in utilities, trade and service sector companies, and the financial services sector.

None of the loans in the fixed-income portfolio were subject to credit losses. Direct corporate loan investments are always made in companies with a credit rating of at least BBB-. The average credit rating of the fixed-income portfolio during 2002 was A. Finnish issues accounted for about a fifth of the portfolio.

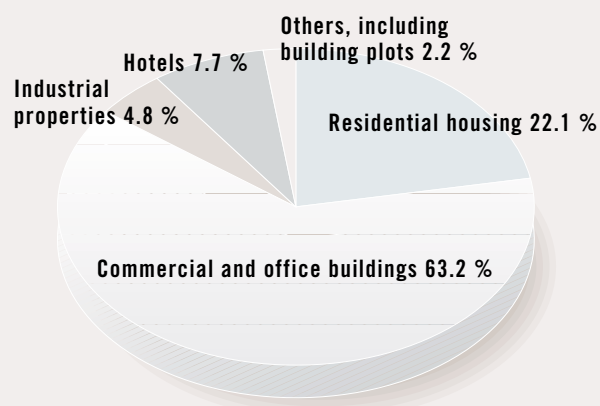
Return on own equity investments was clearly better than the benchmark index

The five-year average annual return on Tapiola Pension's own direct equity investments has been over 9.5 per cent, whereas the average annual return on the benchmark index over the same period was more than -1.0 per cent. The difference between equity investment yields in 2002 was even more marked: -13 per cent for own equity investments compared with over -30 per cent for the benchmark index. Tapiola Pension benchmarks the success of its equity

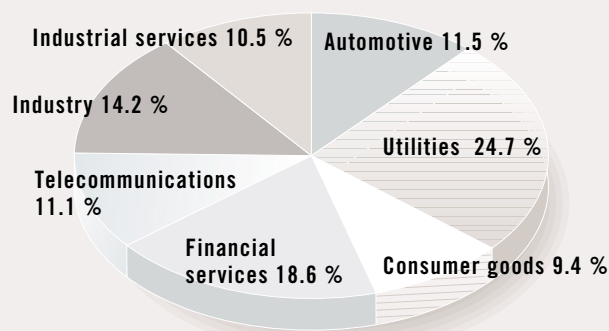
Breakdown of Tapiola Pension's fixed-income investments, 31.12.2002



Breakdown of Tapiola Pension's real estate portfolio by property type, 31.12.2002



Sectoral breakdown of Tapiola Pension's corporate loans, 31.12.2002



investments against a European equity index composed of 600 companies in different sectors. The volatility and market sensitivity of Tapiola Pension's own portfolio has been less than the general index.

The overall return on equity investments, including mutual funds, was -13.4 per cent. The biggest investments are shown in the table. At the end of 2002 there were just under 100 companies in the equity portfolio.

Tapiola Pension's 25 biggest equity investments, 31.12.2002

<i>Security</i>	<i>Percentage of equity portfolio</i>
Instrumentarium	6.7 %
Orion Corporation	4.2 %
Fortum	3.5 %
Uponor	3.5 %
Lassila & Tikanoja	3.5 %
Kesko	3.1 %
Stockmann	3.0 %
Nokia	2.9 %
Unilever	2.7 %
Fiskars	2.7 %
Nokian Renkaat	2.4 %
Rentokil	2.4 %
Finnair	2.2 %
Amer Group	1.6 %
Orkla	1.6 %
VNU	1.5 %
Tietoenator	1.5 %
UPM-Kymmene	1.5 %
Huhtamäki	1.5 %
Tamfelt	1.5 %
Kemira	1.4 %
Alma Media	1.4 %
Kone	1.4 %
Novartis	1.4 %
ING	1.4 %
Total	60.5 %

Over 80 per cent of the equity investment were in Europe and over a half of them in Finland. However, it should be noted that the businesses of many Finnish companies are very international. The aim is that that within a few years most of the selected companies should be operating internationally. The portfolio is also adequately diversified to ensure a appropriate mix of value and technology stocks. The importance of dividend yield has grown in the current investment environment.

More emphasis is placed on stock-picking than on sectoral weighting in Tapiola Pension's equity portfolio. Nonetheless, an effort is made to avoid any excessive sectoral bias. The biggest sectors in the portfolio were consumer goods and industrial servic-

es. Over a half of the companies in the equity portfolio were in these sectors.

Sectoral breakdown of equity investments, 31.12.2002

Cyclical consumption	20.5 %
Non-cyclical consumption	18.5 %
Industrial services	17.8 %
Healthcare	13.5 %
Technology	9.7 %
Utilities	5.8 %
Basic industry	4.9 %
Financial services	4.8 %
Telecommunications	3.1 %
Energy	1.3 %

Changes between sectors during the year were relatively small, the biggest changes being in stock-picks within sectors. One point worthy of note is that the return on Tapiola Pension's whole equity portfolio was better than the return of any of the main sectors in the benchmark index. The success of the portfolio was therefore based above all on good stock-picks. As in the previous year, telecommunications, financial services and basic industry did not feature prominently in the portfolio.

Investments in non-listed companies, both directly and through private equity funds, accounted for somewhere in the region of two per cent of investment assets.

Cautious approach to real estate investment

The value of real estate investments rose to over EUR 400 million and they accounted for 8.2 per cent of the entire investment portfolio in 2002. The emphasis in these investments was on commercial and office buildings. The return on real estate investments was 6 per cent. The focus in real estate investments was on the implementation of projects that were decided upon earlier. New investments totalled almost EUR 50 million. The biggest construction sites completed during the year were a shopping centre in Helsinki, an office building in Hermanni, and premises for an international company in Vantaa.

Demand for loans remained flat

Loans accounted for 5.2 per cent of the investment portfolio as a whole. The main emphasis in the loan portfolio was on TEL premium loans and loans for the company's own properties. The return on loans was 5.3 per cent and there was some new borrowing. Demand for TEL premium loans and investment loans in 2002 did not differ significantly from the level of demand in previous years.

Profit and Loss Account

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Technical account:				
Premiums written	940 084	898 909	940 084	898 909
Investment income	337 478	337 698	331 485	333 528
Claims incurred				
Claims paid	-786 093	-705 584	-786 092	-705 584
Change in provision for outstanding claims				
Total change	-13 177	-180 633	-13 177	-180 633
Portfolio transfer	2 456	-	2 456	-
	-10 722	-180 633	-10 722	-180 633
	-796 815	-886 217	-796 814	-886 217
Change in provisions for unearned premiums				
Total change	-267 122	-278 822	-267 122	-278 822
Portfolio transfer	2 252	-	2 252	-
	-264 870	-278 822	-264 870	-278 822
Statutory charges	-1 501	-1 360	-1 501	-1 360
Operating expenses	-22 719	-20 390	-22 714	-20 386
Investment charges	-173 891	-65 161	-173 864	-63 450
Other technical expenses	-1 624	-3 050	-1 624	-3 050
Balance on the technical account	16 141	-18 393	10 181	-20 848
Non-technical account:				
Other income				
Decrease in group reserve	-	-	294	272
Other income	3	2	3	2
	3	2	297	275
Other expenses				
Decrease in consolidation goodwill	-	-	-4	0
Other expenses	-60	-234	-60	-234
	-60	-234	-65	-234
Share of participating interests' losses	-	-	-493	-81
Direct taxes on ordinary activities				
Taxes for the accounting period	-4 819	-2 210	-4 921	-2 319
Taxes from previous years	0	-6	-23	-7
Deferred tax	-	-	519	6 170
	-4 819	-2 216	-4 425	3 844
Profit/loss on ordinary activities	11 265	-20 841	5 495	-17 045
Profit/loss after extraordinary items	11 265	-20 841	5 495	-17 045
Appropriations				
Decrease in optional reserves	-	21 978	-	-
Minority interest in the loss for the accounting period	-	-	181	238
Profit/loss for the accounting period	11 265	1 137	5 676	-16 807

Balance Sheet

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Assets				
Intangible assets				
Consolidation goodwill	-	-	6	-
Other long-term expenses	4 331	5 185	4 441	5 316
	4 331	5 185	4 447	5 316
Investments				
Investments in land and buildings				
Land and buildings	173 755	171 549	399 428	365 355
Loans to group companies	194 762	165 051	-	-
Loans to participating interests	1 891	3 018	1 891	3 018
	370 407	339 618	401 318	368 373
Investments in group companies and participating interests				
Shares and other variable-yield securities and units in unit trusts	17	17	-	-
Other shares and variable-yield securities and units in unit trusts	2 427	1 854	2 054	1 817
Debt securities and loans in participating interests	2 750	2 750	2 750	2 750
	5 193	4 621	4 804	4 567
Other investments				
Shares and other variable-yield securities and units in unit trusts	536 918	602 669	537 731	611 127
Debt securities	3 356 014	2 998 180	3 356 014	2 998 180
Loans guaranteed by mortgages	51 065	41 818	51 065	41 818
Other loans	204 527	240 646	204 527	240 646
Deposits	105 898	63 200	105 898	63 200
Other investments	2 080	-	2 203	93
	4 256 501	3 946 513	4 257 437	3 955 064
	4 632 102	4 290 752	4 663 560	4 328 004
Debtors				
Arising out of direct insurance operations				
Policyholders	67 150	76 904	67 150	76 904
Other debtors	24 201	20 848	20 180	16 786
	91 351	97 752	87 330	93 689
Other assets				
Tangible assets				
Equipment	923	554	3 312	1 511
Other tangible assets	-	-	19	22
	923	554	3 331	1 533
Cash at bank and in hand	4 229	3 151	4 327	3 249
Other assets	82	22	82	22
	5 234	3 728	7 739	4 804
Prepayments and accrued income				
Interest and rents	111 597	122 182	111 601	122 186
Other prepayments and accrued income	45 858	53 444	46 336	55 862
	157 455	175 627	157 936	178 048
	4 890 473	4 573 044	4 921 012	4 609 861

Balance Sheet

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Liabilities				
Capital and reserve				
Equivalent funds	841	841	841	841
Guarantee capital	807	807	807	807
Revaluation reserve	-	-	101	101
Other free funds	14 711	13 579	14 711	13 579
Amount of optional reserves and depreciation difference transferred to equity	-	-	2 250	3 116
Group losses for previous years	-	-	-9 810	-6 986
Profit/loss for the accounting period	11 265	1 137	5 676	-16 807
Amount included in profit/loss for the accounting period of the change in depreciation difference and optional reserves	-	-	851	15 121
	27 624	16 365	15 428	9 772
Minority interest	-	-	20 886	20 924
Group reserve	-	-	1 331	1 589
Technical provisions				
Provisions for unearned premiums	3 214 381	2 947 259	3 214 381	2 947 259
Provisions for outstanding claims	1 593 544	1 580 367	1 593 544	1 580 367
	4 807 925	4 527 626	4 807 925	4 527 626
Creditors				
Reinsurance	11	17	-	-
Loans from financing institutes	-	-	32 990	28 900
Deferred tax	-	-	942	1 467
Other creditors	26 999	25 653	12 958	13 598
	27 010	25 670	46 890	43 965
Accruals and deferred income	27 913	3 383	28 552	5 985
	4 890 473	4 573 044	4 921 012	4 609 861

Specification of return and result of investment

EUR million	31.12.2002	31.12.2001	31.12.2000
Direct net return	257.8	240.1	209.6
Loans	14.5	17.0	13.4
Bonds and debentures	191.9	179.7	157.2
Other debt instruments and deposits	7.1	5.1	5.3
Shares	20.6	21.6	21.5
Land and buildings	23.6	16.3	11.1
Other investments	0.0	0.0	2.6
Unallocated income, costs and operating expenses	0.1	0.3	-1.5
Book value adjustments ¹⁾	-94.2	32.4	36.6
Shares	-90.1	31.4	38.3
Bonds and debentures	-0.2	0.0	0.1
Land and buildings	-3.9	0.9	-1.3
Other investment	0.0	0.1	-0.6
Net book income	163.6	272.5	246.1
Change in valuation difference	82.2	-49.9	-58.5
Shares	-27.3	-48.8	-91.3
Bond and debentures	106.1	-8.7	18.5
Land and buildings	3.5	7.5	14.3
Other investment	-0.1	0.1	0.0
Total return on investments	245.8	222.6	187.6
Other interest items ²⁾	-3.5	3.1	1.9
Required return on equalization provision	211.3	209.2	180.7
Investment book result	-51.2	66.5	67.3
Result at current values	31.0	16.5	8.8

¹⁾ realization of gains and losses and value adjustments in books

²⁾ includes i.e. profit and loss account items not entered into income from investments



Tapiola Life

Review by the Managing Director



Growing interest in life insurance

The review year was a period of moderate growth for the life insurance industry. Premiums written rose by 2.1 per cent. The strongest growth, 7.7 per cent, was in premiums written for individual pension insurance. Premiums written for pure life insurance rose by 5.7 per cent and for endowment insurance by 5.2 per cent. Premiums written for group pension insurance declined by 29.1 per cent. Strong annual fluctuations in premiums written are characteristic of group pension insurance owing to one-off dissolutions of pension foundations.

A comprehensive reform of the statutory employment pension scheme was completed during 2002. As a result of the debate that this sparked, many people, Tapiola's customers included, woke up to the fact that their pension security was in need of supplementation. In fact, in individual pension insurance Tapiola was significantly more successful than its competitors: premiums written rose by 15.6 per cent and the company added a whole percentage point to its market share.

The Ministry of Finance's civil service report "Competitive taxation" was published at the end of last year and the joint "SIVA" committee of the Ministry of Finance and the Ministry of Social Affairs and Health submitted its interim report at the beginning of this year. Both reports recognised that long-term savings, for instance to improve financial security during retirement, should be encouraged. However, the reports contain two fundamental errors. Firstly, they fail to understand the role of pension saving in the four-staged framework of Finnish social security, in which the citizen's principal pen-

sion insurance is composed of statutory employment pension insurance and supplementary option pension insurance, both of which are administered by employment pension institutions. These pension insurances form a single entity that must not be broken up by inconsistent tax treatment that does not conform to European practice. Secondly, the authors of the reports have not appreciated that insurance companies offering long-term contracts of up to thirty years in duration have significant obligations to meet, for instance with regard to financial stability, business continuity and consumer protection.

The global economic uncertainty that began in 2001 continued throughout the review year. Many European life insurance companies have had to sell their equity investments at unfavourable times in order to maintain their solvency at the level required by the regulating authorities. The investment portfolio of Tapiola's life insurance companies is well diversified among real estate, equities and bonds. Furthermore, we deliberately boosted our solvency during the years of good investment returns. These measures have enabled us to successfully keep our solvency position at an excellent level compared with our competitors, and we have been able to earn a return on the funds of our customers that clearly exceeds the general level of interest rates.

Juha-Pekka Halmeenmäki
Managing Director
Tapiola Life

Administration and auditors

Supervisory board

Tuula Entelä chairwoman, investment director, Espoo	2002-2005
Jouko Havunen deputy chairman, L.Econ., Laihia	2002-2005
Seppo Aaltonen director, Helsinki	2002-2005
Vesa Ekroos chairman, Espoo	2002-2005
Heikki Kanninen account manager, Helsinki	2001-2004
Vesa Kämäri general lieutenant, Helsinki	2000-2003
Saara Lampelo managing director, Oulu	2001-2004
Merja Lehtonen domestic science teacher, Riihimäki	2002-2005
Sisko Mäkelä B.Sc. (agriculture), Pyhäntä	2000-2003
Risto Nieminen managing director, Helsinki	2002-2005
Simo Nuutinen farmer, Lieksa	2000-2003
Arja Pohja consumer advisor, Turku	2000-2003
Riitta Ronkainen chemist, Jalasjärvi	2001-2004
Asko Sarkola theater director, Espoo	2000-2003
Jouko Setälä managing director, Helsinki	1999-2002
Arto Tuominen chairman, Espoo	2001-2004

Auditors

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

Board of directors

Asmo Kalpala , chairman, CEO
Pertti Heikkala , deputy chairman, group director, business field private customers
Tom Liljeström , group director, business field corporations and major clients
Jari Saine , group director, business field bank, savings and investments

Deputy members

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



*Tapiola Life's growth
clearly above average*

The operating profit for Tapiola Mutual Life Assurance Company (Tapiola Life) was EUR 1.0 million (30.6 million). Turnover grew by 6.4 per cent (2.6 %) to EUR 312.5 million (293.6 million). Solvency capital was EUR 208.7 million (203.1 million), and the solvency ratio was 16.7 per cent (17.0 %).

Premiums written for direct insurance by Tapiola Life Group rose by 13.4 per cent (32.2 %), whereas the premium income of the life assurance industry as a whole rose by 2.1 %. The overall market share rose to 8.0 per cent. The supply of insurances with savings based on the technical interest rate was restricted owing to the reduced level of market rates. Sales of pension insurance products has developed well.

Measures intended to reverse the unfavourable development of the life assurance companies' loading result have been initiated. These are expected to affect the loading result in 2003.

Listed share prices continued to fall in 2002 for the third straight year. However, thanks to buffers built up in good years, solvency has remained at a good level. Also in customer bonuses, we have adhered to the principle of continuity in equalising the effects of annual fluctuations in the company's results.

Demand for life insurance products is expected to remain strong. Planned changes to tax legislation will stimulate demand in the short term, whereas in the medium term they are expected to reduce it. In the long term, however, the demographic development of society will boost demand for life insurance.

The technical interest rate was lowered on 1st January 2003 for new individual policies from 3.5 per cent to 2.5 per cent.

TAPIOLA LIFE, PARENT

INSURANCE

Premiums written

Tapiola Life's gross premiums written before outward reinsurance premiums were EUR 195.7 million (174.7 million). Premiums written rose 12.0 per cent (3.0 %). Life insurance accounted for 71.1 per cent (71 %) or EUR 139.0 million (124.7 million) of premiums written, a rise of 11.5 per cent (0.9 %) over the level of the previous year. The share of pension insurance was 28.9 per cent (29 %) or EUR 57.0 million (49.9 million), representing a 13.4 per cent (8.6 %) increase compared with the previous year.

Premiums written for individual life insurance based on the technical interest rate rose to EUR 106.9 million (80.3 million). Premiums written for individual pension insurance based on the technical interest rate rose to EUR 44.3 million (43.3 million). Premiums written for unit-linked insurance were EUR 38.2 million (45.6 million), of which life insurance accounted for 68 per cent (85 %), i.e. EUR 26.0 million (39.0 million), and individual pension insurance for 32 per cent (15 %), i.e. EUR 12.2 million (6.6 million).

The provision for unearned premiums from insurance other than unit-linked products rose by EUR 47.0 million (74.6 million) to EUR 1,130.7 million (1,087.0 million). The provision for unearned premiums from unit-linked insurance rose by EUR 13.9 million (36.8 million) to EUR 109.1 million (95.1 million).

Claims paid

Claims paid by Tapiola Life before the reinsurers' share totalled EUR 130.2 million (103.7 million), which was 25.6 per cent (39.6 %) higher than the figure for 2001. Repayments of savings totals were EUR 71.4 million (49.8 million), which was EUR 21.5 million (27.1 million) more than in the previous year. The amount of surrenders fell to EUR 9.2 million (11.0 million). The provision for outstanding claims grew by EUR 9.0 million (10.0 million) to EUR 123.4 million (114.4 million).

INVESTMENT

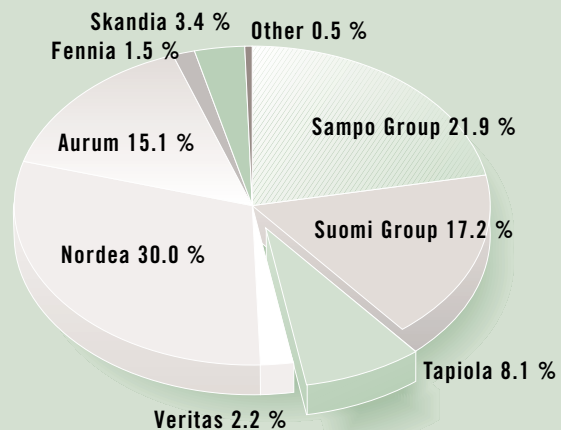
Tapiola Life's net investment income as stated on the Profit and Loss Account was EUR 32.2 million (74.8 million), which was 56.9 per cent (-4.2 %) lower than in the previous year. Net interest income was EUR 47.0 million (51.4 million), which was 8.6 per cent (+35.5 %) lower than in 2001. Realised net gains on investments were EUR 4.4 million (10.8 million). The net total of value adjustments and re-adjustments reduced the result by EUR 42.5 million (-0.3 million). Of the total, EUR -43.3 million (-0.4 million) related to shares, EUR +0.9 million (+0.0 million) to land and buildings, and EUR -0.1 million (+0.0) to debt securities. The net total of revaluations and their adjustments was EUR 5.8 million (-3.2 million).

Of net investment income, insurance other than index-linked products accounted for EUR 49.7 million (82.8 million), which was 39.9 per cent (+4.6 %) lower than in the previous year, and index-linked insurance for EUR -17.5 million (-8.0 million), an increase of 117.9 per cent compared with the previous year.

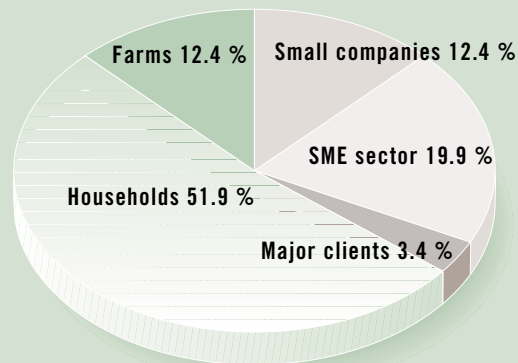
The book and current values of investments shown on the Balance Sheet were EUR 1,275.2 million (1,211.0 million) and 1,421.4 million (1,348.9 million), respectively. The difference between the book and current values increased by EUR 8.4 million (-24.1 million) to EUR 146.3 million (137.9 million). The figures do not include assets covering unit-linked insurances, the total value of which was EUR 110.2 million (100.6 million).

Market shares of Finnish life insurers 2002

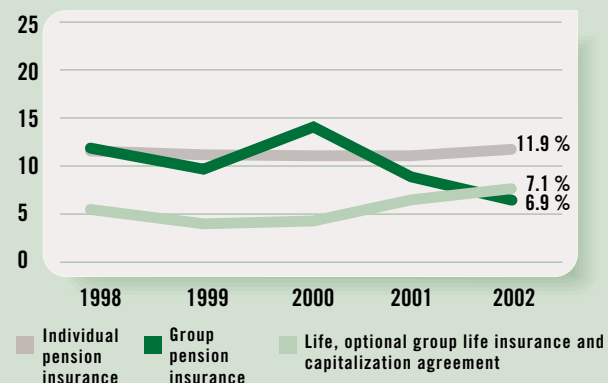
Life, group life and individual and group pension insurance. Total premium income of companies EUR 3,252 million including dissolved pension foundations



Premiums written by customer group 2002

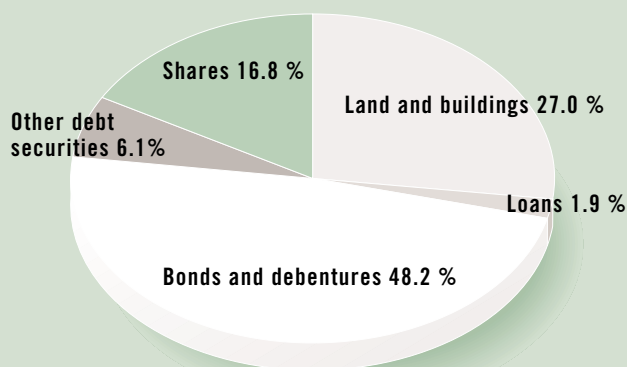


Tapiola Development of market share in life insurance classes

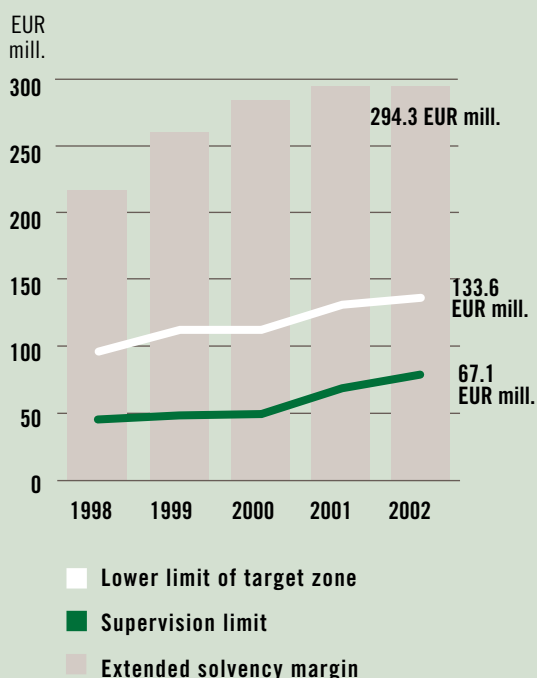


Tapiola Life Investment assets

Current value at 31.12.2002 EUR 1,421.4 million



Tapiola Life Extended solvency margin



OPERATING EXPENSES

Net operating expenses as reported on the Profit and Loss Account were EUR 25.6 million (23.1 million), which was EUR 2.5 million (4.8 million) or 11.1 per cent (26.0 %) higher than in the previous year.

Gross operating expenses, which include depreciation charges of EUR 1.2 million (1.0 million), are appropriately allocated to different functions. Investment charges include the expenses of the company's own organisation.

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

Salaries and commissions paid to members of the Supervisory Board, to members and deputy members of the Board of Directors and to the managing director and the deputy managing director totalled EUR 429,007.00 (372,048.85). Other salaries and commissions amounted to EUR 11,571,745.74 (10,496,754.99). The total salaries and commissions figure was EUR 12,000,752.74 (10,868,803.83).

RESULT FOR THE ACCOUNTING PERIOD

Turnover rose by 6.4 per cent (2.6 %) to EUR 312.5 million (293.6 million).

The company's operating profit was EUR 1.0 million (30.6 million). The operating profit represented 0.3 per cent (10.4 %) of turnover. Operating profit comprises the company's result and other items affecting the operating profit. The company's result, which comprises the profit on risk premiums collected, the loading result and the interest business result, was EUR 1.3 million (34.0 million). The profit on risk premiums collected, which describes purely

insurance operations, was EUR 8.2 million (8.0 million). The loading result was a deficit of EUR 9.1 million (-8.2 million). Balancing the loading result remains one of the company's most important challenges, although the unfavourable development trend has already been broken. The interest business result was a profit of EUR 2.1 million (34.2 million). This includes revaluations of EUR 5.5 million in respect of land and buildings. The net effect of increases in provisions and other items was to reduce the operating profit by EUR 0.4 million (-3.4 million). The increases include a special provision of EUR 1.8 million to lower the interest rate on early disability pension insurance and a provision of EUR 8.0 million to lower the technical interest rate on life and pension insurance in the 2003 accounting period.

Customer bonuses totalling EUR 13.7 million (17.6 million) were recorded in the annual accounts. Of this amount, EUR 13.4 million was funded by discharging the provision for future bonuses accumulated in earlier years. After the provision made to supplement the technical interest rate and the funding of current bonuses, a provision of EUR 24.1 million (45.6 million) was made on the Balance Sheet for future bonuses. The provision made to guarantee the technical interest rate will be returned in full to the provision for future bonuses if a positive result is achieved in the interest business in the 2003 accounting period.

The solvency capital was EUR 208.7 million (203.1 million) and the solvency ratio was 16.7 per cent (17.0 %).

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

Depreciation of EUR 2.3 million (1.8 million) was charged according to plan. Depreciation permitted under the Business Taxation Act was charged in full.

The provision for credit losses was brought into line with the full amount.

Donations of EUR 5,000.00 were made from the contingency reserve during the accounting period.

No profit-sharing payment was transferred to the Staff Fund of the Tapiola Group on the basis of the result for the accounting period.

The Board of Directors recommends that the profit of EUR 348,345.01 for the accounting period be appropriated so that the whole amount is transferred to the security reserve.

The Balance Sheet showed assets totalling EUR 1,418,145,487.36 (1,344,762,087.46).

TAPIOLA LIFE GROUP

Tapiola Mutual Life Assurance Group consisted of the parent company, Tapiola Mutual Life Assurance Company, Tapiola Corporate Life Insurance Company, Hentap Oy, Varepa Ky, Rekra Oy, Sasnep Ky, Omaeläke Oy and 70 (65) housing and real estate companies.

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

INSURANCE

Premiums written

Tapiola Life Group's gross premiums written before outward reinsurance premiums were EUR 264.7 million (233.3 million), an increase of 13.4 per cent (9.3 %). Premiums written for life insurance rose 12.5 per cent (15.1 %) to EUR 175.2 million (155.7 million), representing 66.2 per cent (66.7 %) of the total. Pension insurance accounted for 33.8 per cent (33.3 %) of premiums written, i.e. EUR 89.4 million (77.6 million), which was 15.3 per cent (-1.0 %) higher than in the previous year.

Premiums written for individual life insurance based on the technical interest rate rose to EUR 129.3 million (100.7 million). Premiums written for individual pension insurance based on the technical interest rate rose to EUR 55.4 million (53.3 million). Premiums written for unit-linked insurance were EUR 43.7 million (51.5 million), of which life insurance accounted for 61.1 per cent (81.1 %), i.e.

EUR 26.7 million (41.8 million), and individual pension insurance for 39.9 per cent (18.9 %), i.e. EUR 17.0 million (9.7 million).

The provision for unearned premiums from insurance other than unit-linked products rose by EUR 72.2 million (155.3 million) to EUR 1,420.7 million (1,348.5 million). The provision for unearned premiums from unit-linked insurance rose by EUR 16.7 million (41.8 million) to EUR 119.1 million (102.4 million).

Claims paid

Claims paid by Tapiola Life Group before the reinsurers' share totalled EUR 177.4 million (139.6 million), which was 27.1 per cent (28.2 %) higher than the figure for 2001. Repayments of savings totals were EUR 82.5 million (49.9 million), which was EUR 32.6 million (27.1 million) more than in the previous year. The amount of surrenders fell to EUR 10.4 million (13.0 million). The provision for outstanding claims grew by EUR 9.0 million (10.0 million) to EUR 123.4 million (114.4 million).

INVESTMENT

Tapiola Life Group's net investment income as stated on the Consolidated Profit and Loss Account was EUR 54.0 million (109.5 million), which was 50.7 per cent (-2.7 %) lower than in the previous year. Net interest income was EUR 64.9 million (70.3 million), which was 7.6 per cent (+39.2 %) lower than in 2001. Realised net gains on investments were EUR 10.1 million (16.9 million). The net total of value adjustments and readjustments reduced the result by EUR 56.0 million (-0.3 million). Of the total, EUR -57.2 million (+0.8 million) related to shares, EUR +1.3 million (-1.1 million) to land and buildings, and EUR -0.1 million (+0.0) to debt securities. The net total of revaluations and their adjustments was EUR 9.8 million (-4.4 million).

Of net investment income, insurance other than index-linked products accounted for EUR 73.8 million (119.0 million), which was 38.0 per cent (+4.7 %) lower than in the previous year, and index-linked insurance for EUR -19.8 million (-9.6 million), an increase of 107.2 per cent (-751.8 %) compared with the previous year.

The book and current values of investments shown on the Consolidated Balance Sheet were EUR 1,856.0 million (1,764.6 million) and 2,074.8 million (1,971.5 million), respectively. The difference between the book and current values increased by EUR 11.9 million (-34.5 million) to EUR 218.8 million (206.8 million). The figures do not include assets covering unit-linked insurances, the total value of which was EUR 120.4 million (109.7 million).

OPERATING EXPENSES

Tapiola Life Group's net operating expenses as reported on the Consolidated Profit and Loss Account were EUR 32.7 million (29.6 million), i.e. EUR 3.1 million (5.6 million) or 10.5 per cent (23.4 %) higher than in the previous year.

Gross operating expenses are appropriately allocated to different functions. Investment charges include the expenses of the company's own organisation.

RESULT FOR THE ACCOUNTING PERIOD

Tapiola Life Group's turnover was EUR 431.9 million (402.1 million). The Group's operating loss was EUR 1.5 million (+56.1 million), representing -0.4 per cent (+14.0 %) of turnover.

The Group's solvency capital was EUR 300.4 million (294.5 million). The solvency capital as a percentage of technical provisions, the ratio that describes the Group's solvency, was 16.4 per cent (17.0 %).

Depreciation was charged according to plan and included depreciation of consolidated goodwill. The provision for credit losses was brought into line with the maximum amount. The change in the depreciation difference and optional provisions as well as the depreciation difference and optional provisions are divided among deferred tax liability, minority interests and capital and reserves.

The loss for the accounting period was EUR 3,793,357.13. The minority interest was EUR 151,502.55. The Balance Sheet showed assets totalling EUR 2,030,442,369.83 (1,924,911,051.00).

Tapiola Life group Key financial indicators

	2002	2001	2000	1999	1998
SCALE OF OPERATIONS					
Premiums written (life insurance), EUR million	264.7	233.4	213.6	178.2	157.6
Turnover, EUR million	431.9	402.1	376.7	315.2	285.7
EFFICIENCY					
Expense ratio, %	151.8	149.7	130.4	121.9	112.0
PERFORMANCE					
Operating profit or loss, EUR million	-1.5	56.1	49.9	30.0	26.3
Operating profit as percentage of turnover, %	-0.4	14.0	13.3	9.5	9.2
Profit or loss before extraordinary items EUR million	-3.2	0.0	1.6	0.4	-0.6
Return on equity (ROE), % *)	3.5	-15.1	-4.8	17.4	21.2
Return on assets (ROA), % **)	3.9	4.5	5.5	7.9	8.0
SOLVENCY					
Solvency margin, EUR million *)	240.4	234.2	270.9	285.4	240.3
Equalization provision, EUR million	52.6	51.9	36.2	35.4	32.8
Solvency capital, EUR million *)	300.4	294.5	316.0	330.3	282.6
Solvency capital as percentage of technical provisions, % *)	16.4	17.0	19.7	22.6	21.4
Assets ratio, %	11.2	11.5	14.1	16.4	15.4

*) Assessed tax debt deducted from valuation differences.

***) Without unit-linked insurance

PRINCIPLES OF RISK MANAGEMENT

Tapiola Life's risk management is based in internal control principles that are approved by the boards of directors and applied throughout the whole Group. Internal control includes a risk management system that is used to manage the identification, assessment, limitation and control of risks caused by or closely associated with the Group's activities. Tapiola Life's Board of Director's bears overall responsibility for the arrangement and regular assessment of internal control and risk management. Tapiola Life's risk management is a systematic process that encompasses all functions of the company.

Additional information: www.tapiola.fi

Profit and Loss Account

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Technical account:				
Premiums written				
Premiums written	195 686	174 691	264 678	233 351
Reinsurers' share	-2 472	-1 838	-3 679	-3 057
	193 214	172 854	260 999	230 294
Investment income	109 863	122 115	157 284	173 097
Investment revaluations	6 431	942	10 488	1 009
Claims incurred				
Claims paid	-130 262	-103 718	-177 431	-139 621
Reinsurers' share	1 603	1 890	2 432	2 899
	-128 659	-101 828	-174 999	-136 722
Change in provision for outstanding claims	-8 960	-10 048	-20 857	24 121
Reinsurers' share	-28	60	-50	77
	-8 988	-9 988	-20 907	24 198
	-137 647	-111 815	-195 906	-112 524
Change in provision for unearned premiums				
Change in provision for unearned premiums	-61 008	-111 426	-88 938	-197 286
Reinsurers' share	92	100	71	169
	-60 915	-111 326	-88 866	-197 117
Operating expenses	-25 598	-23 051	-32 682	-29 591
Investment charge	-83 435	-44 110	-113 122	-59 261
Amendments in investment revaluations	-638	-4 183	-682	-5 365
Balance on technical account	1 275	1 425	-2 487	542
Non-technical account:				
Other income				
Decrease in group reserve	-	-	60	-
Other income	14	5	62	19
	14	5	121	19
Other expenses				
Decrease in consolidation goodwill	-	-	0	-
Other expenses	-72	-213	-143	-290
	-72	-213	-144	-290
Share of participating interests' losses	-	-	-678	-310
Direct taxes on ordinary activities				
Taxes for the accounting period	-896	-1 115	-919	-1 629
Taxes from previous years	-	-5	-2	-7
Change in deferred tax	-	-	164	-198
	896	-1 120	-757	-1 834
Profit/loss on ordinary activities	321	97	-3 945	-1 873
Profit/loss after extraordinary items	321	97	-3 945	-1 873
Appropriations				
Increase in depreciation difference	12	274	-	-
Increase in optional reserves	15	25	-	-
	28	299	-	-
Minority interest in the profit/loss for the accounting period	-	-	151	10
Profit/loss for the accounting period	348	396	-3 793	-1 863

Balance Sheet

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Assets				
Intangible assets				
Other long-term expenses	6 172	3 797	8 021	5 207
Investments				
Investments in land and buildings				
Land and buildings	216 081	209 307	380 257	372 513
Loans to group companies	81 226	82 627	-	-
Loans to participating interests	515	821	515	821
	297 821	292 755	380 772	373 333
Investments in group companies and participating interests				
Shares and holdings in group companies	11 472	11 464	-	-
Debt securities issued by and loans to group companies	5 968	5 968	-	-
Other shares and variable-yield securities and units in unit trusts	6 308	1 199	7 312	1 373
	23 749	18 632	7 312	1 373
Other investments				
Shares and other variable-yield securities and units in unit trusts	189 014	202 600	270 367	300 545
Debt securities	712 327	662 964	1 101 380	1 019 428
Loans guaranteed by mortgages	13 417	15 295	28 939	30 385
Other loans	7 654	8 262	12 637	13 412
Deposits	31 200	10 500	54 400	25 900
Other investments	-	-	240	267
	953 612	899 621	1 467 962	1 389 937
	1 275 181	1 211 007	1 856 046	1 764 643
Investments as coverage of investment-linked insurances	110 237	100 630	120 367	109 720
Debtors				
Arising out of direct insurance operations				
Policyholders	741	1 019	2 011	2 425
Arising out of reinsurance operations	1	0	1	0
	742	1 019	2 012	2 425
Other debtors	3 010	4 754	5 243	3 942
	3 752	5 774	7 255	6 366
Other assets				
Tangible assets				
Equipment	903	546	2 179	1 619
Other tangible assets	-	-	58	65
	903	546	2 236	1 684
Cash at bank and in hand	2 545	3 421	4 242	5 682
Other assets	83	53	114	53
	3 532	4 020	6 592	7 419
Prepayments and accrued income				
Interest and rents	19 188	19 509	30 217	29 708
Other prepayments and accrued income	84	24	1 944	1 847
	19 272	19 533	32 161	31 555
	1 418 145	1 344 762	2 030 442	1 924 911

Balance Sheet

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Liabilities				
Capital and reserves				
Equivalent funds	4 482	4 482	4 482	4 482
Guarantee capital	2 018	2 018	2 018	2 018
Revaluation reserves	353	353	6 174	5 113
Free funds	5 554	5 162	5 554	5 162
Share of reserves and depreciation difference transferred to capital and reserves	-	-	7 087	7 496
Group loss for previous years			-17 066	-14 338
Profit/loss for the accounting period	348	396	-3 793	-1 863
Part included in profit for the accounting period of the change in depreciation difference and optional reserves	-	-	348	-468
	12 756	12 412	4 804	7 602
Minority interest	-	-	7 441	8 259
Accumulated appropriations				
Accumulated depreciation difference	4 652	4 665	-	-
Optional reserves	1 112	1 127	-	-
	5 764	5 792	-	-
Subordinated liabilities	21 864	21 864	21 864	21 864
Technical provisions				
Provisions for unearned premiums	1 134 039	1 086 977	1 424 972	1 352 727
Reinsurers' share	-3 383	-3 291	-4 250	-4 179
	1 130 655	1 083 686	1 420 722	1 348 548
Provision for outstanding loans	123 883	114 923	431 543	410 706
Reinsurers' share	-527	-555	-674	-724
	123 356	114 368	430 869	409 982
	1 254 011	1 198 054	1 851 591	1 758 530
Technical provisions of investment-linked insurances				
Technical provisions	109 087	95 141	119 067	102 355
Creditors				
Arising out of reinsurance operations	1	0	16	44
Amounts owed to financial institutions	46	49	10 163	11 962
Deferred tax	-	-	2 965	3 155
Other creditors	11 555	8 254	8 489	5 777
	11 602	8 304	21 632	20 937
Accruals and deferred income	3 061	3 195	4 042	5 363
	1 418 145	1 344 762	2 030 442	1 924 911

Performance analysis

Tapiola Corporate Life not included

EUR million	2002	2001	2000	1999	1998
SOURCES					
Risk business	8.2	8.0	8.4	9.3	7.6
Cost business	-9.1	-8.2	-4.2	-2.2	-0.8
Interest business	2.1	34.2	36.5	20.2	15.0
Complements to provisions	-9.8				
Other items affecting the operating profit	9.4	-3.4	-0.5	-0.8	-0.2
OPERATING PROFIT	1.0	30.6	40.2	26.4	21.5
USE OF PROFIT					
Customer bonuses	-13.7	-17.6	-19.5	-14.1	-14.0
Additional bonuses provision	13.4	-11.9	-19.0	-7.9	-5.6
Equalization provision	0.6	0.1	0.2	-2.9	-1.9
Extraordinary costs, reserves, taxes, depreciations etc.	-0.8	-0.8	-1.3	-1.2	0.0
Profit for the financial year	0.3	0.4	0.5	0.3	0.2



**Tapiola
Corporate Life Ltd**

Review by the managing director



*Tapiola Corporate Life
is an expert in life and
health risk management*

As the large post-war generation approaches retirement age, Finnish companies are faced by two significant challenges. Firstly, the remaining economically active age groups will be significantly smaller than their predecessors, so competition for competent and professionally qualified people will intensify. Secondly, the entrepreneurial owners of small and medium-sized enterprises are approaching the time for generation change. Moreover, expertise and knowledge within enterprises is more concentrated, which underlines the importance of managing life and health risks.

Tapiola Corporate Life offers companies solutions and consulting services to help them cope with the challenges described above. The company is part of Tapiola Group's service organisation for corporate clients, so customers can access these services through the established channel of their own contact person.

A handwritten signature in black ink that reads "Juha-Pekka Halmeenmäki". The signature is written in a cursive style.

Juha-Pekka Halmeenmäki
Managing Director
Tapiola Corporate Life

Administration and auditors

Supervisory board

Marjut Nordström chairwoman, managing director, Asikkala	2000-2003
Antero Taanila deputy chairman, provincial councillor, Kokkola	2001-2004
Jari Bachmann managing director, Helsinki	2002-2005
Timo Hanttu managing director, Lappeenranta (until 1.2.2003)	2002-2005
Veikko Kantero managing director, Espoo	2000-2003
Juha Moilanen managing director, Pieksämäki mlk.	2002-2004
Joel Nemes managing director, Espoo	2002-2005
Kuisma Niemelä managing director, Jyväskylä	2001-2004
Jorma Niiniaho mining councilor, Hamina	2001-2004
Jussi Pajunen chairman, Helsinki	2002-2005
Simo Palokangas managing director, Turku	2000-2003
Eeva Parkkivaara-Anttinen chairwoman, Kauniainen	2001-2004
Matti Ristikangas managing director, Iisalmi (until 31.12.2002)	2001-2004
Jukka Salminen commercial councillor, Helsinki	1999-2002
Heikki Tuomola system designer, Helsinki	2001-2004
Jouko Virranniemi managing director, Kuusamo	2000-2003

Auditors

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

Board of directors

Asmo Kalpala , chairman, CEO
Pertti Heikkala , deputy chairman, group director, business field private customers
Tom Liljeström , group director, business field corporations and major clients
Jari Saine , group director, business field bank, savings and investments

Deputy members:

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



Tapiola Corporate Life is a part of the service package to corporate clients

The operating profit of Tapiola Corporate Life Insurance Company (Tapiola Corporate Life) was EUR 1.3 million (28.1 million). Turnover rose by 10.4 per cent (17.4 %) to EUR 122.2 million (110.7 million). The solvency capital was EUR 89.6 million (85.4 million) and the solvency ratio was 15.6 per cent (15.8 %).

Net premiums written in the accounting period rose by 17.6 per cent (33.6 %) to EUR 69.0 million (58.7 million). The company stopped offering insurance with savings based on the technical interest rate in September owing to the reduced level of interest rates. As a result the target set for premium income was not achieved.

Measures intended to reverse the unfavourable development of the life assurance companies' loading result have been initiated. These are expected to affect the loading result in 2003.

The most important of the company's product development projects is unit-linked group pension insurance, which will probably be brought to market in early 2004.

Listed share prices continued to fall in 2002 for the third straight year. However, thanks to buffers built up in good years, solvency has remained at a good level. Also in customer bonuses, we have adhered to the principle of continuity in equalising the effects of annual fluctuations in the company's results.

The technical interest rate was lowered on 1st January 2003 for new individual policies from 3.5 per cent to 2.5 per cent.

TAPIOLA CORPORATE LIFE, PARENT

Insurance Premiums written

Tapiola Corporate Life's gross premiums written before outward reinsurance premiums rose by 17.6 per cent (33.6 %) to EUR 69.0 million (58.7 million), of which life insurance and pension insurance accounted for EUR 36.1 million (31.1 million) and EUR 32.9 million (27.6 million), respectively. The reinsurers' share of premiums written was EUR 1.2 million (1.2 million) and net premiums written were EUR 67.8 million (57.4 million).

Premiums written for individual life insurance based on the technical interest rate rose to EUR 22.4 million (20.4 million). Premiums written for individual pension insurance based on the technical interest rate rose to EUR 11.0 million (10.0 million).

Premiums written for group pension insurance rose to EUR 17.1 million (14.6 million). EUR 3.4 million was recorded as premium income in connection with the transfer of part of the insurance portfolio. Premiums written for unit-linked insurance were EUR 5.4 million (5.9 million), of which life insurance accounted for 13.2 per cent (47 %), i.e. EUR 0.7 million (2.8 million), and individual pension insurance for 86.8 per cent (53 %), i.e. EUR 4.7 million (3.1 million).

The provision for unearned premiums from insurance other than unit-linked products rose by EUR

25.2 million (80.8 million) to EUR 290.1 million (264.9 million). The provision for unearned premiums from unit-linked insurance rose by EUR 2.8 million (5.0 million) to EUR 10.0 million (7.2 million).

Claims paid

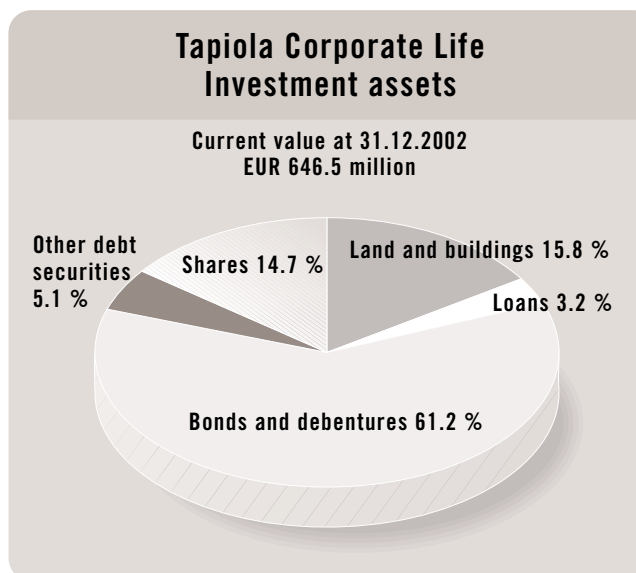
Claims paid by Tapiola Corporate Life before the reinsurers' share rose by 31.4 per cent (3.6 %) to EUR 47.2 million (35.9 million). Claims paid in respect of pension insurance were EUR 30.1 million (29.5 million). Life insurance claims were EUR 15.9 million (4.5 million). Benefit repayments were EUR 11.1 million (- ? million). Surrenders totalled EUR 1.1 million (2.0 million). The reinsurers' share of claims paid was EUR 0.8 million (1.0 million). The provision for outstanding claims rose by EUR 11.9 million (-34.2 million) to EUR 307.5 million (295.6 million).

INVESTMENT

Tapiola Corporate Life's net investment income as stated on the Profit and Loss Account was EUR 25.1 million (37.2 million), which was 32.5 per cent (-2.7 %) lower than in the previous year. Net interest income was EUR 25.2 million (26.1 million), which was 3.3 per cent (+32.5 %) lower than in 2001. Realised net gains on investments were EUR 5.5 million (5.5 million). The net total of value adjustments and readjustments reduced the result by EUR 13.6 million (+1.4 million). Of the total, EUR -13.9 million (+1.2 million) related to shares and EUR +0.3 million (+0.3 million) to land and buildings. The net total of revaluations and their adjustments was EUR 4.0 million (-1.1 million).

Of net investment income, insurance other than index-linked products accounted for EUR 27.4 million (38.7 million), which was 29.2 per cent (+6.8 %) lower than in the previous year, and index-linked insurance for EUR -2.3 million (-1.5 million), an increase of 50.9 per cent compared with the previous year.

The book and current values of investments shown on the Balance Sheet were EUR 607.1 million (574.8 million) and 646.5 million (610.4 million), respectively. The difference between the book



Tapiola Corporate Life Key financial indicators

	2002	2001	2000	1999	1998
SCALE OF OPERATIONS					
Premiums written (life insurance), EUR million	69.0	58.7	43.9	49.8	35.1
Turnover, EUR million	122.2	110.7	94.3	91.5	76.5
EFFICIENCY					
Expense ratio, %	174.5	159.8	149.4	162.9	151.7
PERFORMANCE					
Operating profit, EUR million	1.3	28.1	11.3	6.1	6.6
Operating profit as percentage of turnover, %	1.1	25.4	12.0	6.6	8.6
Loss/profit before extraordinary items EUR million	-0.6	1.4	1.4	1.4	0.9
Return on equity (ROE), % *)	5.3	-17.0	2.9	20.2	22.9
Return on assets (ROA), % **)	4.1	6.1	5.6	6.9	7.1
SOLVENCY					
Solvency margin, EUR million *)	65.2	62.3	73.0	70.9	58.9
Equalization provision, EUR million	24.3	23.1	7.2	6.3	6.5
Solvency capital, EUR million *)	89.6	85.4	80.3	77.2	65.4
Solvency capital as percentage of technical provisions, % *)	15.6	15.8	15.8	16.3	15.2
Assets ratio, %	9.7	9.9	12.3	12.9	11.8

*) Assessed tax debt deducted from valuation differences.

***) Without unit-linked insurance

and current values increased by EUR 3.7 million (-11.6 million) to EUR 39.4 million (35.7 million). The figures do not include assets covering unit-linked insurances, the total value of which was EUR 10.1 million (9.1 million).

OPERATING EXPENSES

Tapiola Corporate Life's net operating expenses as reported on the Profit and Loss Account were EUR 7.2 million (6.7 million), which was 8.4 per cent (14.6 %) higher than in the previous year.

Gross operating expenses, which include depreciation of EUR 0.5 million (0.3 million), are appropriately allocated to different functions. Investment charges include the expenses of the company's own organisation.

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

Salaries and commissions paid to the members of the Supervisory Board, to members and deputy members of the Board of Directors and to the managing director and the deputy managing director totalled EUR 298,598.00 (233,975.81). Other salaries and commissions amounted to EUR 3,017,658.33 (2,710,884.35). The total salaries and commissions figure was EUR 3,316,256.33 (2,944,860.16).

RESULT FOR THE ACCOUNTING PERIOD

Tapiola Corporate Life's turnover grew by 10.4 per cent (17.4 %) to EUR 122.2 million (110.7 million).

The company's operating profit was EUR 1.3 million (28.1 million), representing 1.1 per cent (25.4 %) of turnover. Operating profit comprises the company's result and other items affecting operating profit. The company's result, which comprises the profit on risk premiums collected, the loading result and the interest business result, was EUR 2.8 million (15.5 million). The profit on risk premiums collected was EUR 1.2 million (0.9 million), the loading result was a loss of EUR 3.3 million (-2.7 million), and the interest business result was a profit of EUR 5.6 million (17.2 million) and includes revaluations of EUR 4.0 million in respect of land and buildings.

Increases in the provisions due to a reduction in the technical interest rate amounted to EUR 1.6 million (1.3 million) and an increase in the provisions due to adjustment of the mortality assumption was EUR 9.6 million, which was limited to the provision for future bonuses.

Customer bonuses totalling EUR 5.6 million (6.7 million) were recorded in the annual accounts. Of this amount, EUR 5.0 million was funded by discharging the provision for future bonuses. After the provision made to supplement the technical interest rate and the funding of current bonuses, a provision of EUR 8.9 million (23.5 million) was made on the Balance Sheet for future bonuses.

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

No profit-sharing payment was transferred to the Staff Fund of the Tapiola Group on the basis of the result for the accounting period.

The solvency capital was EUR 89.6 million (85.4 million) and the solvency ratio was 15.6 per cent (15.8 %).

The Board of Directors proposes that the profit of EUR 764,841.21 for the accounting period be transferred to retained earnings.

The Balance Sheet showed assets totalling EUR 640,897,199.45 (602,786,395.73).

TAPIOLA CORPORATE LIFE GROUP

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

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

INSURANCE

The insurance figures for Tapiola Corporate Life's parent company and group are the same.

INVESTMENT

Tapiola Corporate Life Group's net investment income as stated on the Consolidated Profit and Loss Account was EUR 25.2 million (37.2 million), which was 32.1 per cent (+3.7 %) lower than in the previous year. Net interest income was EUR 24.2 million (25.2 million), which was 4.0 per cent (+33.9 %) lower than in 2001. Realised net gains on investments were EUR 5.7 million (5.7 million). The net total of value adjustments and readjustments reduced the result by EUR 13.5 million (+1.3 million). Of the total, EUR -13.9 million (+1.2 million) related to shares and EUR +0.4 million (+0.1 million) to land and buildings. The net total of revaluations and their adjustments was EUR 4.0 million (-1.1 million).

Of net investment income, insurance other than index-linked products accounted for EUR 27.5 million (38.7 million), which was 28.9 per cent (+1.1 %) lower than in the previous year, and index-linked insurance for EUR -2.3 million (-1.5 million), an increase of 50.9 per cent compared with the previous year.

The book and current values of investments shown on the Consolidated balance Sheet were EUR 606.3 million (574.0 million) and 649.3 million (613.3 million), respectively. The difference between the book and current values increased by EUR 3.7 million (-10.6 million) to EUR 43.0 million (39.3 million). The figures do not include assets covering unit-linked insurances, the total value of which was EUR 10.1 million (9.1 million).

OPERATING EXPENSES

The net operating expenses of Tapiola Corporate Life Group as reported on the Consolidated Profit and Loss Account were EUR 7.2 million (6.7 million), an increase of 8.4 per cent (14.6 %) on the previous year.

Gross operating expenses, which include planned depreciation of EUR 0.5 million (0.3 million), are appropriately allocated to different functions. Investment charges include the expenses of the company's own organisation.

RESULT FOR THE ACCOUNTING PERIOD

The turnover of Tapiola Corporate Life Group was EUR 121.9 million (110.2 million). The Group's operating profit was EUR 1.4 million (28.1 million), representing 1.1 per cent (25.5 %) of turnover.

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

The solvency capital was EUR 90.9 million (86.6 million) and the solvency rate was 15.8 per cent (16.1 %).

The profit for the accounting period was EUR 589,215.86 and the Consolidated Balance Sheet showed assets totalling EUR 638,681,294.78 (601,021,374.04).

PRINCIPLES OF RISK MANAGEMENT

Tapiola Corporate Life's risk management is based in internal control principles that are approved by the boards of directors and applied throughout the whole Group. Internal control includes a risk management system that is used to manage the identification, assessment, limitation and control of risks caused by or closely associated with the Group's activities. Tapiola Corporate Life's Board of Director's bears overall responsibility for the arrangement and regular assessment of internal control and risk management. Tapiola Corporate Life's risk management is a systematic process that encompasses all functions of the company.

Additional information: www.tapiola.fi

Profit and Loss Account

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Technical account:				
Premiums written				
Premiums written	68 992	58 660	68 992	58 660
Reinsurers' share	-1 207	-1 219	-1 207	-1 219
	67 785	57 440	67 785	57 440
Investment income	49 117	53 185	48 830	52 730
Investment revaluations	4 056	67	4 056	67
Claims incurred				
Claims paid	-47 173	-35 907	-47 173	-35 907
Reinsurers' share	828	1 009	828	1 009
	-46 345	-34 898	-46 345	-34 898
Change in provision for outstanding claims	-11 897	34 169	-11 897	34 169
Reinsurers' share	-21	17	-21	17
	-11 918	34 186	-11 918	34 186
	-58 263	-713	-58 263	-713
Change in provisions for unearned premiums				
Change in provisions for unearned premiums	-27 930	-85 860	-27 930	-85 860
Reinsurers' share	-21	69	-21	69
	-27 951	-85 791	-27 951	-85 791
Operating expenses	-7 246	-6 684	-7 246	-6 684
Investment charge	-28 024	-14 852	-27 620	-14 424
Amendments in investment revaluations	-44	-1 210	-44	-1 210
Balance on technical account	-569	1444	-454	1 416
Non-technical account:				
Other income				
Other income	48	1	48	1
Other expenses				
Decrease in consolidation goodwill	-	-	0	-
Other expenses	-71	-77	-71	-77
	-71	-77	-71	-77
Share of participating interests' losses	-	-	-6	-2
Direct taxes on ordinary activities				
Taxes for the accounting period	-	-489	-	-489
Taxes from previous years	0	0	0	0
Change in deferred tax	-	-	-99	-158
	0	-488	-99	-646
Profit/loss on ordinary activities	-592	879	-582	691
Profit/loss after extraordinary items	-592	879	-582	691
Appropriations				
Increase in depreciation difference	-104	-123	-	-
Decrease in optional reserves	-68	-46	-	-
	-173	-169	-	-
Minority interest in the profit for the accounting period	-	-	-8	-7
Profit/loss for the accounting period	-765	710	-589	684

Balance Sheet

1 000 euro	Parent company		Group	
	2002	2001	2002	2001
Assets				
Intangible assets				
Other long-term expenses	1 310	1 038	1 325	1 060
Investments				
Investments in land and buildings				
Land and buildings	66 964	62 773	84 472	80 275
Loans in group companies	24 253	21 614	5 949	3 302
	91 217	84 387	90 421	83 577
Investments in group companies and participating interests				
Shares and holdings in group companies	17	17	-	-
Other shares and variable-yield securities and units in unit trusts	440	440	456	450
	457	457	456	450
Other investments				
Shares and other variable-yield securities and units in unit trusts	82 657	97 834	82 659	97 852
Debt securities	389 053	356 464	389 053	356 464
Loans guaranteed by mortgages	15 522	15 090	15 522	15 090
Other loans	4 982	5 145	4 982	5 145
Deposits	23 200	15 400	23 200	15 400
Other investments	-	3	43	66
	515 414	489 936	515 459	490 016
	607 087	574 779	606 335	574 044
Investments as coverage of investment-linked insurances	10 130	9 090	10 130	9 090
Debtors				
Arising out of direct insurance operations				
Policyholders	1 270	1 406	1 270	1 406
Other debtors	6 175	2 153	4 970	1 298
	7 445	3 558	6 240	2 704
Other assets				
Tangible assets				
Equipment	240	134	391	341
Cash at bank and in hand	1 501	2 218	1 643	2 244
Other assets	31	-	31	-
	1 771	2 352	2 065	2 585
Prepayments and accrued income				
Interest and rents	11 006	9 997	11 006	10 005
Other prepayments and accrued income	2 148	1 972	1 580	1 535
	13 154	11 969	12 586	11 540
	640 897	602 786	638 681	601 021

Balance Sheet

1000 euro	Parent company		Group	
	2002	2001	2002	2001
Liabilities				
Capital and reserves				
Subscribed capital	6 341	6 341	6 341	6 341
Reserve fund	6 858	6 858	6 858	6 858
Revaluation reserve			249	249
Amount of reserves and depreciation difference transferred to capital and reserves	-	-	1 921	1 749
Profit for previous years	7 981	7 271	3 697	3 396
Profit/loss for the accounting period	-765	710	-589	684
Part included in profit for the accounting period of the change in depreciation difference and optional reserves	-	-	-237	-383
	20 416	21 180	18 240	18 895
Minority interest	-	-	873	864
Accumulated appropriations				
Accumulated depreciation difference	1 132	1 028	-	-
Optional reserves	509	441	-	-
	1 641	1 468	-	-
Subordinated provisions	5 046	5 046	5 046	5 046
Technical provisions				
Provisions for unearned premiums	290 933	265 750	290 933	265 750
Reinsurers' share	-867	-888	-867	-888
	290 067	264 862	290 067	264 862
Provision for outstanding claims	307 660	295 783	307 660	295 783
Reinsurers' share	-147	-168	-147	-168
	307 513	295 614	307 513	295 614
	597 580	560 476	597 580	560 476
Technical provisions of investment-linked insurances				
Technical provisions	9 979	7 214	9 979	7 214
Creditors				
Arising out of reinsurance operations	16	43	16	43
Loans to financial institutes	923	923	2 581	2 595
Deferred tax	-	-	791	718
Other creditors	4 512	4 533	2 674	3 136
	5 451	5 499	6 062	6 493
Accruals and deferred income	785	1 903	902	2 034
	640 897	602 786	638 681	601 021

Tapiola Corporate Life Performance analysis

EUR Million	2002	2001	2000	1999	1998
SOURCES					
Risk business	1.2	0.9	1.3	0.2	1.4
Cost business	-3.3	-2.7	-2.1	-2.4	-1.9
Interest business	5.6	17.2	17.2	14.0	12.4
Bonuses paid	-1.6	-1.3	-5.0	-4.9	-4.9
Other items affecting the operating profit	-0.6	14.1	-0.1	-1.0	-0.5
OPERATING PROFIT	1.3	28.1	11.3	6.1	6.6
USE OF PROFIT					
Customer bonuses	-5.6	-6.7	-6.1	-3.4	-4.5
Additional bonuses provision	5.0	-4.2	-2.9	-1.6	-0.6
Equalization provision	-1.3	-15.8	-0.9	0.3	-0.5
Extraordinary costs, reserves, taxes, depreciations etc.	-0.2	-0.6	-0.7	-0.7	-0.4
Loss/profit for the financial year	-0.8	0.7	0.7	0.7	0.5



**Tapiola Asset
Management Ltd**

Review by the Managing Director



*Successful asset management
and satisfactory development
of investment return*

Tapiola Asset Management Company Ltd's second year of operations was characterised by intense volatility on investment markets and an exceptionally high degree of uncertainty about future economic development. The outlook and expectations for economic growth were still relatively favourable at the beginning of the year, but in early summer the downward trend in stock prices steepened and stock market instability worsened. For investors in fixed-income instruments, however, 2002 proved to be very favourable and especially towards the end of the year interest rates were in decline right across the board.

There is still no evidence to suggest that there will be a strong rally in the near future, and market volatility is likely to remain quite high. Below-average yields must be expected in the coming years, and this poses major challenges for asset managers seeking to invest their customers' funds productively but also securely.

The aim of Tapiola Asset Management Company Ltd is to achieve a good and steady return on its customer portfolios in all market conditions, while at the same time avoiding capital risks. The key factors driving Tapiola Asset Management Ltd's business are thorough investment research and analysis, professionalism and a hands-on management approach. The emphasis is thus on the successful selection and timing of individual investments. The professionalism and experience of the company's staff is evident in the yield development of customer portfolios.

The funds under management by Tapiola Asset Management Company Ltd in 2002 grew by 9.6 per

cent and totalled EUR 2,933.8 million at the end of the year. The number of external proxy-customers also grew according to plan.

Good management of customers' assets requires the development of functional and reliable investment and risk management methods as well as the assurance of adequate expertise. Responding to these needs, the company has invested in new information and yield calculation systems, which will enable the construction of a functional yield calculation standard. This will significantly improve customer services.

The shareholders of Tapiola Asset Management Company are Tapiola General Mutual Insurance Company (35 %), Tapiola Mutual Life Assurance Company (30 %), Tapiola Corporate Life Insurance Company Ltd (15 %), and Tapiola Mutual Pension Insurance Company (20 %). Tapiola Asset Management Company Ltd owns Tapiola Fund Management Company Ltd and 0.5 per cent of Tapiola Bank Ltd.

Jyrki Mäkelä
Managing Director
Tapiola Asset Management Company Ltd

Board of directors

Jari Eklund, chairman of the board
Antti Calonius
Tom Liljeström
Jyrki Mäkelä, managing director
Jari Laine
Asko Sasi
Juha Seppänen

Profit and Loss Account

1000 euro

	2002	2001
Fees	1 764	1 930
Returns on conditioned investments of equity	9	5
Interest income	12	26
INCOME FROM INVESTMENTS	1 785	1 961
Interest expenses	0	7
Administrative costs		
Staff expenses		
Salaries and fees	625	626
Social expenses		
Pension expenses	100	111
Other social expenses	25	30
	125	141
	750	768
Other administrative costs	652	543
	1 402	1 310
Depreciations and devaluations of tangible and intangible assets	58	19
Other operation costs	111	88
OPERATION PROFIT	214	536
Extraordinary items		
Extraordinary expenses		
Group contribution	-148	-457
	-148	-457
Profit before appropriations and taxes	66	78
Income tax	20	13
PROFIT FOR THE FINANCIAL PERIOD	47	65

Balance Sheet

1000 euro

Assets	2002	2001
Receivables from financial institutions	247	660
Shares and holdings	311	171
Shares and holdings in group companies	2 537	2 537
Intangible assets	173	17
Tangible assets		
Shares and holdings in land and buildings and real estate associations	-	-
Other tangible assets	25	34
	25	34
Other assets	130	200
Prepaid expenses and accrued income	5	0
Total	3 428	3 618

Balance Sheet

1000 euro

Liabilities	2002	2001
Liabilities		
Other liabilities	244	483
Prepaid expenses and accrued income	150	148
Total liabilities	394	630
Equity		
Share capital	1 434	1 434
Share premium fund	1 522	1 522
Result for previous accounting periods	31	-35
Profit for the accounting period	47	65
	3 034	2 987
Total	3 428	3 618



**Tapiola Fund Management
Company Ltd**

Review by the Managing Director



Strong growth for Tapiola Fund Management Company Ltd

Interest in the opportunities for investment diversification offered by mutual funds remained high despite the difficult environment on the securities markets. The total amount of capital under management by registered Finnish mutual funds rose from EUR 14.5 billion to EUR 15.7 billion. The growth was strongest in fixed-income funds, and the low-risk short end of the bond market was especially popular. At the end of the year there were 312 mutual funds registered in Finland.

In February 2002 Tapiola Fund Management Company Ltd launched Tapiola Balance – a balanced fund intended especially for mutual fund investors. In May 2002 the company expanded its services in partnership with T. Rowe Price, an American fund management company established in 1937, by launching four mutual funds intended for both institutional investors and private citizens. Tapiola USA, Tapiola Environment and Tapiola Global Emerging markets invest their funds in the equity market, while Tapiola High Yield invests in fixed-income paper issued by companies. Altogether the company manages sixteen fixed-income, equity and balanced mutual funds.

Tapiola Fund Management Company Ltd exceeded the targets set for 2002. The number of unit holders rose from 1,086 to 3,233. The total amount of capital under management rose from EUR 162.5 million to EUR 310.9 million, and the company's market share grew from 1.1 per cent to 2.0 per cent.

The American company Morningstar, which has been assessing mutual funds since the 1980s, rated six Tapiola funds during 2002. Five of the funds re-

ceived the top rating of five stars and the other fund four stars.

According to an assessment made by Morningstar in October 2002, Tapiola's partner, T. Rowe Price, was the second best portfolio manager in the United States. Altogether 68 of T. Rowe Price's have been rated.

Unit subscriptions and redemptions can be made at Tapiola Fund Management Company Ltd's website at www.tapiolarahastot.fi, which also provides weekly and monthly reviews of funds and the securities markets.

Asko Sasi
Managing Director
Tapiola Fund Management Company Ltd

Board of directors
Jari Eklund, chairman
Juha-Pekka Halmeenmäki
Pentti Koskinen
Raimo Kuismin
Jyrki Mäkelä
Asko Sasi, managing director

Profit and Loss Account

1000 euro

	2002	2001
TURNOVER	1 620	878
Other return on operations	328	0
Material and services		
External services	268	127
Staff expenses		
Salaries and commissions	421	365
Social expenses		
Pension expenses	91	71
Other social expenses	17	17
	108	89
	528	454
Depreciations and devaluations		
Depreciations according to plan	43	44
	43	44
Other operation expenses	1 333	781
OPERATING LOSS	-225	-527
Financial income and expenses		
Other interest and financial income	77	74
Interest expenses and other financial expenses	0	1
	77	74
Loss before extraordinary items	-148	-453
Extraordinary income		
Group contribution	148	457
	148	457
PROFIT BEFORE APPROPRIATIONS AND TAXES	0	4
Income tax	0	1
PROFIT FOR THE ACCOUNTING PERIOD	0	3

Balance Sheet

1 000 euro

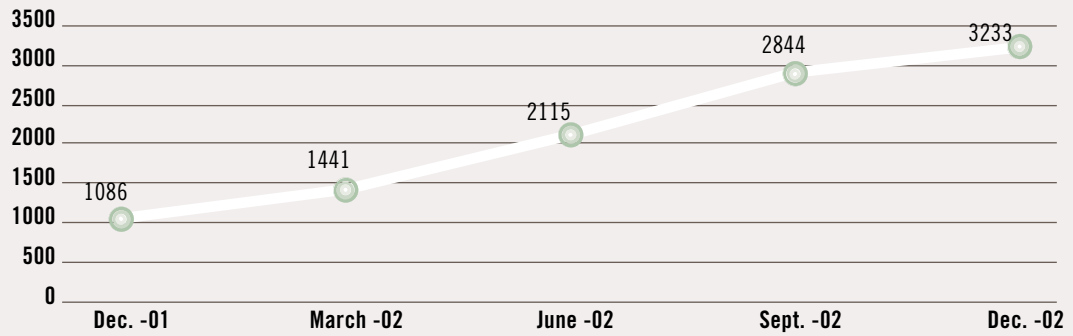
Assets	2002	2001
Fixed assets		
Intangible assets		
Other long-term expenses	118	158
Tangible assets		
Inventories	10	14
	128	172
Current assets		
Short-term receivables		
Administration fees	180	106
Other receivables	149	457
Prepayments and accrued income	0	7
	330	571
Financial securities		
Other securities	2 096	1 719
Cash in hand and at bank	496	232
	2 922	2 521
Total	3 050	2 693

Balance Sheet

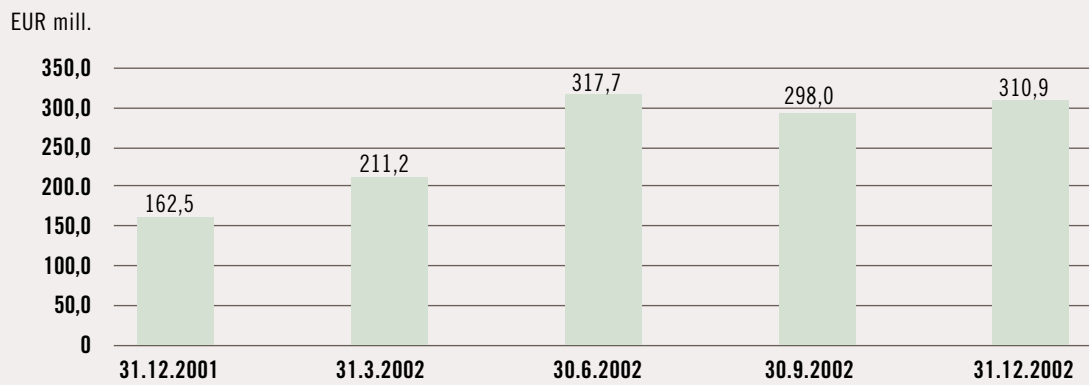
1000 euro

Liabilities	2002	2001
Equity		
Share capital	845	845
Share premium account	1 692	1 692
Profit for previous accounting periods	3	1
Profit for the financial period	0	3
	2 540	2 540
Liabilities		
Short-term liabilities		
Accounts payable	317	53
Loans to group companies	2	1
Other liabilities	14	11
Accrued expenses and prepaid income	177	88
	510	153
Total	3 050	2 693

Growth of the number of unit holders, 2002



Development of fund capital, 2002





Tapiola Bank Ltd



Review by the Managing Director



Tapiola Bank Ltd broadens owner-customer services

Tapiola Group has purposefully expanded its operations from insurance services into a group of companies offering banking, funds management and asset management services. The decision made by the supervisory boards to establish Tapiola Bank Ltd in April 2002 was a natural extension of the activities of Tapiola Asset Management Company Ltd and Tapiola Fund Management Company Ltd, which were set up in 2000.

Tapiola Group is committed to investing the EUR 46 million in capital necessary to establish the bank and start up its operations. A total of EUR 28 million has been invested in the initial stage.

The bank-building project began its work completely from scratch. The project has been divided into 14 sub-projects involving the participation of over 120 Tapiola employees. So far the progress has followed the schedule. In the autumn of 2003 the staff of Tapiola will test the attraction and function of the bank services and the bank starts up the operations in early 2004.

As much as a third of the entire project was completed according to plan during 2002. Among the most important matters dealt with were the preparation of a business plan, the selection of systems, the procurement of a banking licence and the procurement of an IT test environment.

Tapiola Bank's customer service will be based partly on the services of Tapiola Group's regional organisation. The customers will transact most of their business with the bank via internet or telephone services.

The bank will be constructed as a retail bank to broaden the services offered mainly to Tapiola's private household customers. The bank's customer benefits will be linked to Tapiola's owner-customer benefits. The aim of Tapiola Bank is to be a better alternative for owner-cus-

tomers than the large banks currently operating in Finland.

Traditional over-the-counter banking services are being superseded by modern internet services and cards, which today's customers regard as the most important ways of conducting their banking business. In addition the bank will offer a personal advisory service to customers by appointment with regard to both borrowing and investment.

Ålandsbanken AB was selected as the banking system vendor in the summer of 2002. Following comprehensive analyses of the various candidates, this solution proved to be the most appropriate in terms of the price-performance-risk ratio. The internet banking service procured through Ålandsbanken together with its special functions is particularly suitable for Tapiola's customer-centred business model, in which the emphasis is one helping customer to manage and plan their finances.

Tapiola Bank has been given a very enthusiastic reception among Tapiola's employees. Customers, shop stewards and the media have also shown a lot of favourable interest in the new bank.

Harri Lauslahti
Managing Director
Tapiola Bank Ltd

Board of directors

Jari Saine, chairman
Jari Eklund, deputy chairman
Jaakko Gummerus
Matti Inha
Tom Liljeström



Tapiola Group



Assurance of financial expertise is a challenge for personnel management

Sirpa Kaisanlahti, personnel director

In 2002 the Tapiola Group started to reveal the full extent of its financial expertise. News of the establishment of Tapiola Bank Ltd in April 2002 completed Tapiola's gradual emergence from pure insurance operations into the wider world of savings, investment and banking services. This path of development demands committed and professional staff, and will certainly require the Group's employees to further develop and diversify their expertise and competencies.

New development projects were launched in personnel management during 2002. The most important of these was the procurement of a new salary calculation system. An application study concerning this was made with possible vendor candidates in autumn 2002. The project will continue in 2003.

Other areas of development were personnel processes, the diversification of staff expertise, the standardisation of personnel policies throughout the Tapiola Group, the key personnel system and the staff initiative programme. The aim of the development work is to ensure the supply and retention of highly professional staff as well as the maintenance of staff motivation and a good working atmosphere.

Reward systems successfully developed

Head office's performance-related pay system was renewed in 2002. Its aim is to motivate the personnel to achieve excellence performance levels and to reward them for attaining set goals. Managers and

salaried staff actively participated in the development of the system, and external consultants were also used. The system has turned out to be functional and its development continues.

A new and simplified rewards model for sales personnel was introduced in May 2002. From the perspective of Tapiola's sales staff, the aims of the new rewards model include faster payment of rewards, the creation of incentives, and better management control over sales of full cover and life insurance products. The introduction of the new model succeeded technically very well, and experiences and feedback have been almost entirely positive.

The emphasis in rewards for the regional organisation was on supporting good performance. A new salary model was created for investment advisors and for sales directors specialised in life insurance, savings and investment. Other specialised models have been created and will be introduced in early 2003. Performance-related pay for customer advisors working in the regional offices and the pay of motor insurance contact managers in Helsinki metropolitan area was improved and put on a more individual basis. The new pay system for contact managers will be ready for introduction on 1st April 2003. New pay models for household sales directors, service managers, insurance and claims handlers in the field and advisors to self-employed persons will be completed according to the same timetable.

An essential component of the reward system covering the entire staff of Tapiola is the staff fund,

which promotes long-term commitment to Tapiola and rewards the achievement of financial performance targets. According to surveys concerning the reward system, Tapiola's employees have been very satisfied with the staff fund. The maximum performance-related pay award is 3.0 per cent of the annual payroll. In the years 1991-2002 profit-sharing awards amounting to more than EUR 12.4 million have been transferred to the staff fund.

Recruitment focuses on bank and senior management personnel

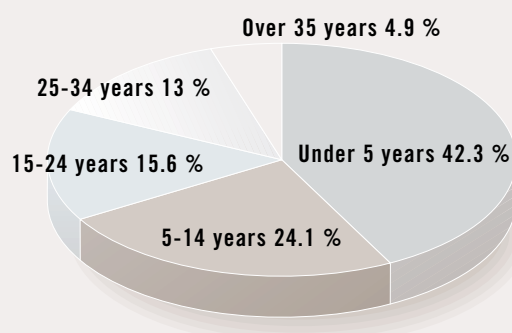
The senior and middle management of Tapiola Bank Ltd as well as some of its experts were recruited in 2002. At the same time a comprehensive recruitment plan for the payment of the bank's entire staff was made. A number of significant management recruitments were made during the year in both the regional organisation and the companies.

Managers have been given training on the different stages of the recruitment process. Internal mobility has been further promoted by emphasising the primacy of internal recruitment. Tapiola Group's reputation as a good employer has been promoted in partnership with different schools and colleges and by participation in their recruitment events. Tapiola's image as an employer has been monitored among students and young people already in work.

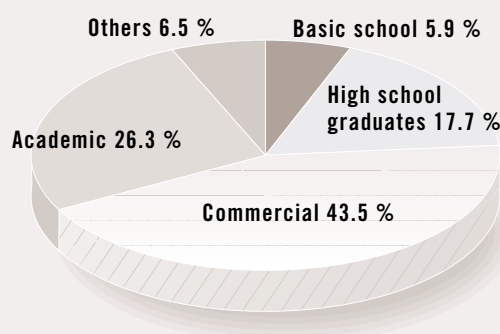
Better management skills and improved expertise in savings and investment

A number of training programmes of different sizes were arranged for customer service personnel in order to strengthen their savings and investment expertise. An investment advisor diploma developed jointly by Tapiola and the Finnish Institute of Marketing was awarded to about 100 Tapiola employees. Tapiola's first internet learning environment was introduced to support employee studies, and a hundred customer service personnel have completed its first programme. Work began on constructing new internet learning programmes as well as training programmes necessary for Tapiola Bank Ltd.

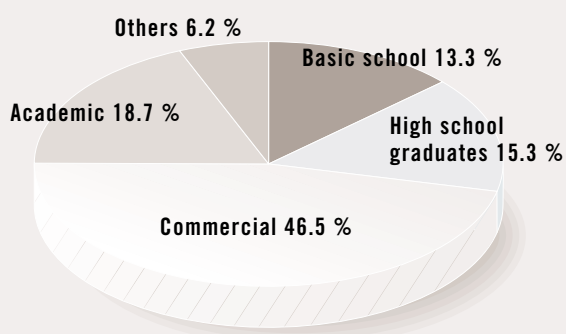
Division by employment duration 31.12.2002



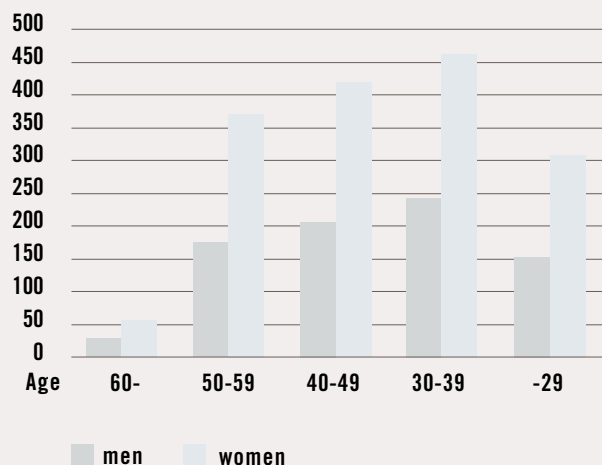
Division by education of newly employed in 2002



Division by education of whole staff 31.12.2002



Division by age of staff



Strong emphasis was once again placed on IT expertise. The Insurance Diploma was awarded to 30 Tapiola employees during the review year, bringing the total number Tapiola employees who now hold the diploma up to 635. No fewer than 800 Tapiola employees hold diplomas awarded by the Finnish Institute of Marketing.

The new apprentice-type contract scheme is growing in popularity not only in Tapiola but also in the country generally. The scheme enables employees to study for a diploma or alternatively to obtain further training without gaining a diploma at the end of the study programme. Tapiola's employees can study for a basic diploma in traditional business finance or for a diploma tailored specifically for the insurance industry. Twenty-two Tapiola employees were studying under the scheme during 2002. In addition to the training opportunities that Tapiola offers to its employees, their own self-development efforts were also supported by contributing to the costs of external training.

The management training programme entitled "Developing Leadership in Tapiola" continued, and eighty-eight managers took part in it in 2002. To date, 166 managers from different companies of the Tapiola Group have completed the programme. Follow-up events were organised during 2002 for the first

groups of course participants. The training programme continues. Forty-nine employees took part in Tapiola's training programme for new managers, and four training days for managers were arranged in 2002.

Business expansion provided opportunity to hire more staff

Tapiola's growth and expansion into new areas of business increased the number of employees. The trend has been the same for the last couple of years. In the review year the average number of employees in the Group was 1,861, which was 61 more than in the previous year. The average number of employees in the whole Group, including those of Tapiola Data and the real estate companies, was 2,126, which was 53 more than in the previous year.

The gross staff turnover rate of 5.9 per cent was higher than in the previous year. Internal mobility was encouraged, but the turnover rate inside Tapiola was down on the previous year at 4.3 per cent.

Staff wellbeing is important

Staff wellbeing was promoted in 2002 by means of two internal programmes that encompass all of Tapiola's employees. No general working atmosphere survey was made in 2002, but state-of-the-team surveys were conducted in order to clarify the wellbeing state of individual teams. The results of the survey indicated that the employees were most satisfied with the importance of their own work and the degree to which they are given responsibility and decision-making power. Feedback and feelings of success scored below average.

The development of the premises and work environment at head office continued during the review year. Refurbished and modern kitchen and dining rooms were completed at head office, and office spaces were refurbished at head office and at the Satakieli and Länsikulma premises. Questions concerning the premises of Tapiola Bank Ltd were added to the work list in the spring. According to the project plans, the necessary office spaces will be completed by September 2003.

Distribution of income

	2002		2001	
	EUR mill.	%	EUR mill.	%
INCOME FROM INSURANCE	1 715.6	81.7	1 604.2	72.5
Premiums paid by policyholders less transfer payments credited to the state				
REINSURERS' SHARE OF CLAIMS INCURRED	17.8	0.8	20.2	0.9
NET INVESTMENT INCOME	368.2	17.5	586.8	26.5
OTHER INCOME	-0.8	0.0	0.5	0.0
TOTAL	2 100.8	100.0	2 211.7	100.0
CLAIMS EXPENDITURE	1 555.5	74.0	1 651.6	74.7
Claims and pensions paid on the basis of insurance contracts and amounts reserved for the payment of future claims and pensions				
REINSURERS' SHARE OF PREMIUMS	29.8	1.4	16.2	0.7
STAFF	75.1	3.6	66.4	3.0
Salaries and commissions paid to the staff plus expenses incurred in respect of social security				
OTHER COSTS = SUPPLIERS	110.9	5.3	102.3	4.6
SOCIETY	283.9	13.5	283.4	12.8
Direct and indirect taxes and transfer payments				
INSURANCE COMPANIES IN THE TAPIOLA GROUP	45.6	2.2	91.7	4.1
SHAREHOLDERS	0.0	0.0	0.0	0.0
DISTRIBUTION	2 100.8	100.0	2 211.7	100.0

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



Tapiola strengthens its principles of social responsibility

Questions concerning social responsibility have been a topic of debate inside Tapiola since the end of the 1980s. In spring 2002 the Federation of Finnish Insurance Companies completed a definition of common principles for the industry. On the basis of these Tapiola also defined its own principles. The boards of directors endorsed Tapiola Group's social responsibility principles at their joint meeting in December. The practical implementation of these principles is being monitored and the measurement indicators necessary for them are being developed.

A document describing Tapiola's social responsibility principles was prepared by the Group's values committee, which comprises representatives of management, experts and personnel. The chairman of the committee took part in the preparation of the above-mentioned insurance industry principles, so Tapiola's own preparatory work proceeded in parallel with the industry-wide process. The management groups of the Tapiola's insurance companies and customer segments as well as the participation committee comprising representatives of management and salaried staff were involved in the handling of this matter before it was put before the boards of directions for a decision.

The social responsibility principles will be reviewed by the boards of directors at yearly intervals at least in the initial stage, as discussion of the topic in greater depth among the personnel is likely to bring more clarity to thinking about the Group's common principles. Tapiola is also actively involved in the work of the Association of Finnish Business

& Society, an expert organisation dealing with questions of social responsibility.

Steady development in economic responsibility

Economic responsibility is of prime importance in business activity. It creates the prerequisites for development in other areas of social responsibility. In 2002 Tapiola was very successful in improving profitability, competitiveness and efficiency that belong to economic responsibility. Security and productivity are the most important principles in investment activity. When selecting investments we avoid those that would obviously conflict with our own value system and operating principles.

Maintaining our solvency position is a central principle for Tapiola. Also in this respect the position of Tapiola's insurance companies remained good in 2002. We used the profits of our operations for customer bonuses, premium discounts and to build up the solvency necessary for adequate risk-carrying capacity.

Social responsibility ensures future opportunities

Social responsibility encompasses a company's responsibility for people, organisations and activity in co-operation networks. Insurance and financial services are defined in detail in legislation, but the laws lay down only the minimum level at which the Group must operate.

Reliability is an essential feature of a financial services group. Customer feedback and customer feedback surveys are used regularly in monitoring reliability. Other studies are undertaken in order to clarify the Tapiola's service quality and position in the industry. We use survey feedback continuously to draw conclusions and make changes accordingly.

Responsibility for personnel creates a platform for shared success

Responsibility for personnel lays the foundation for realisation of Tapiola's fourth value: shared success. The maintenance of fitness-for-work programme promotes the physical and mental wellbeing of the staff. Tapiola's health and safety work and occupational health services also contribute to preventing health problems among the personnel.

Areas in need of improvement are identified with the aid of working atmosphere surveys carried out at regular intervals. The survey made in 2002 provided good feedback in comparison with external reference groups. Tapiola's personnel are on the whole well motivated and committed. According to a study of 56 employers made by LTT Research Ltd in the autumn, Tapiola is in the top ten of Finland's best employers.

Responsibility for other stakeholder groups

As a group of companies owned by its customers, Tapiola is run only for the benefit of its customers. We take account of the special needs of different customer groups in our service models for individual customer segments. Customer feedback and development wishes are systematically collected from various sources and by means of focused research work.

Tapiola observes the principles of social responsibility in its dealings with society and stakeholder groups. In connection with partner selections, spon-

sorship decisions and donations for generally beneficial purposes, we always assess each counterpart from the perspective of values and social responsibility.

Environmental responsibility focuses on daily saving of natural resources

Environmental responsibility in the financial services industry means daily saving of natural resources. This involves water, air and soil protection, the prevention of climatic change, the safeguard of natural diversity, and the effective and sparing use of natural resources. The provision of financial services is not a major problem industry as far as environmental responsibility is concerned. Nevertheless, Tapiola has wanted to create its own environmental system and environmental policy. We also want to be well known in Finland as the financial services industry's expert on environmental issues.

Tapiola is also involved in the insurance industry's environmental commitment to the United Nations Environmental Programme (UNEP), which was signed in December 2001. Tapiola was very successful in an environmental audit conducted in 2002, and this indicates the commitment of the staff to responsibility for the environment. During the review year we revised the Tapiola Group's environmental strategy and completed our own environmental programmes for 10 offices and building functions.

Tapiola can help its corporate customers to manage their environmental risks by means of risk assessments, loss prevention advice and insurances that are part of its risk management services.

Reporting according to these principles is systematically developed. Additional information is available from www.tapiola.fi/Tapiola Group/Quality and Environment.

Advisory committees of the Tapiola Group



The committees play an important role as an interactive link between the customers and the group as well as an influential part outside the management.

The number of committees totals 20 and are mainly regional. The members of the advisory committee for agriculture and forestry and for the SME sector come from different parts of the country. Half of the members also sit on regional committees.

According to the rules the committees consist of 9-15 members. The term of office is three years for all committees. The advisory committees are appointed annually at the joint meeting of the boards of directors of the group companies. The members of the advisory committees totals 277.

Advisory committees 2003

The year given next to each name refers to the end of the person's time of office.

Helsinki metropolitan area

Espoo

Timo Haapaniemi, chairman, Kirkkonummi, 2003

Hannu Tarsaranta, deputy chairman, Espoo, 2003

Ulf Björklund, Kauniainen, 2004

Juha Eiro, Espoo, 2003

Ilmari Halinen, Espoo, 2004

Jukka Hämäläinen, Espoo, 2003

Juha Jouhki, Espoo, 2004

Susanna Rahkonen, Espoo, 2005

Sampsa Saralehto, Espoo, 2005

Tarja Uoti, Espoo, 2005

Timo Veijola, Espoo, 2005 Espoo, 2004

Contact person in Tapiola:

Carita Finni, tel. (09) 453 4017

Jukka Kinnunen, tel. (09) 453 4143

Helsinki

Mikko Parjanne, chairman, Helsinki, 2004

Irma Järvelä, deputy chairwoman, Helsinki, 2003

Harry Bogomoloff, Helsinki, 2005

Ilkka Holopainen, Helsinki, 2005

Petri Kaukiainen, Helsinki, 2004

Jorma Lehmuskallio, Helsinki, 2004
 Aira Merjovirta, Helsinki, 2003
 Markku Niskala, Helsinki, 2005
 Risto Salonen, Helsinki, 2003
 Ilkka Sipilä, Helsinki, 2003
 Matti Taanila, Helsinki, 2005
 Timo Tiihonen, Helsinki, 2003
 Pirjo Tiiri-Lounasmeri, Helsinki, 2004
 Kim Tuomolin, Helsinki, 2004
 Kaj Åkerberg, Helsinki, 2005
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 Jukka Kinnunen, tel. (09) 453 4143

Vantaa

Inger Eriksson-Blom, chairwoman, Vantaa, 2004
 Esa Veikkolainen, deputy chairman, Tuusula, 2004
 Eero Ahola, Vantaa, 2003
 Mervi Heino, Nurmijärvi, 2005
 Tomi Huuho, Hyvinkää, 2003
 Raimo Järvinen, Vantaa, 2003
 Jouni Kuusisto, Vantaa, 2005
 Risto Palin, Hyvinkää, 2004
 Totti Salko, Kerava, 2005
 Reino Sandström, Helsinki, 2004
 Karl-Henrik Sohkanen, Kirkkonummi, 2003
 Harri Viemerö, Järvenpää, 2005
Contact persons in Tapiola:
 Juha Seppälä, tel. (09) 453 4035
 Jukka Kinnunen, tel. (09) 453 4143

Southwest Finland

Salo-Lohja

Olli Lehti, chairman, Perniö, 2004

Keijo Väisänen, deputy chairman, Lohja, 2003
 Riitta Ahlqvist, Perniö, 2004
 Björn Ekberg, Salo, 2003
 Osmo Erätuli, Lohja, 2004
 Tapio Halme, Karjaa, 2005
 Kauko Karvinen, Lohja, 2004
 Minna Koli-Er, Salo, 2005
 Tero Lahtinen, Lohja, 2005
 Irma Lehtonen, Pertteli, 2003
 Martti Palojärvi, Vihti, 2005
 Mauri Salo, Somero, 2003
Contact persons in Tapiola:
 Hannu Määttänen, tel. (02) 514 7626
 Hans Strandberg, tel. (02) 416 1230

Satakunta

Arto Suni,
 chairman, Pori, 2004
 Timo Rapila, deputy chairman, Honkajoki, 2003
 Timo Junnila, Pori, 2005
 Reijo Järvi, Huittinen, 2004
 Hanna Kesti, Pori, 2005
 Esko Laukkanen, Rauma, 2005
 Riitta Myllys, Kankaanpää, 2004
 Alf Ojala, Pori, 2003
 Matti Ojanperä, Pori, 2003
 Sakari Ryyppö, Kokemäki, 2003
 Veli-Matti Syrjä, Köyliö, 2004
 Helena Tuomala, Kankaanpää, 2005
Contact persons in Tapiola:
 Kari Luoma, tel. (02) 554 7160
 Hans Strandberg, tel. (02) 416 1230

Turku with surroundings

Ulla-Maija Moisio, chairwoman, Turku, 2005

Vesa Mattila, deputy chairman, Turku, 2004
 Risto Ahonen, Uusikaupunki, 2003
 Ole Donner, Parainen, 2003
 Birgitta Jaakkola, Parainen, 2005
 Seppo Koskinen, Kaarina, 2005
 Seppo Lehtinen, Turku, 2004
 Kenneth Lindström, Turku, 2004
 Per-Erik Lindström, Turku, 2004
 Samuli Ryökäs, Pöytyä, 2004
 Hannu Rämö, Nousiainen, 2003
 Stefan Schleutker, Turku, 2003
 Merja Siltanen, Turku, 2005
 Jarmo Suominen, Turku, 2005
 Janne Tiiri, Oripää, 2003
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 Timo Jussila, tel. (02) 416 1233
 Hans Strandberg, tel. (02) 416 1230

Central Finland

Tavastia

Juhani Törmä, chairman, Janakkala, 2004
 Reetta-Maria Tolonen-Salo, deputy chairwoman, Hämeenlinna, 2003
 Kai Häppölä, Urjala, 2003
 Jukka Jokinen, Hämeenlinna, 2003
 Juha Kallioinen, Hämeenlinna, 2005
 Eija Karivaara, Hämeenlinna, 2004
 Seppo Keskiruokanen, Riihimäki, 2003
 Jaakko Kivinen, Hämeenlinna, 2004
 Maarit Kuusela, Hämeenlinna, 2004
 Katriina Laaksonen, Hämeenlinna, 2005
 Kyösti Lassila, Hämeenlinna, 2005
 Markku Pulkkinen, Tuusula, 2005
 Veijo Sirén, Hämeenlinna, 2005

Jari Stenberg, Jokioinen, 2003
 Inkeri Väisänen, Janakkala, 2004
Contact persons in Tapiola:
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 Martti Silvennoinen, tel. (03) 382 5251

Central Finland

Risto Palokangas, chairman, Jyväskylä, 2005
 Arja Koriseva-Karmala, deputy chairwoman, Toivakka, 2004
 Tahvo Anttila, 2004
 Mikko Hentinen, 2004
 Aki Hintsala, Jyväskylä, 2003
 Risto Hämäläinen, Vaajakoski, 2005
 Tiina Jyllilä, Suolahti, 2005
 Marja Kallio, Laukaa, 2005
 Pentti Kokkinen, Jyväskylä, 2003
 Simo Kutinlahti, Keuruu, 2005
 Raija Miettinen, Jyväskylä, 2004
 Anita Mikkonen, Jyväskylä, 2003
 Otso Sovijärvi, Jyväskylä, 2003
 Esko Taivalsaari, Jyväskylä, 2003
 Hilja Vainio, Jyväskylä, 2004
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Pirkanmaa

Pertti Leppänen, chairman, Ikaalinen, 2003
 Ulla-Maija Tolonen, deputy chairwoman, Tampere, 2003
 Harri Airaksinen, Tampere, 2005
 Rauno Korpi, Tampere, 2004

Hanna Lehtimäki, Tampere, 2005
 Jorma Lehtonen, Tampere, 2005
 Pentti Molander, Helsinki, 2004
 Jussi V. Niemi, Tampere, 2005
 Juha Näsi, Tampere, 2003
 Heikki A. Ollila, Kangasala, 2004
 Hannu Partala, Tampere, 2003
 Eila Rönni, Pälkäne, 2003
 Leena Sulonen, Tampere, 2004
 Aila Tamminen, Tampere, 2005
 Jari Öhman, Tampere, 2004
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Ostrobotnia

South Ostrobotnia

Kalle Lähdesmäki, chairman, Seinäjoki, 2004
 Marja Malmstedt, deputy chairwoman, Nurmo, 2004
 Antti Ala-Talkkari, Lapua, 2005
 Martti Kolehmainen, Seinäjoki, 2003
 Esko Mäkelä, Alajärvi, 2003
 Asko Peltola, Lapua, 2003
 Kari Penttilä, Teuva, 2004
 Heikki Saari, Ylistaro, 2005
 Ossi Tuomela, Seinäjoki, 2005
 Kaija Uola, Nurmo, 2003
 Kari Valkosalo, Korttesjärvi, 2005
 Yrjö Välimäki, Alavus, 2004
Contact persons in Tapiola:
 Matti Hallila, tel. (06) 283 5425
 Lassi Annala, tel. (06) 283 5438

Central Ostrobotnia

Eino Laukka, chairman, Kokkola, 2005
 Jouni Jyrinki, deputy chairman, Kokkola, 2005
 Martti Eurola, Kokkola, 2004
 Juhani Filppula, Veteli, 2005
 Ilpo Nissi, Kannus, 2004
 Helga Sarviranta-Vuotila, Kokkola, 2004
 Altti Seikkula, Kokkola, 2003
 Mika Uusimäki, Kannus, 2003
 Antero Ylitalo, Toholampi, 2003
Contact persons in Tapiola:
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Ostrobotnia

Harri Niemelä, chairman, Vaasa, 2004
 Markus Nissinen, deputy chairman, Vaasa, 2005
 Marko Ekman, Vaasa, 2005
 Marjatta Elomaa, Laihia, 2003
 Maija-Liisa Ketonen, Kristiinankaupunki, 2003
 Jari Lehtineva, Vaasa, 2004
 Seppo Petrov, Vaasa, 2004
 Raimo Rauhala, Vaasa, 2003
 Bjarne Stenström, Vaasa, 2005
Contact persons in Tapiola:
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Southeast Finland

Kymi

Esa Hasu, chairman, Elimäki, 2003
 Lasse Koskelainen, deputy chairman,
 Lappeenranta, 2005

Maili Hanski, Imatra, 2003
 Jarkko Hartikainen, Imatra, 2005
 Tuomo Hintsanen, Lappeenranta, 2004
 Reino Huutilainen, Parikkala, 2005
 Pentti Hämäläinen, Hamina, 2004
 Tapio Hämäläinen, Kotka, 2003
 Matti J. Kuronen, Lappeenranta, 2005
 Eero Mattila, Anjalankoski, 2005
 Pekka Multanen, Lappeenranta, 2003
 Susanna Niinimäki, Kuusankoski, 2004
 Arja Palmu, Kotka, 2004
 Olli Sinisalo, Pyhtää, 2003
 Jorma Timonen, Kuusankoski, 2004
Contact persons in Tapiola:
 Ilpo Rautio, tel. (05) 620 6316
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Lahti-Porvoo

Reijo Alanko, chairman, Mäntsälä, 2003
 Reivo Järvenpää, deputy chairman, Hollola, 2005
 Heikki Erkamo, Lahti, 2004
 Kari Hyytiä, Lahti, 2005
 Marjut Jalo-Huotari, Lahti, 2003
 Seppo Jokipelto, Hollola, 2003
 Riitta Karppinen, Heinola, 2003
 Mikko Kommeri, Hollola, 2004
 Anja Luoma, Porvoo, 2003
 Kaj Lönnroth, Porvoo, 2005
 Marita Modenius, Hollola, 2005
 Arto Mussalo, Heinola, 2004
 Salla Salmela, Lahti, 2004
 Ritva Sirkkala, yrittäjä, Porvoo, 2005
 Juha Sundberg, Lahti, 2004
Contact persons in Tapiola:
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East Finland

South Savo

Jorma Tapanainen, chairman, Mikkeli, 2004
 Markku Kakriainen, deputy chairman, Mikkeli, 2005
 Markku Jalonen, Juva, 2004
 Vesa Kallio, Mikkeli, 2003
 Terho Kaskinen, Savonlinna, 2003
 Henri Kokkonen, Savonlinna, 2003
 Pekka Kovanen, Pieksämäki, 2003
 Teuvo Kärkkäinen, Savonlinna, 2004
 Kari Lampinen, Mikkeli, 2004
 Heikki Laukkanen, Juva, 2005
 Erkki Luukkonen, Puumala, 2005
 Kalle Nieminen, Mikkeli, 2005
 Hannu Savisalo, toimitusjohtaja, Mikkeli, 2005
 Timo Tuominen, Mikkeli, 2003
 Aila Väresmaa, Pieksämäki, 2004
Contact persons in Tapiola:
 Juha Liukkonen, tel. (015) 670 5837
 Päivi Ruokolainen, tel. (017) 569 5610

North Karelia

Jorma Turunen, chairman, Kesälahti, 2004
 Timo Kettunen, deputy chairman, Ilomantsi, 2003
 Kari Harju, 2005
 Mikko Heino, Joensuu, 2003
 Pentti Holopainen, Kitee, 2004
 Pirkko Kylänpää, Joensuu, 2004
 Kari Käyhkö, Kontiolahti, 2005
 Otto Mikkonen, Joensuu, 2005
 Lasse Neuvonen, Joensuu, 2003
 Pekka Nevalainen, Outokumpu, 2004
 Vilho Pasanen, Joensuu, 2005
 Teija Perälä, Joensuu, 2003

Seppo Piirainen, Joensuu, 2005
 Timo Raatikainen, Hammaslahti, 2004
 Mervi Saviranta, Lieksa, 2003
Contact persons in Tapiola:
 Petri Pakarinen, tel. (013) 256 6434
 Päivi Ruokolainen, tel. (017) 569 5610

North Savo

Esko Luoma, chairman, Kuopio, 2004
 Jyrki Sahala, deputy chairman, Varkaus, 2003
 Heikki Hoffrén, Varkaus, 2003
 Jussi Huttunen, Leppävirta, 2004
 Jenni Kalliokoski, Kuopio, 2004
 Ritva Karjalainen-Huusko, Kuopio, 2003
 Jari Kauhanen, Kuopio, 2005
 Petri Korhonen, Lapinlahti, 2005
 Ossi V. Lindqvist, Kuopio, 2004
 Aulis Miskala, Kuopio, 2005
 Timo Männikkö, Varkaus, 2003
 Viljo Pakarinen, Kuopio, 2003
 Marko Repo, Iisalmi, 2005
 Antti Räsänen, Kuopio, 2004
 Erkki Virtanen, Kuopio, 2005
Contact persons in Tapiola:
 Esa Seppälä, tel. (017) 569 5617
 Päivi Ruokolainen, tel. (017) 569 5610

North Finland

Kainuu

Esko Hakala, chairman, Kajaani, 2004
 Riikka Alanen, deputy chairwoman, Kajaani, 2003
 Matti Autio, Kajaani, 2004
 Tauno Hälinen, Kajaani, 2003

Juha Kettunen, Kajaani, 2004
 Timo Korhonen, Kajaani, 2005
 Maija-Liisa Laitinen, Kajaani, 2005
 Timo Leppänen, Kajaani, 2005
 Sauli Meriläinen, Sotkamo, 2004
 Olavi Pyykkönen, Suomussalmi, 2003
 Eero Suutari, Kajaani, 2005
 Erkki Vähämaa, Kajaani, 2003
Contact persons in Tapiola:
 Markku Hyvärinen, tel. (08) 653 6872
 Marjatta Leiviskä, tel. (08) 886 5587

Lapland

Jarmo Pietilä, chairman, Rovaniemi, 2005
 Arto Appelgren, deputy chairman, Inari, 2004
 Jouni Ekonoja, Rovaniemen mlk, 2003
 Anneli Erholtz, Tornio, 2004
 Mauri Gardin, Rovaniemen mlk, 2003
 Taija Jurmu, Rovaniemi, 2004
 Matti Kettunen, Kemi, 2003
 Birgitta Kuusela, Rovaniemi, 2003
 Juha Mustonen, Rovaniemen mlk, 2005
 Unto Salmela, Tornio, 2005
 Jukka Toivanen, Keminmaa, 2005
Contact persons in Tapiola:
 Veli-Pekka Kärnä, tel. (016) 340 6954
 Marjatta Leiviskä, tel. (08) 886 5587

Oulu

Pentti Pajulampi, chairman, Oulu, 2003
 Irma Pellinen, deputy chairwoman,
 Haukipudas, 2003
 Reijo Flink, Oulu, 2003
 Teijo Hildén, Oulu, 2004
 Hanna Honkamäkilä, Oulu, 2004

Reijo Kivelä, Oulu, 2004
 Juha Laikari, Oulainen, 2005
 Tor-Erik Melin, Oulu, 2003
 Anja Miilukangas, Raahe, 2005
 Riikka Moilanen-Savolainen, Oulu, 2003
 Matti Myllylä, toimitusjohtaja, Haukipudas, 2004
 Viljo Määttä, Kuusamo, 2005
 Asko Ojamäki, Oulainen, 2005
 Pertti Sankilampi, Kempele, 2005
 Matias Timlin, Ylivieska, 2004
Contact persons in Tapiola:
 Harri Kynnös, tel. (08) 886 5543
 Marjatta Leiviskä, tel. (08) 886 5587

Other advisory committees

Advisory committee for agriculture and forestry

Pekka Rinne, chairman, Halikko, 2004
 Terttu Mielikäinen, deputy chairwoman, Suomensjärvi, 2005
 Timo Junnila, Pori, 2005
 Timo Korhonen, Kajaani, 2005
 Pirjo Kortesianiemi, Seinäjoki, 2003
 Maire Lumiaho, Kirkkonummi, 2003
 Erkki Luukkonen, Puumala, 2004
 Heikki A. Ollila, Kangasala, 2004
 Martti Palojärvi, Vihti, 2004
 Reino Parkko, Elimäki, 2003
 Asko Peltola, Lapua, 2003
 Hannu Saloniemä, Helsinki, 2005
Contact persons in Tapiola:
 Jukka Saastamoinen, tel. (09)†4531
 Markku Kosola, tel. (09)†4531

Advisory committee for the SME sector

Risto Heikkilä, chairman, Anjalankoski, 2004
 Olli Lehti, deputy chairman, Perniö, 2003
 Ero Ahola, Vantaa, 2004
 Antti Ala-Talkkari, Lapua, 2004
 Sakari Alhopuro, Turku, 2005
 Risto Hämäläinen, Vaajakoski, 2005
 Jari Jokilampi, Kangasala, 2005
 Pekka Kovanen, Pieksämäki, 2005
 Birgitta Kuusela, Rovaniemi, 2004
 Arto Lahti, Helsinki, 2003
 Hannu Pokela, Helsinki, 2003
 Juha Sundberg, Lahti, 2003
Contact persons in Tapiola:
 Marja-Leena Kajander, tel. (09) 4531
 Markku Kosola, tel. (09)†4531

Advisory committee on pensions affairs

Kurt Lagerbohm, chairman, Tapiola Pension
 Raija Weckman, Tapiola Pension
 Veli-Pekka Anttila, Finnish Food Workers' Union
 Lotta Autio, Tapiola Pension
 Maarit Gockel, Tapiola Pension
 Pirkko Heikura, Wood and Allied Workers' Union
 Timo Helske, Tapiola Pension
 Kari Ilmonen, Employers' Confederation of Service Industries in Finland
 Kari Kaukiainen, Confederation of Finnish Industrial Employers
 Jarmo Pätäri, Akava ry
 Kauko Rautiainen, Employers' Confederation of Service Industries in Finland
 Pertti Tukia, Tapiola Pension

*Advisory committee for
agency matters*

Members

Heikki Sarkkola, chairman, Hauho, 2003
Eeva Liisa Ålander, deputy chairwoman,
 Iisalmi, 2003
Saku Halonen, Juva, 2003
Marjo Ikävalko, Elimäki, 2003
Kimmo Kattilakoski, Kaustinen, 2004
Heimo Kujanpää, Kuusjoki, 2004
Matti Kulju, Tornio, 2004
Mikko Leinonen, Kajaani, 2003
Sari Moilanen, Laihia, 2004
Tuija Sahlman, Espoo, 2003

Deputy members

Pekka Hopsu, Jämsä, 2003
Pekka Ikonen, Lieksa, 2004
Sami Leskinen, Rovaniemi, 2004
Harri Nissinen, Luhtajoki, 2003
Jukka Perälä, Teuva, 2004
Mikko Vedenpää, Reisjärvi, 2003
Hannu Vepsäläinen, Joutseno, 2003
Jouko Vuorinen, Turku, 2004
Contact persons in Tapiola:
Päivi Haavisto, tel. (09) 4531
Jukka Lavaste, tel. (09) 4531

Group management of the Tapiola Group

1.2.2003



*The Tapiola Group attracts
employees*

GROUP MANAGEMENT

Asmo Kalpala, chairman of the boards, president

Household services

Pertti Heikkala, member of the boards, group director, retired 1.4.2003

Corporations and major clients services

Tom Liljeström, member of the boards, group director

Bank, savings and investment services

Jari Saine, member of the boards, Group director

TAPIOLA GENERAL

Juha Seppänen, managing director

Linda Unhola, deputy managing director, motor insurance services

Antti Calonius, director, reinsurance

Arto Huttunen, chief physician

Silja Hyvärinen, assistant director, motor insurance services

Antti Iinatti, unit director, risk management services

Pentti Koskinen, director, senior actuary, retires 30.6.2003

Timo Parkkisenniemi, unit director, home and farm services

Pertti Savijoki, actuary director, as from 1.1.2003

Heikki Taipalvesi, unit director, corporate insurance services

TAPIOLA PENSION

Olli-Pekka Laine, managing director

Kurt Lagerbohm, deputy managing director

Timo Helske, chief physician

Hanna Hiidenpalo, director, Tapiolan Pension's investments

Keijo Kouvonen, unit director, pensions

Hannu Parviainen, assistant director, senior actuary

Markus Savolainen, assistant director, pension insurance

Maija-Liisa Kervinen, assistant director, development

TAPIOLA LIFE AND

TAPIOLA CORPORATE LIFE

Juha-Pekka Halmeenmäki, managing director, senior actuary of Tapiolan Life

Matti Luukko, deputy managing director

Erkki Kautto, senior actuary, Tapiola Corporate Life

Pekka Leinonen, chief physician

Seppo Rinta, assistant director, consultants services

Sari Ruottinen, assistant director, product and system development

Tuija Salin, assistant director, production

GROUP SERVICES

Arto Jurttila, director, sales, marketing and regional services as from 13.1.2003

STRUCTURE OF THE TAPIOLA GROUP

GROUP MANAGEMENT

Chairman of the boards, CEO

HOUSEHOLDS

CORPORATIONS AND
MAJOR CLIENTS

BANK, SAVINGS AND
INVESTMENTS

GROUP SERVICES

SALES, MARKETING AND
REGIONAL SERVICES

INVESTMENT SERVICES

MAJOR CLIENTS,
INTERNATIONAL OPERATIONS
AND BROKERS

ECONOMY AND
IT-ADMINISTRATION

PERSONNEL SERVICES

PUBLIC RELATIONS

LEGAL MATTERS

INTERNAL AUDITING

COMPANIES

TAPIOLA GENERAL
Tapiola Data LTD

TAPIOLA PENSION

TAPIOLA LIFE AND
TAPIOLA CORPORATE LIFE

TAPIOLA
ASSET MANAGEMENT LTD

TAPIOLA
FUND MANAGEMENT
COMPANY LTD

TAPIOLA BANK LTD

Juhani Heiskanen, deputy managing director (Tapiola General, Tapiola Life, Tapiola Corporate Life) sales, marketing and regional services, as from 1.4.2003 as member of the boards, group director (household services)

Markku Kosola, director, information services and PR

Markku Haapalainen, director, regional administration

Tapio Hirvonen, marketing director, corporate customers to 31.3.2003

Kaisu Holopainen, marketing director, Brand Manager

Pietari Kauste, marketing director, corporate customers as from 1.4.2003

Lauri Kivistö, unit director, e-commerce

Minna Elomaa, sales and marketing director, bank, savings and investment services

Lauri Rämö, marketing director, households

Petri Routa, director, operations development

Antti Calonius, director, major clients, international operations and brokers

Hannu Vilppo, director, major clients

Jari Eklund, director, investment services (Tapiola General, Tapiola Life, Tapiola Corporate Life)

Asko Salminen, unit director, land and buildings (Tapiola General, Tapiola Life, Tapiola Corporate Life)

Vesa Immonen, assistant director, real estate investment

Markku Paakkanen, director, economy and IT administration

Kalervo Rinne, director, IT administration

Eila Burman, unit director, payments, invoicing and collection

Sirpa Pönkkä, assistant director, bookkeeping

Sirpa Kaisanlahti, director, personnel and internal services

Karri Airas, assistant director, personnel manager, personnel services

Matti Kaasalainen, assistant director, upskilling programmes, personnel services

Tapani Lehmussaari, assistant director, incentives, personnel services

Jaakko Gummerus, director, legal matters

Anu Pylkkänen, assistant director, international law and projects

TAPIOLA ASSET MANAGEMENT LTD

Jyrki Mäkelä, managing director

TAPIOLA FUND MANAGEMENT COMPANY LTD

Asko Sasi, managing director

Outi Vänni, assistant director, services

TAPIOLA BANK LTD

Harri Lauslahti, managing director

Matti Noranta, deputy managing director

Heikki Honkanen, economy director

Tapani Nyrhi, service director

Marja Pajulahti, credit director

TAPIOLA-DATA LTD

Juha Suutala, managing director

Kyösti Puustinen, unit director, users and technical services

Pekka Riikonen, unit director, design and planning support

Satu Rinta-Jaskari, planning director, planning services

CHIEF SHOP STEWARDS

Anne Jurmu, senior chief shop steward, office staff

Iiro Ketola, deputy chief shop steward, office staff

Heikki Kanniainen, senior chief shop steward, sales force

Janne Juvonen, negotiating chief shop steward, offices

Pirjo Julkunen, deputy chief shop steward, offices

Eero Harju, Tapiola-Data Ltd

REGIONAL MANAGEMENT

HELSINKI METROPOLITAN AREA

Jukka Kinnunen, regional director
Leena Kuutti-Alanko, sales director
Carita Finni, sales director, self-employed persons
Juha Seppälä, sales director, corporate services
Hannu Juhola, sales director, households
Tiina Kalliokoski, sales director, savings and investment services
Anneli Sarvamaa, administration manager

SOUTHWEST FINLAND

Hans Strandberg, regional director
Juha Anttila, services director
Timo Jussila, sales director, households
Kari Luoma, sales director, households
Kristian Nygrén, sales director, corporate services
Jouko Rönnemaa, sales director, sales and investment services

CENTRAL FINLAND

Martti Silvennoinen, regional director
Heikki Lindroth, sales director, savings and investment services
Seppo J. Ojala, sales director, household and corporate services
Anna-Maija Tolvila, services director
Harri Turunen, sales director, households
Teemu Toivanen, sales director, corporate services
Sakari Viitanen, sales director, households

OSTROBOTNIA

Lassi Annala, regional director
Sinikka Alamylläri, services director
Matti-Pekka Hallila, sales director, households
Jukka Marttila, sales director, corporate services

SOUTHEAST FINLAND

Miika Minkkinen, regional director
Antti Kalliokoski, sales director, corporate services
Antti Kumpulainen, sales director, savings and investment services
Ilpo Rautio, sales director, households
Leila Vilko, services director
Pia Vättö, sales director, households

EAST FINLAND

Päivi Ruokolainen, regional director
Vilho Kahelin, sales director, savings and investment services
Martti Lintunen, services director
Esa Seppälä, sales director, corporate services
Jari Vilmi, sales director, households

NORTH FINLAND

Marjatta Leiviskä, regional director
Leevi Ainasoja, sales director, households
Harri Kynnös, sales director, corporate services
Tiina Logren, sales director, savings and investment services
Martti Lintunen, services director

1.3.2002



*Tapiola provides services in
175 places all over the
country and has 67 offices*

HEAD OFFICE

Espoo-Tapiola, Revontulentie 7, tel. +358 9 4531
Mailing address: 02010 TAPIOLA
Internet address: www.tapiola.fi

OFFICES

Alavus, Kuulantie 5
Espoo-Leppävaara, Konstaapelinkatu 4
Espoo-Tapiola, Revontulentie 7
Espoo-Tapiola, Sokos, Länsituulentie 12
Forssa, Turuntie 2
Hamina, Puistokatu 4
Heinola, Savontie 9
Helsinki-City, Kaisaniemenkatu 1
Helsinki-Erottaja, Erottajankatu 19
Helsinki-Itäkeskus, Turunlinnantie 8
Helsinki-Kamppi, Runeberginkatu 5
Helsinki-Malmi, Malmin kauppatie 18
Helsinki-Töölö, Tukholmankatu 2
Helsinki-Vallila, Mäkeläncatu 58-60
Hyvinkää, Hämeenkatu 19
Hämeenlinna, Palokunnankatu 16
Iisalmi, Savonkatu 22
Imatra, Lappeentie 16
Joensuu, Rantakatu 23
Jyväskylä, Asemakatu 4
Jämsä, Talvialantie 4
Järvenpää, Mannilantie 43
Kajaani, Kauppakatu 10
Kankaanpää, Kauppatori 1
Kauhajoki, Topeeka 38
Kemi, Valtakatu 19
Kemijärvi, Kirkkokatu 3

Kerava, Kauppakaari 13
Kirkkonummi, Toritie 3
Kokkola, Isokatu 10
Kotka, Kirkkokatu 4
Kouvola, Kauppalankatu 14
Kuhmo, Kainuuntie 88
Kuopio, Suokatu 23
Kuusamo, Kitkantie 3
Lahti, Aleksanterinkatu 27
Lappeenranta,
Oksasenkatu 1
Lapua,
Poutuntie 8
Lieksa, Moisionkatu 1
Lohja, Kauppakatu 8
Loimaa, Turuntie 22
Mikkeli, Maaherrankatu 12
Oulu, Kirkkokatu 9
Pieksämäki, Keskuskatu 6-10
Pori, Gallen-Kallelankatu 8
Porvoo, Lundinkatu 9
Pudasjärvi, Toritie 1
Raahe, Sovionkatu 10
Rauma, Eteläkatu 1
Riihimäki, Hämeenkatu 25-27
Rovaniemi, Rovakatu 27
Salo, Turuntie 22
Savonlinna, Olavinkatu 37
Seinäjoki, Keskuskatu 13
Suomussalmi, Syväyksenkatu 1
Tampere, Rautatienkatu 10
Tornio, Hallituskatu 2
Turku, Eerikinkatu 6 b

Uusikaupunki, Rantakatu 15
 Vaasa, Kauppapuistikko 19-21
 Vammala, Puistokatu 3-5
 Vantaa-Myyrmäki, Liesikuja 7
 Vantaa-Tikkurila, Kielotie 7
 Varkaus, Kauppakatu 18
 Ylivieska, Torikatu 3
 Äänekoski, Torikatu 5

SERVICE OUTLETS

Alajärvi,
 Alajärven kirjanpito palvelu, Järvikatu 3
 Espoo, Tk-Biketeam Oy, Pieni Teollisuuskatu 5
 Haapavesi,
 Toimistopalvelu Eteläniemi Ay, Vanhatie 55
 Hankasalmi,
 Tilitoimisto Marjaleena Korhonen Ky,
 Keskustie 36
 Harjavalta,
 Paavilainen P & T Ay, Harjavallankatu 6 A 5
 Hartola,
 Päijätmaan Tili- ja Kiinteistö Ky, Kirkkotie 7
 Heinävesi,
 Varosa Oy, Kermanrannantie 5
 Ii,
 Vakuutus- ja Metsäpalvelu Ky, Laurintie 2
 Ikaalinen, Studio Ikafoto Oy,
 Vanha Tampereentie 15-17
 Ilomantsi,
 Myyntiedustus P Särkkä, Lehtotie 10
 Imatra,
 Vuolukiviset Oy, Vuoksenniskantie 88
 Joutsa,
 Joutsan Tili- ja yritys palvelu Oy, Rantatie 19
 Joutseno,
 Vakuutuspalvelu T. Vormisto, Saimaantie 7
 Juva,
 Tili- ja isännöintitoimisto Paula Vuorinen Ky,
 Kiiverintie 2
 Kalajoki,
 Tili- ja Toimistopalvelu Marja Hakola,
 Kalajoentie 34
 Kangasniemi,
 Kangasniemen Vakuutus- ja Edustuspalvelu, Otto
 Mannisentie 8
 Karhula,
 Tmi Päivi Hurtta, Karhulantie 36

Karkkila,
 Uudenmaan Vakuutus- ja Sijoituspalvelu Ky,
 Harjukatu 9-11
 Karstula,
 Tähtitulos Oy, Keskustie
 Karvia,
 Tili-Karvia Esko Luomanen, Kyläkarviantie 19
 Kaustinen,
 Kattilakoski Oy, Pajalantie 3
 Kempele,
 Lakeuden Vakuutus- ja Turvalaittepalvelu Ay,
 Zeppeliinintie 1
 Kittilä,
 Linnalat Oy, Valtatie 43 A 3
 Kiuruvesi,
 Kiuruveden Vakuutuspalvelu Ay, Asematie 13
 Kokemäki,
 Toimistopalvelu Teljä Ky, Tulkkilantie 31
 Korpilahti,
 Kiinteistö- ja notariaattipalvelu Matti Nissi,
 Martinpolku 18 A 4
 Kuhmoinen,
 Tmi Satamapalvelut Kuhmoinen,
 Jami Liivenkorkee, Torikatu 55
 Kyröskoski,
 Markkinointiviestintä Täydentöimittajat,
 Valtakatu 51
 Laitila,
 Vakuutus- ja toimistopalvelu Raittinen Ky,
 Vihtorinkatu 5
 Lammi,
 Kiinteistötoimisto Eino Hakala Ky, Hämeentie 20
 Liperi,
 Liperin Tilipalvelu Ay, Varolantie 3
 Leppävirta,
 Autotarvike S. Suomalainen Ky, Petäiköntie 23
 Loviisa,
 Ky Tilitupa Henry Friman Kb,
 Itäinen tullikatu 1
 Mustasaari,
 Denibe Ab, Kauppatie 25-27
 Mäntyharju,
 Tmi Ritva Syväsalu, Liiketie 2
 Nastola,
 Vakuutuspalvelu Aarre Ahonen,
 Rakokiventie 10 L 8
 Nilsiä,
 Nilsiän Laskenta Oy, Nilsiäntie 79

Nivala,
 Merjan Vakuutus- ja Toimistopalvelu,
 Kalliontie 22
 Nummela,
 Kiinteistönvälitys Timo Helander Ky LKV,
 Pisteenskaari 4
 Oulainen,
 Tmi Edustusliike Korkatti, Asemakatu 19
 Padasjoki,
 Keinuhonka Oy, Keskustie 21
 Parikkala,
 Parikkalan Tili ja Isännöinti Oy, Sahakuja 2 E 4
 Parkano,
 Tili- ja Kiinteistömarkkinointi Ky Pitsinki &
 Mäkiviinikka LK, Keskuskatu 2
 Pello,
 Pellon Huonekaluliike Ky, Kenttätie 1
 Perniö,
 Tilitoimisto Salon Koski-Tilit Ky, Karlstadintie 1
 Pielavesi,
 Pielaveden Tilipalvelu Oy, Puistotie 26
 Pihtipudas,
 Markku Niemelä Ky, Putaanportintie 9 B
 Polvijärvi,
 Lakiasiaintoimisto Aki Pietarinen Oy,
 Polvijärventie 14
 Posio,
 Tmi Toivo Kalliainen, Suopolku 1
 Punkaharju,
 Tili- ja Isännöintitoimisto Paula Vuorinen Ky,
 Kauppatie 9
 Pyhäsalmi,
 Pyhäjärven Tilitoimisto Raija Leppäharju,
 Ollintie 11
 Ranua,
 Toimistopalvelu Kortessalmi Ky, Kuusitie 1
 Ristiina,
 Emmika Oy, Brahentie 16
 Salla,
 Tmi Heikki Tuhkala, Kuusamontie 17
 Sodankylä,
 Tmi Marjatta Autonen, Unarintie 13
 Somero,
 Tilikeskus Seija Ylitalo Ky, Joensuuntie 15
 Sonkajärvi,
 Savon RMs Oy, Rutakontie 36 A 9

Sotkamo,
 Sampolan Tuote Ky, Kangaskatu 10
 Taavetti,
 Isännöitsijätoimisto Timo Hämäläinen, Metsätalo
 Taivalkoski,
 Kirjanpito- ja Vakuutuspalvelut Pirjo Jylkäs, Tal-
 onpojantie 8 B 10
 Toholampi,
 Tapio Alanko, Osuuspankkitalo
 Valkeakoski,
 Tilitoimisto Koskitilit, Valtakatu 9-11
 Vilppula,
 KMV-Kotivinkki Oy, Suokatu 4
 Ylitornio,
 Ylitornion Metsänhoitoyhdistys, Alkkulanraitti
 Ähtäri,
 Tilitoimisto Reino Mäkinen Ky, Ostolantie 14

COOP OUTLETS

Eura, Liiketie 3
 Halikko, Prismantie 2
 Huittinen, Risto Rytinkatu 37
 Hämeenlinna, Katsastusmiehentie 9
 Joensuu, Voimatie 2
 Jyväskylä, Ahjokatu 7
 Kajaani, Veturitie 1
 Kangasala, Mäkirinteentie 10
 Kuusamo, Huoparintie 1
 Parainen, Vapparintie 3
 Pori, Mikkolantie 6
 Raisio, Myllynkatu 7
 Tampere, Sammonkatu 75
 Turenki, Keskuskuja 4
 Vääksy, Rusthollintie 1

REPRESENTATIVES

Haapajärvi, Kauppakatu 7
Helsinki-Pajamäki, Poutamäentie 7
Keuruu, Keuruuntie 16
Klaukkala, Kuonomäentie 2
Kittilä, Valtatie 41 A 6
Muhos, Valtatie 17
Mäntsälä, Keskustie 11
Nivala, Kalliontie 22
Nokia, Välikatu 19
Oulu, Kempeleentie 7
Parikkala, Sahakuja 2
Saarijärvi, Virastotie, 2
Sodankylä, Unarintie 13
Teuva, Porvarintie 21
Viitasaari, Porthanintie 2

FRANCHISING OUTLETS

Haukipudas, Kirkkotie 4
Hollola, Kansankatu 8
Hyllykallio, Hyllykalliontie 2
Kitee, Kiteentie 4
Kuopio, Savilahdentie 10
Kurikka, Keskuspuistikko 1-3, Kurikka
Keskustie 21, Jalasjärvi
Lahti, Ajokatu 83
Lappeenranta, Puhakankatu 9-11
Lempäälä, Teollisuustie 1
Nurmes,
Kirkkokatu 25, Nurmes
Tmi Juuan Vakuutus- ja Kiinteistöpalvelu,
Koulutie 9, Juuka
Orimattila, Erkontie 2
Siilinjärvi, Kuiluntie 2
Suonenjoki, Herralantie 3



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

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

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

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

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

Pension assets, pension insurance, means the technical provision as stated on the balance sheet plus asset valuation differences.

Pensions, pension paid

Pensions paid to pension beneficiaries are presented as a separate item. Claims paid by a pension insurance company is a broader concept.

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

Administrative cost result, pension insurance

- + loading part of the premium
- operating costs by function without costs for investments and actions taken to maintain working capacity
- +/- other income/expenses

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

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

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

Total operating expenses, pension insurance

- + claims paid (incl. costs for investment and actions taken to maintain working capacity)
- + operating expenses
- + investment expenses of investment activity
- + other expenses

Return on assets (ROA), % (current value)

+/-	operating profit or loss
+	interest and other financing expenses
+	technical interest on the technical provisions
+/-	revaluations of investments and their adjustments (non-life insurance)
+/-	revaluations/cancellations entered in the revaluation reserve
+/-	change in investment valuation differences
<hr/>	
+	balance sheet total
-	investment-linked technical provision
+/-	investment valuation differences (average at beginning and end of the year)

x 100

Overall result, pension insurance

The overall result comprises the underwriting result, investment return at current values and loading result.

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

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

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

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

Formula: Claims paid + the provision for outstanding claims at the end of the year - the provision for outstanding claims at the beginning of the year.

The **provision for outstanding claims** consists of the claims which the insurance company will have to pay after the end of the accounting period in respect of losses and other insured events occurring during the accounting period and in preceding years. The provision for outstanding claims thus represents

the company's debt to policyholders and beneficiaries.

The provision for outstanding claims also includes an equalisation provision* to provide for years in which the company may incur exceptionally heavy claims. It is calculated in accordance with principles laid down by the Ministry of Social Affairs and Health.

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

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

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

Extended solvency margin of a life insurance company is a solvency margin with items added which can be used to secure the continuity of the company's operations when needed.

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

The **deferred tax liability** (average of the tax liability at the beginning and the end of the year). This item consists of taxes and tax refunds either allocated to the accounting period on an accruals basis or pertaining to previous accounting periods, with the exception of taxes included in extraordinary items.

On the accounting date the deferred tax liability

is deducted in accordance with the prevailing tax rate from the accumulated depreciation difference, from optional reserves, and, to the extent that it is likely to be realised in the near future, from untaxed revaluations and investment valuation differences. When assessing likelihood, the expectations of the next three years are particularly significant. No tax liability is incurred if it is intended that the valuation differences are to be realised only to the extent that expenses are covered.

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

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

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

Gross expense ratio (%), life insurance

$$\frac{\begin{aligned} &+ \text{ operating expenses before change in the} \\ &\text{activated insurance policy acquisition costs} \\ &+ \text{ claims settlement expenses} \end{aligned}}{\text{loading income}} \times 100$$

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

Turnover, non-life insurance

- + premiums earned before reinsurers' share
- + investment income
- + other income
- + revaluations activated as income in connection with asset disposal

Turnover, pension insurance

- + gross premiums written before outward reinsurance premiums and credit losses
- + investment income as stated on the profit and loss account
- + revaluations – value adjustments
- + other income

Turnover, life insurance

- + premiums written before reinsurers' share
- + investment income, revaluations and their adjustments
- + other income

Operating profit or loss, non-life insurance

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

Operating profit, life insurance

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

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

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

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

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

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

Return on equity (at current values)

+/- profit or loss before extraordinary items + taxes on operations	
+/- revaluations/cancellations entered in the revaluation reserve	
+/- change in investment valuation differences	
- taxes (incl. deferred tax liability on valuation difference changes in investments)	
<hr/>	
	x 100
+ capital and reserves	
+ minority interest	
+/- depreciation difference after deduction of deferred tax liability	

(average of beginning and end of year)

Equity to assets ratio (at current values)

+ capital and reserves	
+ minority interest	
+/- valuation difference after deferred tax liability	
+ subordinated liabilities	
<hr/>	
	x 100
+ balance sheet total	
+/- investment valuation differences	

The ratio is a measure of an insurance company's financial performance.

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

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

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

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

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

In pension insurance companies the net return on investment at current values is presented in relation to capital employed.

Capital employed is calculated by adding to the market value at the beginning of the period the cash flow during the period weighted by its proportional share of the length of the whole period that remains from the transaction date or from the mid-point of the transaction period to the end of the period.

Cash flow (accrual-based) = purchases – sales – income + expenses

Investment surplus at current values, pension insurance

+ net investment income at current values
- interest requirement for technical provisions

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

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

TEL total payroll and YEL total payroll

The figures are based on an estimate in the financial statements.

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

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

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

The **solvency margin ratio** describes the relationship between a life insurance company's solvency margin and the minimum amount prescribed for it by law. The solvency margin ratio is $100 \times \frac{\text{solvency margin}}{\text{the minimum solvency margin}}$.

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

The **solvency ratio** is, in the case of a pension insurance company, $100 \times \frac{\text{solvency margin}}{\text{the technical provisions less the unallocated provision for additional benefits*}, \text{uncovered liabilities}, \text{receivables from the Eläke-Kansa portfolio transfer}, \text{and technical provisions* for the YEL basic insurance}}$. In this case the equalisation provision is also counted in the technical provisions.

In the case of a life insurance company, the solvency ratio describes a company's net worth in relation to its adjusted technical provisions less the equalisation provision.

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

solvency capital (= solvency margin + equalisation provision + minority interest)

$$\frac{\text{_____}}{\text{_____}} \times 100$$

- + technical provisions
- equalisation provision
- 75 % of investment-linked technical provisions

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

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

solvency capital (= solvency margin + equalisation provision + minority interest)

$$\frac{\text{_____}}{\text{_____}} \times 100$$

- + technical provisions
- equalisation provision

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

Premiums earned are net premiums written* less the change in the provision for unearned premiums*.

Formula: premiums earned = net premiums written + the provision for unearned premiums at the beginning of the year – the provision for unearned premiums at the end of the year.

The **provision for unearned premiums** is that portion of premiums written that are accrued during the accounting period and preceding years, the corresponding risks of which pertain to the period after the end of the accounting period in question. The provision for unearned premiums is the company's debt to the policyholders.

The **change in the provision for unearned premiums** is shown on the Profit and Loss Account. It is the difference between the provision for unearned premiums at the beginning and the end of the year. See provision for outstanding claims*.

The **technical provisions** consist of the provision for unearned premiums* and the provision for outstanding claims*.

The **technical underwriting result** is, in the case of non-life insurance company, the balance on the technical account calculated before the change in the equalisation provision: premiums earned* - claims incurred* and net operating expenses*.

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

$$\frac{\text{_____}}{\text{_____}} \times 100$$

_____ = solvency capital
_____ = premiums earned for 12 months

Uncovered liabilities arise from exceptional reductions in the level of TEL premium. Uncovered liabilities are reclaimed annually as a component of the TEL premium.

The **interest requirement for the technical provisions** is the minimum interest payable on the technical provisions, i.e. the provision for unearned premiums and the provision for outstanding claims.

The **minimum solvency margin** describes the legally prescribed amount by which a company's assets must exceed its liabilities. If a company does not meet this requirement, it cannot continue to operate without special supervisory controls.

Zillmerization means the allocation of the operating expenses of a life insurance company over a number of years. In the Appendices to the Balance Sheet, Zillmerization appears as non-amortised sales expenses deducted from the provision for unearned premiums*.

The **combined ratio** is the loss ratio* + the net expense ratio. The combined ratio describes the actual underwriting performance of a non-life insurance company.

Avoir fiscal tax credit is a tax credit in favour of a dividend recipient to the extent that the company paying the dividend has already paid tax when distributing the dividend. The income of the dividend recipient then comprises the combined amount of the dividend received and the avoir fiscal tax credit.