POHJOLA

Annual Accounts 2003

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

REVIEW BY THE PRESIDENT AND CEO

Year 2003 was a successful year for Pohjola

In winter 2002, we set our targets high to improve the profitability of the non-life insurance business. There were few who believed that we would achieve those targets by 2005, and even fewer believed that, along with improving profitability, we would gain market share. This is what happened, however, and we are about to meet the targets as early as 2004 – more than a year ahead of schedule. Assets under management in mutual funds also developed favourably throughout 2003, with the results of the investment services segment already showing a profit for the last quarter of the year.

In 2003, we continued to enhance our operational efficiency and to streamline our corporate structure. We achieved cost savings of EUR 20 million, thus creating a basis for profitable growth in the future. Consolidated operating profit grew by a fifth, compared to 2002, and totalled EUR 198 million.

Premiums written in non-life insurance went up by 4.6%. The increase was faster than the average in the Finnish market. We have good reason to say that the year 2003 was an excellent year for Pohjola's non-life business, measured by all indicators: by premiums written, by cost development and by incidence of loss.

The combined ratio of 105%, which describes the profitability of non-life insurance, was encouraging, although a change in the mortality model increased the ratio by four percentage points. We have revised the profitability target by setting the over-the-cycle combined ratio at 95 to 100%, with the year 2004 target set at 99%.

Optimised underwriting with sophisticated information technology

With state-of-the-art information technology and advanced usage of databases, we are achieving more accurate and justified underwriting. Risk selection and optimised risk rating will provide a competitive edge for an insurance company in the future.

In 2003, there was a growth in the number of private customers who had pooled their insurance policies with Pohjola. The number of corporate customers also rose and the profitability of the business improved. We were successful in the round of policy transfers in statutory workers' compensation insurance.

In investment services, both the volume and performance picked up towards year-end, and the business already showed a profit for the last quarter of the year. Fund assets in Pohjola Fund Management Company grew by 80%, which was clearly more than the average in the mutual fund market. In December, the amount of assets under management exceeded EUR 1,000 million and Pohjola became the sixth largest mutual fund company in Finland.

Staff reductions have been part of Pohjola's efficiency improvement plan. The reductions are being carried out without layoffs, through natural attrition, retraining, job rearrangements and support packages.

Current year looks even better than last year

In all operations, we managed to profit from the economic upswing in the period under review. The first months of the current year augur well for insurance and investment services. We are confident that, in both business segments, earnings will be higher than in the previous year.

Together with Suomi Mutual Life Assurance Company, we have agreed that Pohjola will take charge of new business sales and management services in life insurance. This will open up considerable growth prospects for Pohjola's investment services. The new division of responsibilities will give us freedom to develop Pohjola as a provider of lifetime protection and wealth.

The way customers do business with an insurance company is changing rapidly.

Our aim is to offer the 1.6 million Pohjola customers comprehensive insurance and investment services suitable for their particular life situations, as well as service channels that they find the most useful. Pohjola's service concept is a combination of electronic dialogue and local expertise. In addition to continuously upgraded call centre and comprehensive Internet services, Pohjola has over 80 local branch offices.

Pohjola's success – an advantage for stakeholders

Our basic business, non-life insurance, is now profitable and the favourable trend in investment services continues. We are proud of the added value that we have been able to generate for all stakeholders.

The main thanks for our success go to our customers and to our skilled staff. According to a recent work climate survey, employees at Pohjola find their work independent, interesting, challenging and meaningful. The Pohjola staff wish to have a say in matters related to their company and their respective work communities.

Pohjola's aim is to be Finland's leading non-life insurer, with the most efficient processes and the most profitable operations. Our social duty and responsibility is to thrive. This is a commitment that we make with great pleasure.

Eero Heliövaara
President and CEO

Established in 1891, Pohjola is a Finnish insurance group with a strong financial standing. The Group's mission is to create lifetime protection and wealth for customers.

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

Reliable and efficient service is guaranteed by a knowledgeable staff and a nationwide sales network consisting of 80 customer service branches, Internet and call centre services and a wide network of cooperation partners and agents. Through our multi-channel network, we also sell statutory pension insurance written by Ilmarinen Mutual Pension Insurance Company and voluntary life, savings and pension insurance underwritten by Suomi Mutual Life Assurance Company.

The Group also includes the Seesam non-life insurance companies in the Baltic States and the insurance company Principal in Russia.

Major customers' insurance and claims settlement service is handled worldwide in cooperation with the British insurer Royal & SunAlliance Insurance Group plc.

The Pohjola share has been quoted on the Helsinki Stock Exchange since 1912. Pohjola has around 20,000 shareholders.

Non-life insurance

Pohjola's core know-how consists of non-life insurance business.

The most common forms of insurance taken out by private households include motor, home, personal accident and travel insurance (Eurooppalainen Insurance Company). Companies and public corporations are offered statutory workers' compensation insurance, property, business interruption, liability, guarantee and construction defects insurance. In addition, our product range includes insurance products for professional transport (A-Insurance Ltd).

Investment services

The investment services function consists of asset management services, investment operations and brokerage services.

The asset management function offers a wide range of mutual fund products and expert private wealth management services for both private and institutional customers.

Customers are offered investment services at Pohjola branches and at branches of 33 savings banks nationwide, as well as at the branches of Nooa Savings Bank Ltd in the Helsinki metropolitan area. Mutual fund subscriptions can also be made on the Internet.

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

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

Mission

We create lifetime protection and wealth for our customers.

Vision

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

Values

- Reliability
- Courage to grow
- Straightforwardness
- Will to succeed

Pohjola's business functions

Non-life insurance

- Underwriting
- Claims settlement

Investment services

- Asset management services
- Investments
- Brokerage services

Support functions

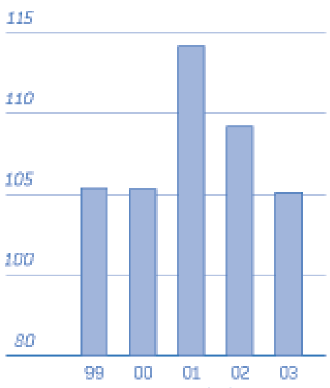
- Corporate development and administration
- Financial administration and investor relations
- Human resources and administration
- Corporate communications
- Group legal matters
- Risk management
- Internal audit
- Information technology

POHJOLA IN BRIEF

		2002	2003
Group			
Turnover	EUR million	1 245	1 174
Operating profit	EUR million	167	198
Earnings/share	EUR	2.61	3.02
Dividend/share	EUR	2.00	1.00[1)]
Net asset value at current values/share	EUR	16.94	17.67
Market capitalisation on Dec. 31	EUR million	755	1 076
Balance-sheet total	EUR million	2 703	2 807
Average number of employees		3 170	2 939
Non-life insurance			
Premiums written	EUR million	707	739
Solvency capital	EUR million	577	616
Solvency ratio	%	93	94
Investment services			
Assets under management	EUR million	579	1 041

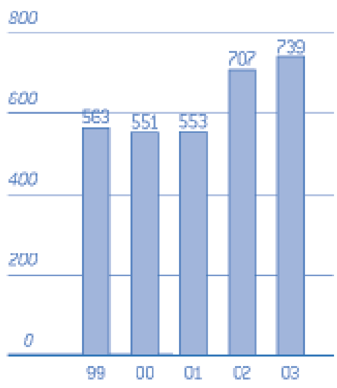
[1)]Proposed by the Board of Directors

Combined ratio IAS
Non-life insurance

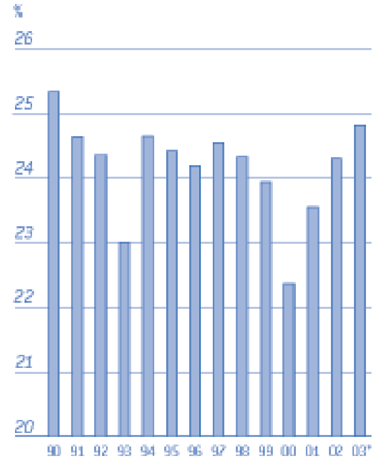


In international accounting practice (IAS), unwinding of discount of pension annuities is transferred from claims incurred to interest expenses.

Premiums written
Non-life insurance



Pohjola's market share
Domestic direct business



Source: Federation of Finnish Insurance Companies

*) Advance information

REPORT BY THE BOARD OF DIRECTORS

2003

Performance in January-December

Consolidated operating profit for 2003 rose to EUR 198 million (EUR 167 million). Increasing premiums written, efficiency measures, targeted rate increases and a favourable claims trend in the latter half of the year improved profitability in non-life insurance. Net investment income totalled EUR 295 million (EUR 293 million).

Non-life premiums written increased by 4.6% to EUR 739 million (EUR 707 million). The combined ratio for January-December was 105.1% (109.2%), calculated as per IAS. The lowering of the discount rate for pension annuities to 3.7% (3.8%) impaired the combined ratio by 1.9 percentage points and provision for the adoption of the new mortality model impaired the combined ratio by 4.1 percentage points.

Total expenses in non-life insurance, i.e. operating expenses and claims settlement expenses, contracted in all by 12% from EUR 207 million to EUR 183 million in January-December. Operating profit in non-life insurance in the January-December period amounted to EUR 134 million (EUR 122 million).

The proportion of shares in the investment portfolio of the non-life insurance business decreased to 24% (26%). Gains on realisation for January-December totalled EUR 109 million (EUR 215 million). The main part of the write-downs on shares made in the first quarter of the year were reversed in the second and third quarters as a result of rising share prices. In the year under review, return on equity at current values in non-life insurance was 23.4% (-5.1%).

In the investment services business area, the assets managed by Pohjola Fund Management Company grew rapidly in the latter half of 2003 and, at year-end, totalled EUR 1,041 million (EUR 579 million). Before depreciation on consolidation goodwill, the operating loss of the investment services business for January-December was EUR 6.1 million (operating profit of EUR 1.2 million).

The holding company's investments generated operating profit for January-December to a total of EUR 86 million (EUR 64 million). The equity weight of the investment portfolio was reduced i.a. by decreasing the holding of Skandia shares.

In the last quarter of the year, Pohjola initiated a restructuring of the sales and service network to better reflect the changes in customer behaviour. Efficiency measures are expected to bring in annual cost savings of around EUR 10 million, the full effect of which will appear in 2005. A restructuring provision of EUR 4.5 million was made at the end of the year. Following revisions, the 2002 amount of the provision decreased by EUR 0.3 million.

Consolidated earnings per share in January-December were EUR 3.02 (EUR 2.61) and the net asset value per share at year-end was EUR 17.67 (EUR 16.94). If the equalisation provision is included, the net asset value per share (IAS) was EUR 19.91 (EUR 19.54). In April, a dividend of EUR 2 per share was paid for 2002.

The solvency capital of non-life insurance as at December 31 totalled EUR 616 million and the solvency ratio was 94.3%. After the proposed dividend of EUR 51 million for 2003, the consolidated solvency capital not allocated to business operations amounted to EUR 402 million on December 31, 2003.

Non-life insurance

Premiums written

Premiums written increased by 4.6% in January-December and totalled EUR 739 million (EUR 707 million). Premiums written from the domestic corporate customers sector were EUR 392 million (+6.1%) and from the domestic private customers sector EUR 268 million (+1.7%). The increase in premiums written is explained by targeted rate increases, and by a growth in new business and customer numbers. According to advance information, premiums written in domestic direct insurance grew by 2.2% in the whole insurance sector and Pohjola's market share rose to 24.8% (24.3%).

Premiums written in statutory workers' compensation insurance fell slightly and stood at EUR 160 million (EUR 164 million), although Pohjola was successful in the 2002 transfer business. A factor contributing to the fall was the favourable claims trend in such insurance policies where the premium level depends on customers' own incidence of loss. Premiums written rose in statutory workers' compensation insurance based on tariff rates and experience rates.

Premiums written in motor third party liability insurance rose to EUR 122 million (EUR 120 million) and premiums written in voluntary comprehensive motor vehicle insurance to EUR 102 million (EUR 98 million). The rise was less than the average rise in premium levels. This was partly due, for instance, to the extended combination discounts practice in private customers' motor third party liability and comprehensive motor vehicle insurance and to ceased underwriting of unprofitable combined motor liability and comprehensive motor vehicle insurance.

Insurance covering fire and other damage to property generated EUR 131 million in premiums written, which was 15% more than in 2002 (EUR 114 million). The favourable trend in premiums written was underpinned by growing sums insured and the premium rate increases carried out at the beginning of 2003 especially in corporate insurance.

Premiums written by the Baltic subsidiaries amounted to EUR 26 million (EUR 25 million).

In other foreign insurance, premiums written were EUR 46 million (EUR 42 million). Pohjola mainly insures its Finnish customers' foreign operations.

Pohjola has foreign branches in Canada and in Hong Kong. The insurance portfolio consists of cancelled insurance business.

Combined ratio

The non-life balance on technical account, in which the effect of the unwinding of discount of pension annuities, EUR 36 million (EUR 37 million), has as per IAS been transferred from claims incurred to interest expenses, totalled EUR –36 million (EUR –59 million). The balance was favourably impacted by insurance rate increases, by the efficiency measures taken, and by the favourable claims trend in the latter half of the year.

The IAS combined ratio for January-December was 105.1% (109.2%), of which claims incurred accounted for 77.1 (75.9) percentage points and operating expenses and claims settlement expenses for 28.0 (33.3) percentage points. The lowering of the discount rate for pension annuities to 3.7% (3.8%) impaired the combined ratio by 1.9 percentage points and providing for the adoption of the new mortality model impaired the combined ratio by 4.1 percentage points.

In the third quarter of the year, Pohjola decided to harmonise to 3.7% the discount rate applied for pension annuities in all Group companies. Earlier, the discount rate for annuities varied from 3.5 to 4.0% and was on average 3.8%. In Finland, the Ministry of Social Affairs and Health has set an upper limit for the discount rate of the technical provisions, which is at present 4.0% for non-life insurance companies. In addition, the discount rate has to be at a secure level with regard to return on company assets.

The mortality model generally applied by non-life insurance companies in Finland will be altered in the spring of 2004. On the basis of the advance information from a mortality survey, Pohjola decided to increase the provision for claims regarding pension annuities in statutory workers' compensation and motor third party liability insurance by EUR 27 million in the 2003 annual accounts. Any further need to increase the provision for claims that may result from the adoption of the final mortality model will be known once the mortality survey has been completed in spring 2004. According to Pohjola's estimates, the need for further increase would not, however, exceed EUR 10 million. The changes in the discount rate and the mortality model did not have any impact on earnings per share in 2003 because the equalisation provision decreased by a corresponding amount.

The combined ratios of all main insurance lines improved compared to the previous year. The combined ratio for insurance covering fire and other damage to property improved from 138 to 111% but is not yet at a satisfactory level. Measures have been initiated to further improve profitability of the insurance business, for example in corporate insurance, by more efficient rating of customer and business sector risks with the help of new tools for analysis.

The retention per claim in property and business interruption insurance was in July lowered from EUR 10 million to EUR 6 million (EUR 16 million in 2002). In other lines of insurance, the retention is generally EUR 4 million. Most of Pohjola's reinsurance business is placed with companies whose financial strength rating is at least 'A'. Risks have also been reduced by increased usage of coinsurance.

The Baltic subsidiaries showed good results. The profitability of the foreign insurance business was exceptionally good, which is explained by the small number of claims and by the decrease in technical provisions following an active lowering of the risk level.

The technical provisions, net of reinsurance, of foreign insurance in run-off decreased further, to EUR 49 million (EUR 76 million), owing to commutations and the trends in the US dollar rate. The technical provisions, totalling EUR 1.6 million, of the subsidiary Varma Mutual Insurance Company (in liquidation and earlier excluded from consolidation) were in June included in the consolidated figures. For the whole business, the aim is to continue with commutations and to simplify administration by increasingly concentrating operations to the subsidiary Bothnia.

The transfer rules in statutory workers' compensation insurance were altered in such a way that customers may, from April 1, 2004, change insurer quarterly. As a result of the amended legislation, customers will have an opportunity to react more rapidly, and companies' sales work will be more evenly spread over the year. Pohjola finds the new practice positive from the viewpoint of the market. On an annual basis, the alteration is not expected to have any material impact on the number of customers transferring from one company to another.

Investments of non-life insurance

The current value of the investment portfolio of non-life insurance at the end of December totalled EUR 2,248 million (EUR 2,216 million). The restructuring of the investment portfolio continued. As a result, the proportion of shares in the portfolio came closer to the 22% target and was 24% at the end of December (26%). In the first half of the year, the duration of the fixed-income securities portfolio was shorter than in 2002 and the size of the money-market portfolios was kept exceptionally large.

Net investment income was EUR 203 million (EUR 218 million). Gains on realisation of shares were EUR 84 million (EUR 158 million) and of debt securities EUR 23 million (EUR 14 million). In the 2002 reference period, the disposal of rental apartments increased gains on realisation by EUR 40 million. The net effect of value adjustments and readjustments was EUR 7 million (EUR -92 million). Return on investments at current values was 9.9% (1.6%).

In August 2003, Pohjola signed a lease on renting out one third (15,000 m^2) of its head office premises as of June 1, 2005. In accordance with the long-term lease of 10 years, the annual rent is around EUR 3 million.

Solvency of non-life insurance

The solvency capital of non-life insurance at the end of 2003, after the dividends to be distributed to the parent company, totalled EUR 616 million (EUR 577 million) and the solvency ratio was 94% (93%). The parent company has made a commitment to strengthen the solvency capital of non-life insurance with an amount of EUR 90 million by granting subordinated loans and subordinated loan options.

The aim is to maintain the non-life solvency capital at a level which, in the opinion of the Board of Directors, will correspond to a financial strength rating of 'A'. The restructuring of the investment portfolio and the improvement of reinsurance protection decreased the need for solvency capital in 2003.

Investment services

Before depreciation on consolidation goodwill, the operating loss of the investment services business totalled EUR 6.1 million in January-December 2003 (operating profit of EUR 1.2 million).

Measured by the market share, Pohjola Fund Management Company ranked the sixth largest domestic fund management company in the third quarter of the year. At the end of December, its market share rose to 4.7% (3.5%). The total amount of assets in all mutual funds of Pohjola Fund Management Company was EUR 1,041 million (EUR 579 million) on December 31. At year-end, the Group's own investments accounted for 21% of the fund assets. In the third quarter of the year, EUR 3.0 million was entered in the books as the brokerage function's additional depreciation on consolidation goodwill.

In 2003, premiums written in life insurance fell by 11% in the sector. Sales of single-premium savings insurance declined the most (-75.5%). By contrast, premiums written in pension insurance continued to grow, but the contracts concluded were smaller and were taken out by younger generations than earlier. The sales of the Suomi Mutual life products through Pohjola's distribution network declined from the previous year and the commissions totalled EUR 13.3 million (EUR 13.6 million).

The sale price of Conventum Corporate Finance Limited, a subsidiary sold in April, corresponded to the company's net assets. In addition, Pohjola will receive a portion of the company's cumulative profit for 2003 to 2005. On the consolidated level, the deal excluding the profit portion generated a capital loss of EUR 4 million, which was entered under extraordinary charges.

At the beginning of 2004, the assets under management of Pohjola Asset Management Ltd increased markedly when the Pohjola and Suomi groups transferred the management of their investments from the Pohjola investment unit to Pohjola Asset Management Ltd, which is part of the investment services business of Pohjola. This procedure aims at increased profitability and at a more efficient use of resources in the investment services business.

Other Group operations

At the end of December, the current value of the Group's investment portfolio not allocated to business operations (i.e. the holding company's investments) stood at EUR 435 million (EUR 407 million). Net investment income totalled EUR 91 million (EUR 74 million), of which gains on realisation of shares accounted for EUR 72 million (EUR 65 million). The equity weight of the investment portfolio was lowered to 64% (77%), i.a. by selling a part of shares held in the insurance company Skandia. At year-end, Pohjola held 28.4 million (46.4 million) Skandia shares, of which 18.4 million shares were hedged by forward contracts. On February 25, 2004, Pohjola held 16.2 million Skandia shares but has hedged against the equity risk by forward contracts a total of 12.7 million shares. The forward contracts were concluded in the fourth quarter of 2003 and they will mature in 2004.

The book value of private equity investments in the technology sector was EUR 25 million at the end of December.

Pohjola's associated undertaking, Nooa Savings Bank Ltd, opened branch offices in the Helsinki metropolitan area in May. Because of the expenses for the initial stage, Pohjola's share of the results of Nooa showed a loss of EUR 1.4 million. Pohjola's holding in the bank is 25%.

In 2003, Pohjola concluded outsourcing and service contracts on real estate management and on the maintenance, cleaning and security control of the head office premises. As a result, 50 people transferred as old employees to the cooperation companies in November. As part of its outsourcing strategy, Pohjola outsourced the call centre services in October. In November, Pohjola and Proventure Ltd concluded an asset management contract under which Proventure will manage the private equity fund investments of Suomi Mutual and Pohjola from the beginning of 2004.

The solvency capital not allocated to business operations, as at December 31 and after the deduction of the proposed distribution of dividend, amounted to EUR 402 million (EUR 389 million). The main part of this capital was held by the parent company.

Corporate structure

In 2003, the Group structure was streamlined further. The merger of the subsidiary Pohjola Administrative Services Ltd with the parent company was finalised in March. In April, Conventum Corporate Finance Limited, a subsidiary which was not part of Pohjola's core business, was sold to the executive management of Conventum Corporate Finance. The dissolution of Pohjola's subsidiary Conventum Limited, initiated in May, was completed at the turn of the year. Before placing the company in liquidation, its name was changed to Pohjola Hallintopalvelu Oyj for the purpose of retaining the business name Conventum in Pohjola's possession. The management of securities investments, which was earlier the parent company's responsibility, was as of the beginning of 2004 transferred to Pohjola Asset Management Ltd. The direct venture capital investments and the management of these investments were transferred to a subsidiary, Conventum Venture Finance Ltd. The previous management company Conventum Capital Limited was in January 2004 placed in voluntary liquidation for the dissolution of the company. In addition, four real estate companies were merged at the end of 2003.

On the basis of an advance ruling issued by the Finnish Tax Office for Major Corporations, the difference between the book and taxable values of the acquisition cost of the shares in Pohjola Hallintopalvelu Oyj resulted, when Pohjola Hallintopalvelu Oyj was dissolved, in deferred tax assets totalling EUR 48 million, computed by a 29% tax rate. The tax authority has included in the advance ruling a reservation for right to appeal, especially as regards the deferral of the dissolution loss. Applying the principle of prudence, only EUR 27.6 million of the tax benefit was therefore recognised as an asset in December 2003.

Risk management

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

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

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

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

Staff

At the end of 2003, the Group had a total of 2,801 employees (3,063 employees) and during the year, on average, 2,939 employees (3,170 employees). Of the year-end figure, the parent company had 285 employees (218 employees). The changes in the Group structure increased the number of staff in the parent company. The staff reductions have been carried out without layoffs, by means of natural attrition, pension and support packages, and outsourcing of support functions.

In the last quarter of the year, Pohjola initiated a restructuring of the sales and service network to better respond to the changes in customer behaviour. As an outcome of the statutory negotiations between employer and employee representatives, brought to a conclusion in December, the staff reduction need was set at 144 posts. The reduction will be carried out without layoffs, by means of natural attrition, retraining, job rearrangements and support packages by the end of June 2004.

Senior management and corporate governance

Until the Annual General Meeting of April 9, 2003, Mr Peter Fagernäs was the Executive Chairman of the Board, Mr Heikki Hakala was the Deputy Chairman and Mr Martin Granholm, Mr Eino Halonen, Mr Heikki Pentti, Mr Kari Puro and Mr Timo Salonen were Board members.

At the Annual General Meeting of April 9, 2003, the number of the Board members was confirmed to be six. Mr Eino Halonen was elected as the Chairman of the Board, and Mr Heikki Hakala (Deputy Chairman), Mr Martin Granholm, Mr Kari Puro and Mr Timo Salonen were re-elected as Board members. Mr Heikki Bergholm was elected as a new member on the Board.

Mr Eero Heliövaara was the President and CEO of the company. The Board of Directors appointed Mr Hannu Linnoinen as Senior Executive Vice President of Pohjola and as the deputy to the President from April 4, 2003.

Board committees

The members of the Audit Committee in 2003 were Mr Heikki Hakala (Chairman), Mr Timo Salonen, Mr Heikki Pentti until April 9, 2003 and, after him, Mr Heikki Bergholm.

The Remunerations Committee in 2003 included Mr Eino Halonen (Chairman), Mr Heikki Hakala and Mr Heikki Pentti, the two latter until April 9, 2003, and, after that, Mr Martin Granholm and Mr Kari Puro.

Compliance with corporate governance recommendations

On February 26, 2004, the Board of Directors decided that Pohjola will comply, in its corporate governance practices, with the Corporate Governance Recommendation for Listed Companies issued by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers in December 2003.

Authorisations of the Board of Directors; the company's own shares

The Annual General Meeting on April 9, 2003 authorised the Board of Directors to decide on a maximum of EUR 7 million increase in the share capital through a new issue of shares in one or more lots. The authorisation includes the right to deviate from the shareholders' pre-emptive right of subscription provided that the company has a weighty financial reason for the deviation, for example carrying out acquisitions or cooperation arrangements. The authorisation will be in force for one year from the Annual General Meeting.

The Annual General Meeting also granted the Board of Directors authorisations to repurchase and convey the company's own shares. These authorisations will, likewise, be in force for one year. The company's own shares can be repurchased up to a maximum of 5% of the company's share capital or of the votes carried by all shares. The repurchase is to take place through public trading on the Helsinki Stock Exchange. The conveyance price shall also equal at least the stock exchange quotation. The company's own shares can be repurchased in order to develop the company's capital structure, to finance acquisitions or other arrangements, or to be invalidated. Repurchase of shares, if any, will decrease the company's distributable non-restricted reserves.

In accordance with the resolution of the Annual General Meeting, the company's Series C shares were invalidated on April 30, 2003. All

C shares were in the company's possession. Their total number was 955,648 shares and they represented 1.85% of the company's share capital. The decrease in the share capital was carried out by transferring to the share premium account an amount of EUR 0.8 million, which corresponded to the total accounting par value of the invalidated shares. At the same time, Pohjola moved over to one share series.

The Board of Directors holds currently no other valid authorisations to issue shares, convertible bonds or option rights or to redeem the company's own shares.

Financial objectives

The profitability of non-life insurance varies in accordance with the market cycle. The Pohjola Board of Directors has redefined the profitability target for the non-life insurance business by setting the over-the-cycle combined ratio at 95 to 100% (IAS). The long-term target for return on equity has been set at a minimum of 12%, after tax. The Board of Directors sets annually targets for the profitability of non-life insurance. The solvency capital will be maintained at a level which will correspond to a financial strength rating of 'A'.

The risk related to equity portfolios will be decreased further by diversifying holding concentrations and by replacing equity investments by fixed-income securities. The equity weight in the balanced investment portfolio will vary between 14 and 22%. The average return on the balanced investment portfolio is estimated at 5.5%.

The targets for the company's investment services business and dividend policy will be reviewed in connection with the 2004 semi-annual report.

Outlook

The rate increases effected at the beginning of 2004 and Pohjola's success in sales to corporate customers in autumn 2003 will provide propitious conditions for a favourable development in premiums written in 2004. The growth in premiums written is anticipated to exceed the growth in the Finnish gross domestic product.

The effects of the around EUR 10 million cost savings generated by the efficiency measures launched in 2003 will not be fully apparent until 2005.

Any further need to increase the provision for claims that may result from the change in the mortality model will be known once the mortality survey has been completed in spring 2004. According to Pohjola's estimates, the need for further increase would not, however, exceed EUR 10 million.

In 2004, the profitability of non-life insurance is expected to be better than in 2003 owing to increased premiums written, lower expenses and improved risk selection methods. The combined ratio for the whole year is expected to be lower than that for 2003 (105% as per IAS). The company aims to achieve a combined ratio of 99% (IAS) in 2004.

Growing customer assets under Pohjola's management and the reorganisation of operations will enable improvement of profitability in the investment services business. The aim is to show positive profits in this line of business in 2004.

Proposal by the Board of Directors for distribution of retained earnings

In accordance with the annual accounts as at December 31, 2003, the Group's distributable funds amounted to EUR 426 million and those of the parent company to EUR 312 million. The interim dividend of Pohjola Non-Life, EUR 5 million, was already included in the parent company's profit and distributable funds in 2003. On the other hand, the group contribution of EUR 10 million given by the parent company to subsidiaries at the end of the year decreased the parent company's distributable funds.

The Board of Directors proposes to the Annual General Meeting that a total of EUR 50,772,851 be distributed in dividend and that the date of dividend payment be May 4, 2004. The dividend is EUR 1 per share. EUR 30,000 will be reserved for donations for worthy causes. The rest of the distributable funds will be transferred to the contingency reserve.

KEY FIGURES

Financial development of Group		1999	2000	2001	2002	2003
Key figures						
Turnover	EUR million	2 543.3	4 057.8	975.7	1 244.8	**1 174.2**
Premiums written	EUR million	953.6	889.1	597.2	706.9	**739.3**
Operating profit	EUR million	1 233.8	1 157.8	76.4	167.3	**197.5**
of turnover	%	48.5	28.5	7.8	13.4	**16.8**
Profit before extraordinary items	EUR million	2 765.1	1 100.8	95.7	189.3	**223.3**
of turnover	%	108.7	27.1	9.8	15.2	**19.0**
Profit before untaxed reserves and tax	EUR million	2 765.1	1 100.7	272.2	189.3	**219.4**
of turnover	%	108.7	27.1	27.9	15.2	**18.7**
Return on equity at current values after tax	%	79.5	1.0	-26.9	-20.9	**13.5**
Return on assets at current values	%	46.9	2.8	-12.5	-8.9	**6.1**
Equity to balance sheet total at current values	%	44.2	32.7	36.0	28.4	**29.0**
Average number of employees		2 720	2 704	2 690	3 170	**2 939**
Key figures for non-life insurance						
Turnover	EUR million	815.2	980.1	823.4	1 090.7	**1 016.9**
Premiums written	EUR million	563.3	551.1	552.6	706.9	**739.3**
Loss ratio	%	88.0	87.0	95.9	90.5	**90.4**
Expense ratio	%	22.4	24.4	24.7	24.9	**20.4**
Combined ratio	%	110.4	111.4	120.6	115.3	**110.8**
Combined ratio before unwinding of discount	%			114.2	109.2	**105.1**
Return on equity at current values after tax	%			-9.7	-5.1	**23.4**
Return on investments at current values before tax	%			0.2	1.6	**9.9**
Solvency margin	EUR million	699.2	684.0	479.9	383.7	**450.0**
Equalisation provision	EUR million	203.3	217.6	207.8	185.8	**160.0**
Solvency capital	EUR million	905.1	904.7	690.9	576.5	**616.0**
Solvency capital as percentage of technical provisions	%	68.4	65.8	42.6	34.1	**34.4**
Solvency ratio	%	177.7	178.8	121.0	92.9	**94.3**
Average number of employees						
Non-life insurance		984	937	984	1 211	**1 150**
Service network		917	910	962	1 126	**1 042**
Key figures for investment services				9-12/2001		
Turnover	EUR million			4.3	29.4	**29.4**
Operating profit/loss	EUR million			-0.5	-	**-10.1**
Income/expenses ratio before depreciation on unallocated consolidation goodwill				1.01	1.04	**0.83**
Capital and reserves	EUR million			11.8	12.2	**10.7**
Average number of employees				94	99	**96**

KEY FIGURES

Consolidated profit

EUR million	1999	2000	2001	2002	2003
Non-life insurance			2001		
Premiums earned	509.3	506.0	492.9	620.4	653.5
Claims incurred	-448.1	-440.0	-472.6	-561.4	-590.7
Operating expenses	-114.1	-123.7	-121.8	-154.2	-133.4
Other technical income and charges	-0.9	-1.0	-1.0	-1.2	-1.2
Balance on technical account before change in equalisation provision	-53.8	-58.7	-102.5	-96.3	-71.8
Investment income and charges	161.3	299.4	157.9	218.1	202.9
Income and charges for sales of services	1.0	-5.3	-2.9	0.1	2.9
Depreciation on goodwill	-	-	-	-1.3	-1.2
Share of associated undertakings' profit/loss	0.4	1.5	0.7	1.6	1.4
Operating profit	108.9	236.9	53.2	122.2	134.3
Change in equalisation provision	-6.4	-14.3	26.6	22.0	25.8
Unrealised gains and losses on investments	-0.8	0.4	-	-	-
Profit before extraordinary items	101.7	223.0	79.8	144.2	160.1
Investment services			9-12/2001		
Income			4.3	29.4	29.4
Expenses			-4.4	-28.2	-35.5
Operating profit/loss before depreciation on unallocated consolidation goodwill			-0.1	1.2	-6.1
Depreciation on unallocated consolidation goodwill			-0.4	-1.2	-4.0
Operating profit/loss			-0.5	0.0	-10.1
Holding's investments			2001		
Investment income and charges	1 067.3	173.1	27.8	73.8	91.2
Income and charges for sales of services	0.6	0.6	0.6		
Share of associated undertakings' profit/loss	1.4	1.3	1.9	-9.7	-5.3
Operating profit	1 069.3	175.0	30.3	64.1	85.9
Unrealised gains on investments	1 565.4	-	-	-	-
Profit before extraordinary items	2 634.7	175.0	30.3	64.1	85.9

Consolidated profit

EUR million	1999	2000	2001	2002	2003
Other operations			**2001**		
Income and charges for sales of services	1.6	12.2	8.5	1.8	**2.0**
Interest income and charges	-0.2	-	0.1	-0.1	**-0.7**
Group administrative expenses	-8.6	-13.4	-10.7	-9.4	**-8.2**
Restructuring and other provisions	-	-	-	-11.3	**-5.6**
Operating loss	-7.2	-1.2	-2.1	-19.0	**-12.5**
Divested operations (life insurance)			**1-2/2001**		
Operating profit/loss	62.9	747.1	-4.6		
Profit/loss before extraordinary items	35.9	704.1	-11.9		
Group in total			2001		
Operating profit	1 233.8	1 157.8	76.4	167.3	**197.5**
Profit before extraordinary items	2 765.1	1 100.8	95.7	189.3	**223.3**
Extraordinary income	-	-	176.9	-	
Extraordinary expenses	-	-0.1	-0.4	-	**-4.0**
Profit before untaxed reserves and tax	2 765.1	1 100.7	272.2	189.3	**219.4**
Tax on profit	-781.9	-320.2	-50.2	-55.2	**-40.9**
Minority interests	-0.5	-2.6	-2.3	-1.5	**-1.6**
Consolidated profit	1 982.7	777.9	219.8	132.6	**176.8**

KEY FIGURES

Premiums written, non-life insurance

EUR million	2002	2003	Change %
Domestic direct insurance			
Statutory workers' compensation	164.0	160.1	-2.3
Other accident and health	40.9	42.7	4.4
Motor, third party liability	120.4	121.7	1.0
Motor, other classes	98.1	101.7	3.6
Marine, aviation and transport	33.2	33.0	-0.5
Fire and other damage to property	114.0	130.6	14.5
Third party liability	39.8	41.3	3.7
Miscellaneous	22.5	28.9	28.6
Total	632.9	660.0	4.3
Domestic reinsurance	6.5	7.6	16.5
Baltic subsidiaries	25.3	25.5	0.7
Foreign insurance	42.0	46.2	10.2
Total	706.6	739.3	4.6
Foreign insurance in run-off	0.3	0.0	
Total	706.9	739.3	4.6

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

	2002			2003		
	EUR million	%	%	EUR million	%	%
Domestic direct insurance						
Statutory workers' compensation	-17.5	103.1	110.3	-10.4	97.8	106.1
Other accident and health	-6.3	81.2	115.8	-5.9	85.1	114.2
Motor, third party liability	-20.2	93.2	116.9	-6.9	85.1	105.4
Motor, other classes	-2.2	76.4	102.3	2.4	76.1	97.6
Marine, aviation and transport	-1.6	64.3	107.5	0.2	65.0	98.9
Fire and other damage to property	-38.4	97.8	137.8	-12.9	84.3	111.4
Third party liability	-0.2	71.3	100.7	-4.5	90.6	113.3
Miscellaneous	-6.2	93.9	138.6	-7.0	101.0	135.1
Total	-92.6	91.0	115.6	-44.9	86.9	107.2
Domestic reinsurance	-1.2	102.7	119.3	2.0	62.3	72.6
Baltic subsidiaries	2.6	50.1	73.7	0.4	71.0	96.9
Foreign insurance	2.1	64.7	91.0	13.4	32.6	52.9
Total	-89.1	89.5	114.1	-29.2	84.0	104.3
Foreign insurance in run-off	-2.7			-2.3		
Total	-91.8	89.8	114.5	-31.5	84.3	104.6
Changes in technical provisions bases	-4.5			-40.2		
In profit and loss account	-96.3	90.5	115.3	-71.8	90.4	110.8

Consolidated solvency

EUR million	1999	2000	2001	2002	2003
Non-life insurance					
Solvency margin					
Capital and reserves	117.2	125.2	165.8	181.4	**278.6**
Difference between current and book values of investments	841.3	565.8	406.3	230.7	**203.4**
Deferred tax liabilities	-244.0	3.1	-66.0	-11.1	**-14.8**
Intangible assets	-12.2	-7.1	-23.5	-16.8	**-17.4**
Other	-3.1	-3.0	-2.7	-0.6	**0.3**
	699.2	684.0	479.9	383.7	**450.0**
Equalisation provision	203.3	217.6	207.8	185.8	**160.0**
Minority interest	2.6	3.1	3.2	7.1	**6.0**
Solvency capital	905.1	904.7	690.9	576.5	**616.0**
Investment services					
Capital and reserves			11.8	12.2	**10.7**
Intangible assets			-19.1	-19.8	**-7.4**
Other			-0.9	-	**-**
Total			-8.2	-7.6	**3.3**
Holding operations					
Capital and reserves	2 017.0	847.8	492.6	409.1	**381.4**
Proposed distribution of profit	-1 913.4	-651.4	-203.1	-101.6	**-50.8**
Difference between current and book values of investments	796.9	873.8	462.8	134.4	**117.7**
Deferred tax liabilities	-231.1	-253.4	-134.2	-39.0	**-34.1**
Intangible assets	-7.3	-9.5	-9.5	-17.0	**-17.0**
Other	-	-4.9	-1.0	0.6	**2.4**
Minority interest	-	-	0.3	2.2	**2.4**
Total	662.1	802.4	607.9	388.8	**402.0**
Other operations					
Capital and reserves	2.2	4.1	8.5		
Intangible assets	-3.7	-3.3	-5.4		
Minority interest	0.7	3.6	3.6		
Total	-0.8	4.4	6.7		
Divested operations (life insurance)					
Solvency capital	953.5	257.7			
Group in total	2 519.8	1 969.2	1 297.3	957.7	**1 021.3**

KEY FIGURES

Investment portfolio on Dec. 31 EUR million	1999	2000	2001	2002	2003	2003
Non-life insurance						
Current value						
Fixed-income securities	812.2	937.5	967.7	1 117.1	1 270.1	57
Other debt securities and deposits with credit institutions	621.5	88.2	141.9	316.0	152.1	7
Shares and fund units	1 282.0	1 066.9	931.3	617.7*)	674.1*)	30
Land and buildings	236.9	183.9	237.6	155.3	143.7	6
Loans	0.1	0.1	-	5.7	5.5	
Other investments	0.7	7.1	7.0	4.0	2.4	
	2 953.4	2 283.7	2 285.5	2 215.8	2 247.9	100
*) Includes bond funds				48.3	137.2	
Difference between current and book values						
Fixed-income securities	11.7	17.7	19.1	45.0	23.0	
Other debt securities				0.4	0.1	
Shares and fund units	783.7	512.7	352.0	169.3	157.1	
Land and buildings	45.9	35.4	35.2	15.9	23.3	
	841.3	565.8	406.3	230.7	203.4	
Book value in total	2 112.1	1 717.9	1 879.2	1 985.1	2 044.5	
Holding's investments						
Current value						
Fixed-income securities	172.7	8.7	83.9	71.3	63.3	15
Other debt securities and deposits with credit institutions	18.9	11.1	136.2	22.5	91.8	21
Shares and fund units	2 529.6	1 000.2	655.4	311.6	279.2	64
Land and buildings	0.1	0.1	-	-	-	
Loans			0.1	1.2	1.1	
Other investments	6.4	-	-	-	-	
	2 727.7	1 020.1	875.6	406.5	435.4	100
Difference between current and book values						
Fixed-income securities	1.3	0.1	0.5	0.8	0.9	
Other debt securities			0.1	-	-	
Shares and fund units	795.6	873.7	462.2	133.5	116.8	
	796.9	873.8	462.8	134.4	117.7	
Book value in total	1 930.8	146.3	412.8	272.1	317.8	
Divested operations (life insurance)						
Current value	3 224.3	3 092.6				
Difference between current and book values	1 107.8	231.8				
Book value	2 116.5	2 860.8				
Group in total						
Current value	8 905.4	6 396.4	3 161.1	2 622.3	2 683.3	
Difference between current and book values	2 746.0	1 671.4	869.1	365.1	321.1	
Book value	6 159.4	4 725.0	2 292.0	2 257.3	2 362.3	

Net investment income

EUR million	1999	2000	2001	2002	2003
Non-life insurance					
Continuous income					
Interest	49.8	63.0	55.8	65.5	**60.9**
Dividends	39.8	49.2	42.5	29.0	**30.4**
Income from land and buildings	7.6	7.0	5.5	2.6	**-4.2**
Provision				-2.6	**0.2**
Other income/charges	-11.0	-2.7	-2.8	7.8	**6.6**
Total	86.2	116.5	101.0	102.3	**94.0**
Appreciation/depreciation in profit and loss account					
Gains/losses on realisation	96.9	244.4	96.5	214.5	**108.6**
Value adjustments	-32.1	-63.0	-49.0	-97.6	**-29.6**
Value readjustments	19.7	8.9	16.4	6.0	**36.1**
Depreciation on buildings	-6.6	-5.1	-4.6	-4.5	**-3.8**
Unrealised gains/losses	-0.8	0.4	-	-	**-**
Total	77.1	185.6	59.3	118.4	**111.3**
Interest on and charges for long-term loans	-1.2	-0.9	-0.8	-1.0	**-0.6**
Investment management expenses	-1.6	-1.4	-1.6	-1.7	**-1.8**
Total	160.5	299.8	157.9	218.1	**202.9**
Holding's investments					
Continuous income					
Interest	6.5	28.3	14.6	4.2	**4.8**
Dividends	22.0	15.3	14.1	15.2	**13.1**
Other income/charges	0.7	0.3	0.1	-1.7	**1.3**
Total	29.2	43.9	28.8	17.6	**19.2**
Appreciation/depreciation in profit and loss account					
Gains/losses on realisation	1 038.6	129.7	6.8	64.9	**72.6**
Value adjustments	-0.4	-0.3	-7.8	-8.4	**-0.7**
Value readjustments	0.4	-	0.4	-	**1.5**
Unrealised gains	1 565.4	-	-	-	**-**
Total	2 604.0	129.4	-0.6	56.5	**73.5**
Investment management expenses	-0.5	-0.2	-0.4	-0.3	**-1.4**
Total	2 632.7	173.1	27.8	73.8	**91.2**
Other and Group eliminations					
Life insurance	210.2	845.0	-0.9		
Other	-3.4	-4.5	-3.2	0.8	**0.3**
Group in total	3 000.0	1 313.4	181.6	292.7	**294.5**

KEY FIGURES

Group's major shareholdings (listed companies), Dec. 31, 2003

	Number	Insurance services	Parent company	Group
		Current value EUR million		
Skandia Insurance Company Ltd (publ)	28 369 000		82	82
SanomaWSOY Corporation	4 722 380	34	44	78
YIT Corporation	1 271 200	20	14	34
UPM-Kymmene Corporation	2 130 000	19	13	32
Fortum Corporation	2 777 871	19	4	23
Nokia Corporation	1 269 790	17		17
Lemminkäinen Corporation	856 800	14		14
OM HEX Aktiebolag	1 247 577		12	12
Lassila & Tikanoja plc	403 800	11		11
Alma Media Corporation	400 000	11		11
Kone Corporation	228 000	8	2	10
Finnlines Plc	357 600	8	2	10
TeliaSonera AB	1 900 000	8		8
Nordea Plc	1 100 000	7		7
Rakentajain Konevuokraamo Oyj	1 095 600	6		6

Investments in shares Dec. 31, 2003[1]

Current value	Insurance services EUR million	%	Parent company[2] EUR million	%	Group EUR million	%
Finland	310	57	118	55	428	57
Other euro area	110	20	2	1	112	15
Other parts of Europe	43	8	94	44	137	18
USA	48	9	-	-	48	6
Japan	10	2	-	-	10	1
Emerging markets	22	4	-	-	22	3
	543	100	213	100	757	100

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

[2] Includes investments of Conventum Securities Limited and Conventum Venture Finance Ltd.

Fixed-income securities portfolio, Dec. 31, 2003[1]

Current value	Group EUR million	%
Currency		
EUR Finland	288	21
EUR other countries	1 056	75
GBP	14	1
USD	46	3
Other	4	0
	1 408	100
Rating		
AAA	929	66
AA+, AA, AA-	293	21
Other	186	13
	1 408	100

[1] Includes bond funds

Values, return and vacancy rate of real estate portfolio, Dec. 31, 2003

Group

	Current value EUR million	Income return %	Capital return %	Total return %	Leasable floor area m^2	Vacancy %
Business premises						
Business and office premises	124	4.9	-6.5	-1.6	128 000	9.8
Industrial and warehouse premises	7	7.2	-9.8	-2.6	14 000	20.0
Business premises in total	131	5.0	-6.7	-1.7	142 000	10.8
Residential premises	3	2.7	4.7	7.4	1 600	0.0
Completed property portfolio	134	5.0	-6.4	-1.5	143 600	10.7
Sites and leisure premises	7					
Premises owned for part of the year	0					
Minority interests	3					
Real estate portfolio in total	144					

Consolidated per-share data

		1999	2000	2001	2002	2003
Earnings/share [1]	EUR	48.70	19.11	1.53	2.61	**3.02**
Capital and reserves/share [1]	EUR	54.07	26.05	13.37	11.87	**13.21**
Net asset value/share at current values after tax [1]	EUR	100.92	54.57	25.46	16.94	**17.67**
incl. equalisation provision (IAS)					19.54	**19.91**
Dividend/share [1] [4]	EUR	47.00	16.00	4.00	2.00	**1.00**
Dividend/earnings [1] [4]	%	96.5	83.7	261.4	76.6	**33.1**
Effective dividend yield						
Series A	%	32.4	34.4	20.5		
Series B	%	36.2	34.0	20.2		
Series D [2]	%				13.4	**4.7**
Price/earnings ratio (P/E ratio)						
Series A		1.4	2.4	12.7		
Series B		1.3	2.5	13.0		
Series D [2]					5.7	**7.0**
Adjusted average share price						
Series A	EUR	48.21	58.44	25.32	22.28	
Series B	EUR	51.77	55.91	28.57	22.24	
Series D [2]	EUR				20.71	**15.79**
Adjusted share price, lowest						
Series A	EUR	41.00	33.00	16.85	20.30	
Series B	EUR	41.00	33.65	16.00	19.51	
Series D [2]	EUR				11.32	**11.80**
Adjusted share price, highest						
Series A	EUR	69.00	85.38	49.50	23.50	
Series B	EUR	66.50	83.30	49.67	23.90	
Series D [2]	EUR				26.10	**21.84**

[1] Series A, B and D, excl. Series C shares returned to Pohjola against no consideration. The dilution effect of stock options would decrease the number of shares.
[2] The name of Series D was changed to Pohjola Group on April 30, 2003
[3] The Series C shares were invalidated on April 30, 2003
[4] Proposed by the Board of Directors in 2003

KEY FIGURES

Consolidated per-share data		1999	2000	2001	2002	2003
Adjusted share price on Dec. 31						
Series A	EUR	68.00	46.50	19.50		
Series B	EUR	60.00	47.00	19.85		
Series D[2]	EUR				14.87	21.20
Market capitalisation of stock of shares on Dec. 31 [1]						
Series A	EUR million	1 309.5	434.9	176.8		
Series B	EUR million	1 287.2	1 473.8	827.8		
Series D [2]	EUR million				755.0	1 076.0
Total	EUR million	2 596.7	1 908.7	1 004.6	755.0	1 076.0
Development of turnover of shares						
Series A	1 000 shares	10 681	11 166	1 730	17	
of average number	%	54.3	79.4	18.7	3.7	
Series B	1 000 shares	22 606	36 343	30 851	1 624	
of average number	%	107.4	136.4	88.9	79.0	
Series D [2]	1 000 shares				25 677	21 791
of average number	%				53.2	42.9
Adjusted average number of shares						
Series A	1 000 shares	19 663	14 068	9 251	447	
Series B	1 000 shares	21 047	26 642	34 723	2 057	
Series D [2]	1 000 shares				48 269	50 773
Total A, B and D [1]	1 000 shares	40 710	40 710	43 974	50 773	50 773
Series C [3]	1 000 shares			310	956	312
Total	1 000 shares			44 284	51 728	51 084
Adjusted average number of shares on Dec. 31.						
Series A	1 000 shares	19 257	9 352	9 069		
Series B	1 000 shares	21 453	31 358	41 704		
Series D [2]	1 000 shares				50 773	50 773
Total A, B and D [1]	1 000 shares	40 710	40 710	50 773	50 773	50 773
Series C [3]	1 000 shares			956	956	
Total	1 000 shares			51 728	51 728	50 773
Number of shareholders on Dec. 31		7 056	11 575	18 041	18 794	19 999

1) Series A, B and D, excl. Series C shares returned to Pohjola against no consideration. The dilution effect of stock options would decrease the number of shares.
2) The name of Series D was changed to Pohjola Group on April 30, 2003
3) The Series C shares were invalidated on April 30, 2003
4) Proposed by the Board of Directors in 2003

Breakdown of shareholdings by sector on Dec. 31, 2003

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
Companies and housing corporations				
Public companies	15	0.1	18 240	0.0
Private companies	912	4.6	2 663 967	5.2
Housing corporations	4	0.0	2 537	0.0
Financing and insurance institutions	82	0.4	18 100 442	35.7
Public corporations	41	0.2	14 438 674	28.4
Households	18 562	93.0	8 317 886	16.4
Non-profit institutions serving households	246	1.2	996 408	2.0
Foreign owners	89	0.4	75 179	0.2
Total	19 951	99.9	44 613 333	87.9
Nominee registrations	11	0.1	6 159 518	12.1
Total	19 962	100.0	50 772 851	100.0

Breakdown of shareholdings by size of holding on Dec. 31, 2003

	Number of shareholders	Percentage of shareholders	Total number of shares	Percentage of shares
1 - 100	8 883	44.5	498 222	1.0
101 - 1 000	9 657	48.4	3 490 552	6.9
1 001 - 10 000	1 290	6.5	3 225 645	6.3
10 001 - 100 000	111	0.5	3 333 296	6.6
100 001 - 1 000 000	18	0.1	5 021 883	9.9
1 000 001 -	3	0.0	35 203 253	69.3
Total	19 962	100.0	50 772 851	100.0

KEY FIGURES

Ten major shareholders and shareholder groups

As per the shareholder register kept by the Finnish Central Securities Depository Ltd, December 31, 2003

	Number of shares	Percentage of share capital and votes
Suomi Mutual Life Assurance Company	16 925 000	33.3
Ilmarinen Mutual Pension Insurance Company	13 126 460	25.9
Fagernäs Peter	967 072	1.9
Thompropertíes Oy	677 705	1.3
Thominvest Oy	105 613	0.2
Dreadnought Finance Oy	53 115	0.1
Braelger Oy	42	0.0
Total	836 475	1.6
Mikkonen Juha	450 000	0.9
State Pension Fund	300 000	0.6
Fortum's Pension Foundation	285 260	0.6
OP-Delta Mutual Fund	221 000	0.4
Evli Select Mutual Fund	202 150	0.4
Pension Fund Polaris	155 000	0.3
Total	33 468 417	65.9
Nominee registrations	6 159 518	12.1
Shareholders in total	50 772 851	100.0

Management's shareholdings and option rights on Dec. 31, 2003

	Number of shares	Percentage of share capital and votes
Board members and corporations under their control		
Shareholdings	13 817	0.03
President and deputy to the President		
Shareholdings	7 200	0.01
Option rights	270 000	0.52
Other option rights		
Key staff of Group	796 600	1.54
Subsidiary Osmo Oy	23 000	0.04

Changes in ownership proportions

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

March 24, 2003: The call option written by Thominvest Oy which gave the option holder the right to buy a total of 100,000 Series D shares in Pohjola Group plc between November 27, 2002 and March 21, 2003 was cancelled. In addition, the total of 100,000 shares of Pohjola Group plc lent by Thominvest Oy for the same period was returned to Thominvest Oy. After the cancellation of the call option and the return of the lent shares, the combined proportion of the votes in Pohjola held by Thominvest Oy, Thompropertíes Oy, Dreadnought Finance Oy and Braelger Oy (flagging group) was 5,00% and the proportion of the share capital was 4.91%.

April 30, 2003: The proportion of Suomi Mutual Life Assurance Company's holding of the share capital in Pohjola Group plc exceeded one third (1/3) as a result of the decrease in Pohjola Group plc's share capital. Suomi Mutual's holding already earlier exceeded one third (1/3) of the total number of votes in a ballot.

CASH FLOW STATEMENT

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Cash flow from operating activities				
Profit on ordinary activities	155.2	134.1	70.8	195.5
Adjustments				
Change in technical provisions	79.4	54.9	-	-
Value adjustments and unrealised gains on investments	-3.8	100.2	0.7	2.5
Unrealised exchange gains/losses	-8.1	-7.0	0.2	1.1
Depreciation according to plan	23.3	22.7	7.8	6.4
Other income and charges without payment	10.6	23.4	-5.0	-74.6
Other adjustments	-130.0	-231.6	-52.6	-47.3
Cash flow before change in working capital	126.5	96.9	21.9	83.7
Change in working capital:				
Decrease/increase in non-interest-bearing short-term receivables	1.8	-9.2	77.0	-7.3
Decrease/increase in non-interest-bearing short-term payables	-35.6	-39.7	-21.6	2.8
Cash flow from operating activities before financing items and tax	92.8	47.9	77.3	79.2
Interest paid and payments for other financing expenses of operating activities	-0.7	-1.2	-	-
Income tax paid	-47.0	-27.2	-2.6	2.2
Net cash from/used in operating activities	45.0	19.5	74.7	81.4
Cash flow from investing activities				
Acquisitions of investment assets (excl. cash and cash equivalents)	-1 586.7	-1 159.4	-207.7	-124.0
Proceeds from sale of investment assets (excl. cash and cash equivalents and shares in subsidiaries)	1 558.2	1 414.8	289.3	192.7
Acquired shares in subsidiaries/acquired business operations	-	-1.1	-	-2.2
Sold shares in subsidiaries	2.1	-	-	-
Investments in and proceeds from sale of intangible, tangible and other assets (net)	-5.1	-16.5	-7.7	-8.1
Net cash from investing activities	-31.5	237.8	74.0	58.4
Cash flow from financing activities				
Loans drawn	-	9.7	-	-
Loans repaid	-19.5	-15.6	-0.2	-
Group contribution	-	-	-10.4	-57.0
Dividends paid and other profit distribution	-103.9	-203.1	-101.6	-203.1
Net cash used in financing activities	-123.5	-208.9	-112.1	-260.1
Net decrease/increase in cash and cash equivalents	-109.9	48.4	36.5	-120.3
Cash and cash equivalents at beginning of period	389.3	340.9	21.2	141.5
Cash and cash equivalents transferred in merger and dissolution	-	-	11.0	-
Cash and cash equivalents at end of period				
Cash at bank and in hand	40.2	53.5	32.3	3.0
Other debtors and creditors	-3.2	0.6	-29.0	-4.1
Debt securities	210.2	311.2	65.4	22.3
Deposits with credit institutions	32.1	24.1	-	-
Cash and cash equivalents at end of period	279.4	389.3	68.7	21.2

CONSOLIDATED PROFIT AND LOSS ACCOUNT

EUR million	Notes	2003	2002
Technical account	2		
Non-life insurance			
Premiums earned			
Premiums written	3, 8	739.3	706.9
Outward reinsurance premiums		-71.5	-70.0
		667.8	637.0
Change in provision for unearned premiums	8	-9.6	-11.6
Reinsurers' share		-4.7	-5.0
		-14.3	-16.6
Premiums earned in total		653.5	620.4
Claims incurred			
Claims paid		-532.6	-540.1
Reinsurers' share		31.6	37.9
		-501.1	-502.2
Change in provision for claims	8	-71.4	-36.8
Reinsurers' share		-18.3	-22.4
		-89.6	-59.2
Claims incurred in total		-590.7	-561.4
Change in collective guarantee item		-1.2	-1.2
Operating expenses	4, 5, 9	-133.4	-154.2
Balance on technical account before change in equalisation provision		-71.8	-96.3
Change in equalisation provision	8	25.8	22.0
Balance on technical account		-46.0	-74.3

EUR million	Notes	2003	2002
Non-technical account			
Balance on technical account of non-life insurance		-46.0	-74.3
Investment income	6	377.1	474.8
Investment charges	6, 9, 23	-82.6	-182.1
		294.5	292.7
Other income		64.4	65.0
Other charges			
Depreciation on unallocated consolidation goodwill	9	-3.9	-1.2
Depreciation on goodwill	9	-1.3	-1.3
Change in provisions	23	-5.3	-11.2
Other		-75.3	-72.2
		-85.7	-85.9
Share of associated undertakings' loss		-3.9	-8.1
Tax on profit on ordinary activities			
Tax for financial year		-65.8	-48.0
Tax for previous financial years		-1.3	-0.2
Deferred tax	26	-1.0	-7.0
		-68.1	-55.2
Profit on ordinary activities		155.2	134.1
Extraordinary items	7		
Extraordinary charges		-4.0	-
Tax on profit on extraordinary items			
Tax for financial year		8.8	-
Deferred tax	26	18.4	-
		27.2	-
Profit after extraordinary items		178.4	134.1
Minority interests		-1.6	-1.5
Profit for financial year		176.8	132.6

CONSOLIDATED BALANCE SHEET

EUR million	Notes	2003	2002
Assets			
Intangible assets	10		
Intangible rights		16.1	13.7
Goodwill		10.6	11.9
Unallocated consolidation goodwill		7.4	19.7
Other long-term expenses		7.6	8.3
		41.8	53.5
Investments	11		
Land and buildings	12, 17		
Land and buildings and shares therein		120.4	139.4
Investments in affiliated undertakings and participating interests			
Shares in associated undertakings	14, 17	22.8	18.2
Participating interests	14, 17	0.2	0.2
Debt securities issued by and loans to participating interest undertakings	14	3.0	1.1
		26.0	19.5
Other financial investments			
Shares	17	656.4	608.1
Debt securities		1 519.3	1 456.3
Mortgage loans		5.0	5.2
Other loans	16	0.6	0.6
Deposits with credit institutions		32.1	24.1
		2 213.4	2 094.3
Deposits with ceding undertakings		2.4	4.0
Investments in total		2 362.3	2 257.3
Debtors	18		
Direct insurance debtors			
Policyholders		154.4	153.6
Intermediaries		1.2	1.4
		155.6	155.0
Reinsurance debtors		39.9	34.9
Other debtors		71.7	63.1
Deferred tax assets	26	26.6	4.9
		293.7	257.9
Other assets			
Tangible assets and stocks			
Machinery and equipment	10	16.5	19.9
Stocks		2.4	2.9
		18.9	22.7
Cash at bank and in hand		40.2	53.5
Other		2.1	2.1
		61.2	78.3
Prepayments and accrued income	19		
Interest and rent		29.4	34.7
Other		19.0	21.2
		48.4	56.0
Assets in total		2 807.4	2 703.0

EUR million	Notes	2003	2002
Liabilities			
Capital and reserves	20		
Share capital		43.7	44.5
Share premium account		40.5	39.7
Legal reserve		158.3	158.3
Other reserves			
Contingency reserve		231.2	223.1
Profit/loss brought forward		20.2	4.5
Profit for financial year		176.8	132.6
Capital and reserves in total		670.7	602.7
Minority interests		8.4	9.3
Technical provisions			
Provision for unearned premiums of non-life insurance	21	254.0	245.2
Reinsurance amount		-22.6	-27.4
		231.4	217.8
Provision for claims outstanding of non-life insurance	22	1 562.9	1 501.1
Reinsurance amount		-36.9	-56.6
		1 525.9	1 444.4
Equalisation provision of non-life insurance		160.0	185.8
Collective guarantee item of non-life insurance		32.3	31.0
Technical provisions in total		1 949.5	1 879.0
Provisions	23	5.6	8.9
Creditors	24		
Direct insurance creditors		6.5	8.3
Reinsurance creditors		33.3	28.7
Amounts owed to credit institutions		15.4	34.9
Other creditors		53.5	55.6
Deferred tax liabilities	26	4.5	2.0
		113.2	129.6
Accruals and deferred income	25, 23	60.0	73.3
Liabilities in total		2 807.4	2 703.0

PROFIT AND LOSS ACCOUNT, PARENT COMPANY

EUR million	Notes	2003	2002
Net turnover		54.7	45.7
Other operating income		0.2	0.1
Raw materials and services			
Raw materials and consumables			
Purchases during financial year		-2.4	-
Increase (+) or decrease (-) in stocks		-0.2	-
External services		-1.5	-0.7
		-4.0	-0.7
Social costs	5		
Wages and salaries		-14.4	-10.5
Social security costs			
Pension costs	23	-3.2	-2.7
Other social security costs		-1.6	-1.0
		-19.1	-14.2
Depreciation and value adjustments			
Scheduled depreciation	9	-7.8	-6.4
Value adjustments on goods held as fixed assets		-1.2	-
		-9.0	-6.4
Other operating charges	23	-39.9	-32.6
Operating loss		-17.2	-8.2
Financial income and expenses	6		
Income from shares in affiliated undertakings		19.8	195.6
Income from participating interests		1.4	1.5
Income from other investments held as fixed assets			
From affiliated undertakings		2.7	2.6
Other		12.9	15.0
Other interest and financial income			
From affiliated undertakings		1.5	2.4
Other		82.6	77.1
Value adjustments on investments held as fixed assets		0.5	-2.4
Interest and other financial expenses			
To affiliated undertakings		-1.7	-2.6
To others		-2.7	-5.5
		116.9	283.7
Tax on profit on ordinary activities			
Tax for financial year		-29.0	-80.0
Deferred tax	26	0.1	-
		-28.9	-80.0
Profit on ordinary activities		70.8	195.5
Extraordinary items	7		
Extraordinary income		6.1	-
Extraordinary charges		-10.4	-57.0
		-4.3	-57.0
Tax on profit on extraordinary items	7		
Tax for financial year		12.2	16.5
Deferred tax	26	18.4	-
		30.6	16.5
Profit after extraordinary items		97.2	155.0
Untaxed reserves			
Increase (-) / decrease (+) in depreciation reserve		0.5	-
Profit for financial year		97.7	155.0

BALANCE SHEET, PARENT COMPANY

EUR million	Notes	2003	2002
Assets			
Fixed assets			
Intangible assets	10		
Intangible rights		12.0	8.5
Other long-term expenses		0.7	0.1
Payments on account		3.7	-
		16.4	8.5
Tangible assets	10		
Machinery and equipment		8.8	9.2
Other tangible assets		2.0	2.0
		10.8	11.2
Investments	11		
Shares in affiliated undertakings	13, 17	189.5	231.0
Loans to affiliated undertakings	13	55.0	50.6
Participating interests	14, 17	17.2	7.2
Other shares	15, 17	122.4	141.6
Other debtors	16	1.0	1.1
		385.1	431.5
Current assets			
Stocks			
Consumables		1.7	-
Debtors			
Long-term			
Deferred tax assets	26	19.3	0.7
Short-term			
Amounts owed by affiliated undertakings	18	12.3	95.9
Amounts owed by participating interest undertakings	18	0.1	0.1
Other debtors		6.5	3.7
Prepayments and accrued income	19	2.9	5.9
		21.8	105.5
Investments			
Other securities	11	124.8	53.4
Cash at bank and in hand		32.3	3.0
Assets in total		612.2	614.0
Liabilities			
Capital and reserves	20		
Share capital		43.7	44.5
Share premium account		40.5	39.7
Other reserves			
Legal reserve		158.2	158.2
Other reserves		214.8	161.3
Profit for financial year		97.7	155.0
		554.8	558.7
Provisions	23	1.2	0.5
Creditors			
Long-term			
Other creditors		1.5	-
Short-term			
Trade creditors		2.3	1.0
Amounts owed to affiliated undertakings	24	34.0	24.8
Amounts owed to participating interest undertakings	24	1.0	0.1
Other creditors		1.5	17.1
Accruals and deferred income	25, 23	16.0	11.8
		54.7	54.8
Liabilities in total		612.2	614.0

1. Accounting principles

a) Changes in accounting principles and comparability of data

The comparability of the parent company's financial data is affected by the merger of a subsidiary, Pohjola Administrative Services Ltd, with the parent company on March 31, 2003 and by the transfer to Pohjola, as an advance portion in December 2003, of all assets and liabilities of Pohjola Hallintopalvelu Oyj, the holding company of the Conventum sub-group and formerly called Conventum Oyj. The merger profit and the dissolution profit are shown under extraordinary items.

The difference of EUR 165 million between the book and taxable values of the acquisition cost of the shares in Pohjola Hallintopalvelu Oyj resulted in a dissolution loss and in deferred tax assets. In the books, the acquisition cost of the shares had been determined on the basis of the subscription price of the Pohjola shares given in connection with the share exchange. The subscription price corresponded nearly to the number of the exchanged shares in the capital and reserves of the Conventum group. In taxation, the acquisition cost of the shares was determined on the basis of the share price of the Pohjola shares given in the share exchange.

Owing to the change, to be made in spring 2004, in the mortality model generally applied by non-life insurance companies in Finland, the provision for claims regarding annuities in statutory workers' compensation and motor third party liability insurance was, on the basis of an estimate, increased by EUR 27 million in the 2003 annual accounts. Without the increase, the provision for claims would have been insufficient, assessed on the basis of the advance information obtained from the mortality survey. By virtue of chapter 10, section 14, subsection 4 of the Finnish Insurance Companies Act, the Insurance Supervisory Authority on January 29, 2004 gave Pohjola Non-Life Insurance Company Ltd and A-Insurance Ltd permission to calculate the provision for claims in the above manner for the 2003 annual accounts and required that the companies amend, in the course of 2004, their calculation bases for the technical provisions to conform to the final outcome of the mortality survey. The discount rate of pension annuities was harmonised to 3.7% in September. The previously used discount rate varied from 3.5 to 4.0% by group company and averaged 3.8%. These increases in technical provisions had no impact on the overall consolidated result because the equalisation provision decreased by a corresponding amount.

In 2003, IAS principles were already adopted in the recognition of new internally generated IT systems as intangible assets, in the recognition of direct venture capital investments, and in determining the current value of listed investments. The effects of the changes are explained below in the section 'IAS reporting'. The figures for the reference year have not been changed.

The segment-specific information included in the Report by the Board of Directors has been provided in accordance with the new organisational structure. The business segments are non-life insurance and investment services. The other operations segment includes Group administration and sales of administrative and IT services to Suomi Mutual Life Assurance Company and Ilmarinen Mutual Pension Insurance Company. The holding company's own investments, however, are shown separately from other operations. The distribution network has been divided between non-life insurance and investment services.

Expenses for the distribution network are allocated to the business segments on the basis of the new organisational structure. Previously, allocations to non-life insurance were based on premiums written. As the Group's service companies are no longer regarded as separate business segments, the internal gains, losses and rents of these companies are eliminated from the operating expenses of the business segments. The expenses, adjusted by the internal gains, losses and rents (EUR 5 million) for the reference year, have been allocated to the business segments in the proportion of the previous allocations. The business segment data for 1999 to 2001 have not been adjusted. Transfer prices between the business segments are the prices between the legal entities.

IAS reporting

Pohjola will draw up its consolidated accounts in accordance with the International Accounting Standards (IAS/IFRS) as of 2005. Therefore, a transition plan has been drawn up and a separate project organisation has been established. Planning is especially hampered by the fact that the IAS regulations concerning insurance contracts and investments have not yet been completed. Furthermore, delays in national legislation have postponed the choices to be made regarding accounting principles. For taxation purposes, different valuation principles will probably have to be applied to consolidated and separate financial statements. The valuation of investments and technical provisions is precisely the area in which the IAS changes are the largest.

In accordance with the draft standards, the equalisation provision, reduced by deferred tax liability, is classified under capital and reserves. The unwinding of discount of the provision for claims will be monitored separately and, therefore, our intention is to classify it as interest expenses. In the key figures of this report, the net asset value and combined ratio have already been calculated as per IAS (whereby the combined ratio is 6 percentage points lower). The elimination of self-insurance and any changes that may occur in the handling of the collective guarantee item, credit losses and public charges will impact the figures for the insurance business. Significant changes in the valuation of the technical provisions will occur only after 2007 because the permanent standard to be issued then on insurance contracts will probably be based on current values. In the meantime, however, the number of notes on the accounts regarding the insurance business will increase markedly.

In reporting by segment, the non-life insurance segment will, as of 2004, be divided into corporate customers, private customers and foreign business in run-off.

The decision on the valuation method for securities investments will be made after the corresponding regulations have been completed. The intention is to continue to value land and buildings at the acquisition cost. Mutual housing and real estate companies will be included in the accounts by proportional consolidation in accordance with the holding. Real estate holdings in the company's own use and the related expenses will be classified under fixed assets and operating expenses, which is estimated to increase the expense ratio by around one percentage point. The revaluation of investments in land and buildings, EUR 5 million, entered in the revaluation reserve was withdrawn from the reserve in 2003, which increased the difference between current and book values of investments correspondingly. The actuarially calculated provision for pension annuities related to voluntary pension insurance will, in the future, be entered in the books. A new interpretation of the Finnish statutory pension scheme (TEL) is being prepared. Other standards and their improvements and interpretations will also impact the financial statements, e.g. deferred tax on IAS adjustments and the handling of leasing contracts.

In 2003, Pohjola began recognising internally generated IT systems as intangible assets in accordance with the IAS practice. The expenses thus capitalised totalled EUR 5.1 million. The data for venture capital associated undertakings were no longer, on December 31, 2003, included in the consolidated figures by the equity method but, instead, direct investments were entered in the books at the lowest value and the value changes were entered in the profit and loss account. This procedure corresponds to valuation at current value as required by the IAS practice. Since the value of the investments had already earlier been lowered to correspond to their current value, the change did not have any impact on the consolidated result.

The current value of listed investments was deemed primarily to be the last bid price in continuous trading on the balance-sheet date, instead of the previously used latest corresponding trading price. This change had only a minor effect on results.

b) Consolidated accounts

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

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

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

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

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

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

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

Direct venture capital investments in which the holding is 20 to 50% are stated at cost because these are not meant to be long-term investments and because the exclusion from consolidation has only a minor effect on the consolidated profit and profit brought forward following value adjustments. These investments are entered in the books at the lowest value and the value changes are entered in the profit and loss account.

The associated undertaking Ilmarinen Mutual Pension Insurance Company is stated at cost since the Act on employment pension insurance companies provides that a company carrying on statutory pension insurance may not be included by the equity method in the consolidated accounts of another company. The prohibition is based on restrictions pertaining to employment pension insurance. There are some transactions between the Group and Ilmarinen in the ordinary course of their insurance or insurance-related activities. Ilmarinen owns 25.9% of the Pohjola shares.

c) Book value of investments

Buildings and constructions are shown in the balance sheet at acquisition cost reduced by scheduled depreciation or at current value, whichever is lower. Acquisition cost includes purchase price and production cost directly attributable to the item in question. Shares in land and buildings as well as land and water areas are shown in the balance sheet at purchase price or at current value, whichever is lower. Write-ups of investments in buildings have been depreciated in full or were cancelled in 2003 (see section e).

Other shares as well as debt securities classified as investments are shown in the balance sheet at purchase price or at current value, whichever is lower. The difference between the amount repayable at maturity and acquisition cost of debt securities is released to interest income or charged to that income in instalments during the period remaining until repayment. The counter-item is shown as an increase or a decrease in acquisition cost. Acquisition cost is calculated on the basis of the average price method. Unrealised gains on securities have been deducted in connection with realisation in 2003 (see section e). However, Conventum's securities held as current assets have been valued at the likely realisable value on the balance-sheet date.

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

Private equity investments in mutual funds are shown in the balance sheet at purchase price or at current value, whichever is lower. The current value applied is the fund unit value calculated in accordance with the value most recently reported by each mutual fund. Unquoted direct private equity investments owned up to 20–50% are entered applying the lower of cost or market principle, which on December 31, 2003 corresponded to the market value of these investments. The other unquoted direct private equity investments are entered applying the lower of cost or market principle. The value of direct private equity investments is lowered on the basis of price data available from new financing rounds or equity offerings carried out by outsiders or on the basis of the net asset value.

Shares classified as fixed assets are shown in the balance sheet at acquisition cost reduced by permanent value adjustments. Acquisition cost is calculated in accordance with the FIFO-method. In the parent company, the acquisition cost of the Conventum shares in 2002 includes, as regards the share exchange, the subscription price for the share issue; and, as regards the redemption offers, the purchase price of the redeemed shares and stock options; as well as all direct expenses for the acquisition.

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

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

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

d) Book value of other assets than investments

Intangible assets as well as machinery and equipment are shown in the balance sheet at acquisition cost reduced by scheduled depreciation. Acquisition cost includes purchase price and directly attributable production costs. From 2003, the variable and fixed costs that can be allocated to new internally generated IT systems are recognised under intangible assets. However, costs incurred in the defining period are entered directly as charges.

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

e) Unrealised gains on and revaluation of investments

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

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

Unrealised gains on buildings are depreciated according to schedule.

Write-up of investments was discontinued in 2003. All previous write-ups have been fully depreciated, cancelled or deducted in connections with realisation.

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

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

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

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

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

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

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

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

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

The provision for claims outstanding includes the equalisation provision, which, too, has to be shown separately in the balance sheet. The purpose of the equalisation provision is to balance the annual fluctuations of claims incurred and to maintain the insurance undertaking's solvency. The size of the equalisation provision is determined on the bases of calculation prescribed by the Finnish Insurance Supervisory Authority. Confirmation of new bases of calculation has to be sought in advance. The equalisation provision increases if the loss ratio is less than the average for previous years, and decreases if the loss ratio exceeds that average. Moreover, an amount calculated in accordance with confirmed bases must be transferred to the equalisation provision. This amount can, for the class of insurance concerned, be 0 to 15% of premiums earned, net of reinsurance. In addition, the equalisation provision must always be raised by an interest of 4 % calculated on the opening balance of the equalisation provision.

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

h) Book value of other liabilities

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

i) Deferred tax liabilities and assets

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

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

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

Deferred tax liability is also included in the difference between current and book values of investments shown in the notes on the accounts. When calculating the net asset value/share, return on equity and equity to balance-sheet total, deferred tax liability is throughout deducted in full from difference between current and book values of investments, while from solvency margin, solvency capital and solvency ratio, deferred tax liability is deducted only if such liability is deemed likely to become payable in the near future. From the difference between current and book values of investments in the parent company, deferred tax liability has been deducted in full, whereas in non-life insurance the deduction has been made on a 29% portion of the difference between current and book values of investments (18% in 2002).

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

j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and if it is probable that an expenditure or loss arising from such an obligation is likely to be incurred. If the exact amount of future expenditure or loss or the date when such expenditure or loss will be incurred is unknown, the item is shown in the balance sheet as a provision, otherwise as accruals.

For the social security costs arising from the unused option rights of the key staff, a provision is made on the basis of the current value of the stock options. The provision is adjusted along with changes in the share price.

k) Solvency margin and solvency capital

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

The solvency margin of a grouping of insurance undertakings also has to meet the requirements set in the Insurance Companies Act.

l) Company's own shares

All Series C shares of Pohjola were returned to the company against no consideration on October 31, 2002 as the targets set for obtaining the shares were not met. The shares were invalidated on April 30, 2003.

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

m) Items in foreign currencies

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

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

n) Pension arrangements

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

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

o) Profit and loss account and balance sheet layouts

The parent company's profit and loss account and balance sheet are drawn up in accordance with the layout specified in the Finnish Accounting Ordinance.

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

p) Information by segment

The business segments are non-life insurance and investment services.

The non-life insurance segment includes the Group's non-life insurance companies and part of the distribution network.

The investment services segment includes the fund management company, the asset management services company and the brokerage company, as well as part of the distribution network.

The other operations segment includes Group administration and sale of administrative and IT services to Suomi Mutual and Ilmarinen. The holding company's own investments are shown separately from other operations.

In reporting by segment, internal transactions of segments have been eliminated but transactions between segments have not been eliminated.

Transfer prices between segments are the prices between the legal entities.

Of the consolidated solvency capital, the solvency capital shown in the accounts of the subsidiaries transacting non-life insurance and of Service Pohjola is stated separately as pertaining to the non-life insurance segment. The combined capital and reserves of the investment services companies form the solvency capital of the investment services segment. The remainder of the consolidated solvency capital is shown under other operations. The inter-group subordinated loans have been eliminated.

q) Definition of key figures

General

The key figures are based on consolidated data and comply with the exceptional permission issued by the Finnish Accounting Board for the insurance industry and the regulations issued by the Finnish Insurance Supervisory Authority for insurance companies. The exceptional permission expires in 2005.

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

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

Turnover =

Non-life insurance

+ Premiums earned before reinsurers' share
+ Investment income
+ Other income
+ Unrealised gains insofar as materialised in connection with realisations

Life insurance

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

Premiums written =

Premiums written before reinsurers' share

Operating profit or loss =

Non-life insurance

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

Life insurance

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

Return on equity at current values (%) =

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

x 100

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

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

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

x 100

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

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

+ Capital and reserves
+ Minority interest
± Difference between current and book values of investments
\- Deferred tax liability on difference between current and book values of investments

x 100

+ Balance-sheet total
± Difference between current and book values of investments

Average number of employees =

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

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

Claims incurred / Premiums earned x 100

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

Operating expenses / Premiums earned x 100

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

Loss ratio + expense ratio

Expense ratio (%) (life insurance) =

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

x 100

Expense loading

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

Income/expenses ratio (investment services) =

Income from investment services
/
Commission, interest, administrative, depreciation and other operating expenses

Depreciation does not include depreciation on consolidation goodwill.

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

+ Investment income and charges before expenses for Group investment organisation
± Unrealised gains and losses of investments
± Revaluation entered in/withdrawn from revaluation reserve
± Change in difference between current and book values of investments

/ x 100

+ Book value of investments
± Difference between current and book values of investments (average of Jan. 1 and closing date)

Solvency margin =

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

Solvency capital =

Solvency margin + equalisation provision + minority interest

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

Solvency capital

/ x 100

+ Technical provisions
- Equalisation provision

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

Solvency capital / Premiums earned for 12 months x 100

Solvency ratio (%) (life insurance) =

Solvency capital

/ x 100

+ Technical provisions
- Equalisation provision
- 75% of technical provisions for unit-linked insurance

Earnings/share =

± Profit or loss before extraordinary items and tax
- Tax
- Minority's share

/

Adjusted average number of shares

Capital and reserves/share =

Capital and reserves / Adjusted number of shares at closing date

Net asset value/share at current values =

+ Capital and reserves
± Difference between current and book values of investments
- Deferred tax liability on difference between current and book values of investments
- Minority's share of difference between current and book values of investments

/

Adjusted number of shares at closing date

Dividend/share =

Dividend for financial year / Adjusted number of shares at closing date

Dividend/earnings (%) =

Dividend/share / Earnings/share x 100

Effective dividend yield (%) =

Dividend/share / Adjusted last trading price of financial year x 100

Price/earnings ratio (P/E ratio)=

Adjusted last trading price of financial year / Earnings/share

Adjusted average share price =

Total turnover of shares in euros / Adjusted average number of traded shares

Adjusted share price, lowest and highest =

Lowest and highest share price in public trading

Adjusted share price on December 31 =

Last trading price of financial year

Market capitalisation =

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

Development of turnover =

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

Dilution effect of option rights

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

Definitions of key figures calculated in accordance with IAS principles:

Loss ratio % (IAS) =

Claims incurred before unwinding of discount of provision for claims / Premiums earned before unwinding of discount of provision for unearned premiums x 100

Expense ratio % (IAS) =

Operating expenses / Premiums earned before unwinding of discount of provision for unearned premiums x 100

Combined ratio % (IAS) =

Loss ratio (IAS) + expense ratio (IAS)

Risk ratio % (IAS) =

Claims incurred before claims settlement expenses and unwinding of discount of provision for claims / Premiums earned before unwinding of discount of provision for unearned premiums x 100

Cost ratio % (IAS) =

Operating expenses + claims settlement expenses / Premiums earned before unwinding of discount of provision for unearned premiums x 100

Combined ratio % (IAS) =

Risk ratio (IAS) + cost ratio (IAS)

Net asset value/share at current values (IAS) =

+ Capital and reserves
± Difference between current and book values of investments
- Deferred tax liability on difference between current and book values
- Minority's share of difference between current and book values
+ Equalisation provision
- Deferred tax liability on equalisation provision

/

Adjusted number of shares at end of period

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

Group

EUR million	Premiums written (before reinsurers' share)	Premiums earned (before reinsurers' share)	Claims incurred (before reinsurers' share)	Operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Balance on technical account before change in collective guarantee item and equalisation provision						
Direct insurance						
Statutory workers' compensation						
2003	**160.1**	**160.1**	**-180.5**	**-13.3**	**-0.5**	**-34.2**
2002	164.0	163.8	-168.9	-11.8	0.1	-16.8
2001	120.0	120.2	-163.9	-9.6	0.0	-53.2
Other accident and health						
2003	**45.1**	**44.3**	**-35.7**	**-13.1**	**-0.8**	**-5.3**
2002	43.3	42.8	-33.4	-14.8	-0.5	-6.0
2001	35.7	35.4	-28.7	-11.0	-0.5	-4.8
Motor, third party liability						
2003	**122.6**	**120.6**	**-116.2**	**-24.5**	**-0.7**	**-20.7**
2002	121.1	117.5	-109.3	-27.9	-0.7	-20.4
2001	94.0	93.7	-85.2	-19.8	-0.3	-11.6
Motor, other classes						
2003	**115.3**	**110.4**	**-81.3**	**-22.1**	**-2.8**	**4.1**
2002	111.0	103.5	-80.3	-25.5	-1.1	-3.5
2001	72.6	73.0	-51.4	-16.8	-	4.8
Marine, aviation and transport						
2003	**33.5**	**32.2**	**-22.8**	**-8.5**	**-2.0**	**-1.0**
2002	33.7	30.8	-19.7	-10.3	-2.2	-1.4
2001	28.8	28.2	-18.9	-10.3	-0.5	-1.5
Fire and other damage to property						
2003	**137.8**	**135.5**	**-101.9**	**-34.7**	**-11.0**	**-12.1**
2002	121.7	119.3	-105.8	-44.5	-9.8	-40.8
2001	102.7	102.2	-95.8	-37.0	-4.9	-35.5
Third party liability						
2003	**42.2**	**48.0**	**-34.2**	**-8.5**	**-10.9**	**-5.7**
2002	40.3	48.3	-27.0	-10.2	-12.3	-1.2
2001	29.4	27.7	-23.7	-6.5	-2.5	-5.0
Miscellaneous						
2003	**29.6**	**27.3**	**-14.9**	**-7.5**	**-12.0**	**-7.0**
2002	24.1	23.7	-15.4	-8.2	-6.1	-5.9
2001	27.7	26.7	-11.6	-6.0	-8.2	0.9
Direct insurance in total						
2003	**686.1**	**678.5**	**-587.5**	**-132.1**	**-40.8**	**-81.8**
2002	659.2	649.7	-559.9	-153.2	-32.7	-96.1
2001	510.8	507.2	-479.1	-117.0	-16.9	-105.9
Reinsurance						
2003	**53.2**	**51.2**	**-16.5**	**-8.2**	**-15.3**	**11.3**
2002	47.8	45.7	-16.9	-7.7	-20.1	1.0
2001	41.8	42.0	-32.8	-7.1	6.7	8.9
Total						
2003	**739.3**	**729.7**	**-604.0**	**-140.3**	**-56.0**	**-70.5**
2002	706.9	695.3	-576.8	-160.9	-52.8	-95.2
2001	552.6	549.2	-511.9	-124.1	-10.1	-97.0

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

Group EUR million	Premiums written (before reinsurers' share)	Premiums earned (before reinsurers' share)	Claims incurred (before reinsurers' share)	Operating expenses (before reinsurance commissions and profit participation)	Reinsurance balance	Balance on technical account
Change in collective guarantee item						
2003						**-1.2**
2002						-1.2
2001						-1.0
Change in equalisation provision						
2003						**25.8**
2002						22.0
2001						26.6
Total						
2003						**-46.0**
2002						-74.3
2001						-71.4

3. Premiums written of non-life insurance

Group EUR million	2003	2002
Direct insurance		
In Finland	**660.0**	632.9
In EEA countries	**0.0**	0.1
In other countries	**26.0**	26.2
Total	**686.1**	659.2
Reinsurance		
Non-life insurance	**48.2**	42.8
Life insurance	**5.1**	5.0
Total	**53.2**	47.8
Total (before reinsurers' share)	**739.3**	706.9
Items deducted from premiums written		
Credit loss on premiums	**3.8**	5.4
Premium tax	**74.5**	72.1
Public charges and fees		
Fire brigade charge	**1.3**	1.1
Road safety charge	**1.0**	1.0
Occupational safety charge	**2.7**	2.7
Medical treatment fee forwarded to the State	**8.2**	12.0
	91.5	94.3

4. Total operating expenses by profit and loss account item and by activity

EUR million	Group 2003	Group 2002
Non-life insurance		
Claims paid		
Claims settlement expenses	49.6	53.0
Operating expenses		
Acquisition costs		
Direct insurance commissions	11.4	10.0
Commissions and profit participation, assumed reinsurance	4.2	3.7
Other acquisition costs	43.2	57.0
Total	58.7	70.6
Portfolio administration expenses	47.9	59.1
Other administrative expenses	33.6	31.2
Commissions and profit participation, ceded reinsurance	-6.9	-6.7
Operating expenses in total	133.4	154.2
Investment charges		
Investment management expenses (own organisation)	3.5	3.1
Other charges		
Expenses for services sold	6.6	10.9
Non-life insurance in total	193.1	221.1
Other operations		
Investment charges		
Investment management expenses (own organisation)	1.4	0.9
Other charges		
Administrative expenses	8.1	9.1
Expenses for investment services	15.7	14.1
Other expenses for services sold	42.7	37.6
Other operations in total	67.9	61.6
Operating expenses in total	260.9	282.8
Total operating expenses include		
Scheduled depreciation on intangible assets and on machinery and equipment	14.0	15.2
Depreciation on goodwill	-	0.4
Gains and losses on realisation of intangible assets and of machinery and equipment	1.3	-0.4
Total operating expenses do not include		
Change in provisions	5.3	13.8
Depreciation on consolidation goodwill and on goodwill	5.2	2.5

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

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Social costs in profit and loss account				
Salaries and remunerations	110.5	112.4	14.6	10.5
Pension expenses	24.0	20.3	3.4	2.7
Other social security costs	7.7	8.5	1.6	1.0
Entered in balance sheet against provision/accruals and deferred income	-5.6		-0.4	
Total	136.6	141.3	19.1	14.2
Average number of employees during financial year				
Office staff	2 575	2 757	273	177
Sales staff	330	364	-	-
Real estate management staff	34	49	27	42
Total	2 939	3 170	300	219

Information on Board members, Presidents and Managing Directors

Group	2003	2002
Salaries and remunerations as per profit and loss account		
Salaries and remunerations paid to Board members by reason of their responsibilities	0.8	0.7
Salaries and remunerations paid to Presidents and Managing Directors and to deputy to the President by reason of their responsibilities	1.6	1.5
Total	2.4	2.2
Salaries, remunerations and fringe benefits paid in financial year	2.6	2.6

Parent company	2003	2002
Salaries and remunerations as per profit and loss account		
Salaries and remunerations paid to Board members by reason of their responsibilities	0.8	0.6
Salaries and remunerations paid to President and his deputy by reason of their responsibilities	0.6	0.3
Total	1.4	0.9

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

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

Having reached the age of 60 years, the President of the parent company is entitled to retire on a pension amounting to 60% of the pensionable salary as per TEL (TEL = Finnish Employees Pensions Act). The parent company's retired President is entitled to a pension that is 60% of the pensionable salary accrued for this office and calculated in accordance with TEL. Having reached the age of 60, the parent company's former Chairman of the Board is entitled to receive a pension amounting to around 20% of the salary calculated only for this office as per TEL.

The Presidents and Managing Directors of subsidiaries are, once they have reached the age of 62 or 63, entitled to retire on a pension amounting to 60% of the pensionable salary calculated in accordance with TEL, provided that they, at the age of 62 or 63, have at least 30 years of service. One previous President has the right to retire on a full 60% pension as per TEL once he has reached the age of 60.

6. Net investment income

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Investment income				
Income from affiliated undertakings				
Dividends	-	-	19.8	195.6
Interest	-	-	2.7	2.6
Total	-	-	22.5	198.2
Income from participating interests				
Dividends	-	-	1.4	1.5
Interest	0.1	0.1		-
Total	0.1	0.1	1.4	1.5
Income from land and buildings				
Dividends				
Other	0.0	0.3	-	-
Other				
Other	8.0	13.9	-	-
Total	8.0	14.2	-	-
Income from other investments				
Dividends	45.5	44.3	12.8	14.9
Interest				
Affiliated undertakings	0.0	0.0	1.5	2.4
Other	69.0	74.9	5.5	8.5
Other	12.3	12.3	0.2	0.4
Total	126.8	131.6	20.0	26.2
Total	134.9	145.9	43.9	225.9
Value readjustments on investments	37.6	6.0	1.5	-
Gains on realisation of investments	204.6	322.9	76.9	68.2
Investment income in total	377.1	474.8	122.4	294.2
Investment charges				
Charges for land and buildings	13.5	12.6	-	0.0
Provision	-0.2	2.6	-	-
Charges for other investments	11.1	7.3	0.4	1.6
Interest and other financing charges				
Affiliated undertakings	-	0.0	1.7	2.6
Other	3.5	6.1	1.6	3.8
Total	27.9	28.6	3.7	7.9
Value adjustments and depreciation				
Value adjustments on investments	33.8	106.2	1.1	2.5
Scheduled depreciation on buildings	3.7	4.5	-	-
Depreciation on unallocated consolidation goodwill	0.1	0.1	-	-
Total	37.6	110.8	1.1	2.5
Losses on realisation of investments	17.1	42.7	0.7	0.1
Investment charges in total	82.6	182.1	5.5	10.5
Net investment income in profit and loss account	294.5	292.7	116.9	283.7

Net investment income

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Net investment income includes				
Exchange gains/losses on insurance business	8.1	9.9	-	-
Other exchange gains/losses on investments	0.0	-3.0	-0.2	-1.1
Breakdown regarding investment services				
Breakdown of net income from securities transactions				
Net income from quoted investments	-0.6	-1.6		
Total values of securities held as current assets purchased and sold in financial period				
Shares and participations				
Sold	3 066.1	1 783.3		
Purchased	3 062.1	1 788.6		

7. Extraordinary items

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Extraordinary income				
Dissolution of subsidiary	-	-	6.0	-
Merger of subsidiary	-	-	0.1	-
			6.1	-
Extraordinary charges				
Group contribution	-	-	-10.4	-57.0
Sale of subsidiary	-4.0	-	-	-
Tax on profit on extraordinary items				
Tax for financial year/group contribution	-	-	3.0	16.5
Tax for financial year/sale of subsidiary	-0.4		-	
Tax for financial year/dissolution of subsidiary	9.2	-	9.2	-
Deferred tax/dissolution of subsidiary	18.4	-	18.4	-
	27.2	-	30.6	16.5

8. Income and charge items affecting comparability of profit

EUR million	Group 2003	Group 2002
Premiums written	-	6.1
Change in provision for unearned premiums		
Provision for unearned premiums	0.9	-6.1
Provision for unexpired risks	-	-4.5
Change in provision for claims	-	
Change in discount rate of pension annuities	12.3	
Change in mortality model	27.0	
Change in equalisation provision	-39.9	
Change in calculation basis. Adjustment of technical provisions in 1999-2001 eliminated from average loss ratios		16.9
	0.2	12.4

9. Grounds for scheduled depreciation

Buildings and constructions

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

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

Intangible assets, machinery and equipment

Scheduled depreciation is calculated on the acquisition cost per commodity (in previous years partly per group of commodities) in accordance with the straight-line depreciation method applying the following estimated useful lives of groups of commodities. As of 2003, residual value of 30% of acquisition cost has been added to car acquisitions.

The depreciation periods and corresponding annual depreciation percentages are:

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

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

The depreciation period (20 years) for consolidation goodwill related to investment services is based on the nature of business and on growth expectations in the sector, which is why income expectations are of a long-term nature.

10. Changes in intangible assets and in machinery and equipment

Group

EUR million	Intangible rights	Goodwill	Unallocated consolidation goodwill	Other long-term expenses	Machinery and equipment
Acquisition cost Jan. 1, 2003	30.7	30.5	22.8	19.4	59.5
Transfer between items	4.2	0.0	-	-4.3	0.0
Increase	5.0	-	0.3	5.5	3.5
Decrease	-2.1	-	-9.2	-0.2	-1.2
Acquisition cost Dec. 31, 2003	37.8	30.6	13.9	20.4	61.8
Accumulated depreciation Jan. 1, 2003	-17.0	-18.6	-3.1	-11.1	-39.6
Accumulated depreciation related to decrease and transfers	1.1		0.6	0.1	0.8
Depreciation in financial year	-5.8	-1.3	-0.9	-1.8	-6.5
Value adjustments	-	-	-3.0	-	-
Accumulated depreciation Dec. 31, 2003	-21.7	-19.9	-6.5	-12.8	-45.3
Book value Dec. 31, 2003	16.1	10.6	7.4	7.6	16.5
Book value Dec. 31, 2002	13.7	11.9	19.7	8.3	19.9

Consolidation goodwill (asset) Dec. 31, 2003	7.4
Consolidation goodwill (liability) Dec. 31, 2003	-
Total Dec. 31, 2003	7.4
Depreciation on consolidation goodwill and value adjustments	-4.1
Decrease in consolidation goodwill (liability)	0.2
Total	-3.9

Parent company

EUR million	Intangible rights	Payments on account	Other long-term expenses	Machinery and equipment	Other tangible assets
Acquisition cost Jan. 1, 2003	17.5	0.0	0.3	30.7	2.0
Increase	1.7	3.7	-	1.7	0.0
Decrease	-1.4	0.0	-	-0.3	0.0
Transfers between affiliated undertakings	7.1	-	1.2	4.0	-
Acquisition cost Dec. 31, 2003	25.0	3.7	1.5	36.0	2.0
Accumulated depreciation Jan. 1, 2003	-9.1	-	-0.3	-21.5	-
Accumulated depreciation related to decrease and transfers	0.6	-	-	0.2	-
Depreciation in financial year	-3.9	-	-0.1	-3.8	-
Transfers between affiliated undertakings	-0.6	-	-0.4	-2.1	-
Accumulated depreciation Dec. 31, 2003	-13.0	-	-0.8	-27.2	-
Book value Dec. 31, 2003	12.0	3.7	0.7	8.8	2.0
Book value Dec. 31, 2002	8.5	0.0	0.1	9.2	2.0

All machinery and equipment is used by administrative functions.

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

Group — EUR million	2003			2002		
	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
Investments in land and buildings						
Land and buildings	94.8	94.8	116.4	110.9	116.6	130.7
Shares in land and buildings related to participating interests	16.2	16.2	16.9	13.4	13.4	14.4
Other shares in land and buildings	9.4	9.4	10.5	9.5	9.5	10.2
Investments in participating interests						
Shares in associated undertakings	27.2	22.8	35.9	20.2	18.2	17.9
Participating interests	0.2	0.2	0.2	0.2	0.2	0.2
Debt securities	2.0	2.0	2.0	0.1	0.1	0.2
Loans	1.0	1.0	1.0	1.0	1.0	1.0
Other investments						
Shares	656.4	656.4	917.1	606.5	608.1	911.2
Debt securities	1 519.3	1 519.3	1 543.2	1 454.0	1 456.3	1 502.5
Mortgage loans	5.0	5.0	5.0	5.2	5.2	5.2
Other loans	0.6	0.6	0.6	0.6	0.6	0.6
Deposits with credit institutions	32.1	32.1	32.1	24.1	24.1	24.1
Deposits with ceding undertakings	2.4	2.4	2.4	4.0	4.0	4.0
	2 366.7	2 362.3	2 683.3	2 249.7	2 257.3	2 622.3
Land and buildings and shares therein, occupied by company	68.5	68.5	81.1	76.1	81.4	85.4
Remaining acquisition cost of debt securities includes that difference between the amount repayable at maturity and purchase price which has been released to interest income (+) or charged to interest income (-)	-3.4			-5.7		
Book value includes						
Unrealised gains entered in profit and loss account					4.2	
Revaluation entered in revaluation reserve					5.3	
					9.5	
For unrealised gains and revaluation, see section 1 e of notes on the accounts						
Difference between current and book values			321.1			365.1
Breakdown regarding investment services						
Subordinated claims						
Debt securities, others		-			4.8	
Debt securities by type of asset, broken down into quoted and other securities						
Securities held as current assets, quoted						
Government bonds		-			35.0	
Securities held as current assets, unquoted						
Convertible subordinated loans		-			4.8	
Shares by type of asset, broken down into quoted and other shares						
Shares						
Securities held as current assets, quoted		4.3			6.6	
Securities held as current assets, unquoted		-			13.2	
Other, unquoted		0.0			0.1	

Investments: current value, book value and their difference

Parent company

EUR million	2003			2002		
	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
Fixed assets/investments						
Shares in affiliated undertakings	189.5	189.5	190.6	231.0	231.0	232.3
Amounts owed by affiliated undertakings	55.0	55.0	55.0	50.6	50.6	50.6
Participating interests	17.2	17.2	25.7	7.2	7.2	7.2
Other shares	122.4	122.4	230.5	140.8	141.6	275.2
Other debtors	1.0	1.0	1.0	1.1	1.1	1.1
	385.1	385.1	502.9	430.6	431.5	566.4
Current assets/investments						
Other securities	124.8	124.8	125.3	53.4	53.4	53.9
	509.9	509.9	628.1	484.1	485.0	620.3
Remaining acquisition cost of debt securities includes that difference between the amount repayable at maturity and purchase price which has been released to interest income (+) or charged to interest income (-)	0.1			-0.7		
Book value includes						
Unrealised gains entered in profit and loss account		-			0.9	
For unrealised gains and revaluation, see section 1 e of notes on the accounts						
Difference between current and book values			118.3			135.3

12. Investments in land and buildings

EUR million	Group 2003	Group 2002
Land and buildings and shares therein		
Acquisition cost Jan. 1	213.6	264.4
Adjustments of acquisition cost, accumulated depreciation and value adjustments	-	1.6
Change in consolidation method	1.2	-
Increase	6.7	2.7
Decrease	-17.3	-55.0
Acquisition cost Dec. 31	204.3	213.6
Unrealised gains and revaluation Jan. 1	6.3	25.0
Decrease	-6.3	-18.7
Unrealised gains and revaluation Dec. 31	-	6.3
Accumulated depreciation Jan. 1	-60.8	-61.7
Adjustments of acquisition cost, accumulated depreciation and value adjustments	-	-9.9
Change in consolidation method	-0.7	-
Accumulated depreciation related to decrease and transfers	3.4	15.4
Depreciation in financial year	-3.7	-4.5
Accumulated depreciation Dec. 31	-61.8	-60.8
Value adjustments Jan. 1	-19.7	-25.3
Adjustments of acquisition cost, accumulated depreciation and value adjustments	-	8.3
Value adjustments related to decrease and transfers	7.6	1.2
Value adjustments in financial year	-10.0	-4.0
Value readjustments	0.1	-
Value adjustments Dec. 31	-22.1	-19.7
Book value Dec. 31	120.4	139.4

13. Investments in affiliated undertakings

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Shares				
Acquisition cost Jan. 1	2.3	2.5	233.4	229.2
Increase	-	-	29.7	2.2
Change in consolidation method	-2.3	-	-	-
Decrease	-	-0.2	-	-0.2
Dissolution and merger of subsidiaries	-	-	-70.1	-
Transferred participating interests	-	-	-	2.2
Acquisition cost Dec. 31	-	2.3	193.0	233.4
Value adjustments Jan. 1	-2.3	-2.5	-2.4	-2.6
Accumulated value adjustments related to decrease	-	0.2	0.1	0.2
Value adjustments in financial year	-	-	-1.2	-
Change in consolidation method	2.3	-	-	-
Value adjustments Dec. 31	-	-2.3	-3.5	-2.4
Book value Dec. 31	-	-	189.5	231.0
Loans				
Acquisition cost Jan. 1	-	-	10.6	1.5
Increase	-	-	15.0	21.5
Decrease	-	-	-10.6	-12.3
Acquisition cost Dec. 31	-	-	15.0	10.6
Subordinated loan debtors				
Acquisition cost Jan. 1	-	-	40.0	-
Increase	-	-	-	40.0
Acquisition cost Dec. 31	-	-	40.0	40.0

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

14. Investments in participating interests

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Shares				
Acquisition cost and equity-method adjustments related to associated undertakings Jan. 1	26.2	19.2	7.2	9.4
Increase	12.1	12.3	10.0	-
Decrease	-4.3	-3.5	-	-
Transfers to affiliated undertakings	-	-3.7	-	-2.2
Change in consolidation method	-4.1	-	-	-
Transfers to other shares	-3.3	-	-	-
Adjustments of acquisition cost and accumulated depreciation	-	2.0	-	-
Acquisition cost and equity-method adjustments related to associated undertakings Dec. 31	26.6	26.2	17.2	7.2
Accumulated depreciation (consolidation goodwill) Jan. 1	-7.4	0.1	-	-
Depreciation in financial year	-1.6	-5.5	-	-
Transfers to affiliated undertakings	-	-0.1	-	-
Transfers to other shares	1.3	-	-	-
Change in consolidation method	7.6	-	-	-
Adjustments of acquisition cost and accumulated depreciation	-	-2.0	-	-
Accumulated depreciation (consolidation goodwill) Dec. 31	-0.1	-7.4	-	-
Value adjustments Jan. 1	-0.4	-	-	-
Value adjustments in financial year	-3.5	-0.4	-	-
Decrease	0.4	-	-	-
Value adjustments Dec. 31	-3.5	-0.4	-	-
Book value Dec. 31	23.0	18.4	17.2	7.2
Non-depreciated consolidation goodwill (asset) Dec. 31	0.5	5.9		
Consolidation goodwill (liability) not released to income Dec. 31	-	-		
Debt securities				
Acquisition cost Jan. 1	0.2	0.2		
Increase	2.0	-		
Decrease	-0.1	-		
Acquisition cost Dec. 31	2.1	0.2		
Value adjustments Jan. 1/Dec. 31	-0.1	-0.1		
Book value Dec. 31	2.0	0.1		
Loans				
Acquisition cost Jan. 1	1.0	-		
Increase	-	2.0		
Decrease	-	-1.0		
Acquisition cost Dec. 31	1.0	1.0		

15. Investments, other shares

EUR million	Parent company 2003	Parent company 2002
Acquisition cost Jan. 1	144.8	147.5
Increase	45.1	7.5
Decrease	-64.0	-10.2
Acquisition cost Dec. 31	125.9	144.8
Value adjustments Jan. 1	-4.1	-1.6
Accumulated value adjustments related to decrease	1.6	0.0
Value adjustments in financial year	-1.1	-2.4
Value adjustments Dec. 31	-3.6	-4.1
Unrealised gains and revaluation Jan. 1	0.9	1.2
Decrease	-0.9	-0.3
Unrealised gains and revaluation Dec. 31	-	0.9
Book value Dec. 31	122.4	141.6

16. Investments, other loans

	Group		Parent company	
EUR million	2003	2002	2003	2002
Acquisition cost Jan. 1			1.1	0.1
Increase			-	2.0
Decrease			0.0	-1.0
Acquisition cost Dec. 31			1.0	1.1
Other, no security	0.6	0.6		

Loans do not include inner-circle loans.

17. Holdings in other undertakings

Name of company	Latest annual accounts Profit/loss	Capital and reserves	Domicile	Sector	Percentage of shares/votes	Group Book value 2003	Parent company Book value 2003
					EUR million	2003	2003
Affiliated undertakings							
Pohjola Non-Life Insurance Company Ltd			Helsinki	Non-life insurance	100.00		67.3
A-Insurance Ltd			Helsinki	Non-life insurance	100.00		42.0
Eurooppalainen Insurance Company Ltd			Helsinki	Non-life insurance	100.00		
Seesam International Insurance Company Ltd			Estonia	Non-life insurance	50.50		1.1
Joint Stock Insurance Company "Seesam Latvia"			Latvia	Non-life insurance	*)45.00 50.05		0.7
Joint Stock Insurance Company "Seesam Lithuania"			Lithuania	Non-life insurance	*)39.34 50.07		0.5
Closed Joint-Stock Insurance Company "Principal"			Russia	Non-life insurance	67.50/80.50		
Bothnia International Insurance Company Ltd.			Helsinki	Non-life insurance	100.00		21.0
Moorgate Insurance Company Limited			United Kingdom	Non-life insurance	100.00		13.2
Varma Mutual Insurance Company (in liquidation)			Helsinki	Non-life insurance	100.00		
Pohjola Asset Management Ltd			Helsinki	Asset management	100.00		6.7
Pohjola Fund Management Company Limited			Helsinki	Fund management	100.00		7.5
Conventum Venture Finance Ltd.			Helsinki	Investments	100.00		10.0
Conventum Capital Limited			Helsinki	Management of investments	100.00		1.7
Conventum Securities Limited			Helsinki	Brokerage	100.00		3.8
Pohjola Customer Service Ltd			Helsinki	Sales and customer service	100.00		10.3
Pohjolan Systeemipalvelu Oy			Helsinki	IT services	100.00		1.7
Pohjolan Atk-palvelu Oy			Helsinki	Computer operation services	40/60		1.5
Russia Life Investments Limited			United Kingdom	Holding company	67.50/80.50		0.5
Closed Joint-Stock Company "RLIR"			Russia	Holding company	67.50/80.50		
Moorgate Insurance (Nominees) Limited			United Kingdom	Non-active	100.00		
Northclaims Oy			Helsinki	Non-active	100.00		
Finnish Insurance Services Oy			Helsinki	Non-active	100.00		0.0
Osmo Oy			Helsinki	Non-active	100.00		0.0
						-	189.5
Participating interests							
Associated undertakings, accounted for by the equity method							
Nooa Savings Bank Ltd			Helsinki	Banking	25.00	8.0	9.4
Autovahinkokeskus Oy			Espoo	Sale of damaged goods	27.75	0.9	
Suomen Turvatarkastus Oy			Helsinki	Regulatory security inspections	47.00	-	
Vahinkopalvelu Oy			Loppi	Sale of damaged goods	46.67	0.7	
Associated undertakings, stated at cost							
Delfoi Ltd	0.0	0.1	Espoo	Production e-business solutions	30.31	0.9	
Done Solutions Corporation	-7.7	4.3	Helsinki	Preparation and sale of logistics solutions	26.56	1.5	
Futuremark Oy	-1.2	0.6	Espoo	Development of benchmark software	32.51	0.8	
Lonix Oy	-0.6	0.4	Leppävirta	Manufacturing of industrial automation systems	20.00	0.5	
Pirene Oy	0.0	2.0	Helsinki	Manufacturing of surface soil and waste treatment equipment	30.65	0.6	0.5
Pohjanmaan Mikro Oy	0.0	0.9	Kempele	Manufacturing and sale of computers	25.00	0.6	
Solid Information Technology Ltd	-12.8	2.8	Helsinki	Information technology programs	20.51	1.0	
Ilmarinen Mutual Pension Insurance Company	2.1	76.5	Helsinki	Employment pension insurance	68.57/24.41	7.2	7.2
						22.8	17.2
Participating interests, stated at cost							
Euro-Center Holding A/S	-0.3	1.0	Denmark	Claims services	16.67	0.2	-

*) Parent company´s holding

Holdings in other undertakings

	Latest annual accounts Profit/loss	Capital and reserves	Domicile	Sector	Percentage of shares/votes	Group Book value	Parent company Book value
					EUR million	2003	2003
Associated undertakings (real estate), included by proportional (34.21%) consolidation							
Asunto Oy Helsingin Korppaanmäki			Helsinki	Real estate management	34.21	-	-
Associated undertakings (real estate), stated at cost							
Asunto Oy Bertel Jungintie 10	0.0	1.7	Helsinki	Real estate management	23.20	0.5	
Asunto Oy Einonkatu 8	0.0	0.2	Imatra	Real estate management	42.77	0.4	
Asunto Oy Espoon Haukitie 2	0.0	0.7	Espoo	Real estate management	25.00	0.2	
Kiinteistö Oy Eteläesplanadi 12	0.2	11.0	Helsinki	Real estate management	27.18	6.0	
Asunto Oy Forssan Hämeentie 11	0.0	2.1	Forssa	Real estate management	24.90	0.5	
Joensuun Metsätalo Oy	0.0	3.2	Joensuu	Real estate management	20.53	0.9	
Kiinteistö Oy Kaarinan City	0.0	1.0	Kaarina	Real estate management	34.38	0.2	
Kiinteistö Oy Kiteen Yhdyskulma	0.0	0.1	Kitee	Real estate management	24.42	0.2	
Asunto Oy Loimaan Pohjolankulma	0.0	1.3	Loimaa	Real estate management	27.19	0.2	
Kiinteistö Oy Nokian Nosturikatu 18	-0.5	0.1	Helsinki	Real estate management	33.33	0.2	
Asunto Oy Salamankulma	0.0	2.0	Turku	Real estate management	33.82	3.5	
Sarfvik Oy	0.0	1.5	Kirkkonummi	Real estate management	20.00	0.4	
Asunto Oy Veräjänmäenmutka	0.0	0.2	Helsinki	Real estate management	31.11	0.5	
Asunto Oy Vilkenintie 18	0.0	0.3	Helsinki	Real estate management	25.00	0.3	
Asunto Oy Ranta	0.0	4.2	Hämeenlinna	Real estate management	27.12	0.6	
Asunto Oy Oravanpyörä	0.0	1.5	Vaasa	Real estate management	30.36	0.5	
Kiinteistö Oy Nisulanportti	0.0	0.8	Jyväskylä	Real estate management	34.72	0.4	
Kiinteistö Oy Kulmaleveri	0.0	0.9	Oulu	Real estate management	23.77	0.7	
Kiinteistö Oy Vilhonkulma	0.0	0.5	Mikkeli	Real estate management	20.39	0.2	
						16.2	-

Holdings in other undertakings

EUR million

Name of company	Domicile	Group 2003 Percentage of shares	Group 2003 Book value	Group 2003 Current value	Parent company 2003 Percentage of shares	Parent company 2003 Book value	Parent company 2003 Current value
Other companies							
Domestic companies, listed							
Aldata Solution Oyj	Finland	0.73	0.9	0.9			
Alma Media Corporation	Finland	2.54	10.7	10.8			
Amer Group Plc	Finland	0.30	1.9	2.5			
Aspocomp Group Plc	Finland	2.71	0.6	3.1			
Comptel Corporation	Finland	0.23	0.5	0.5			
Elektrobit Group Plc	Finland	0.19	0.6	0.6			
Elisa Corporation	Finland	0.34	5.0	5.0			
Finnlines Plc	Finland	1.79	7.4	10.3	0.31	1.3	1.8
Fortum Corporation	Finland	0.33	8.2	22.7	0.05	1.2	3.8
Huhtamäki Oyj	Finland	0.42	2.0	4.0	0.11	0.7	1.1
Incap Corporation	Finland	5.40	1.2	1.2	5.40	1.2	1.2
Jaakko Pöyry Group Oyj	Finland	0.75	1.9	2.3			
KCI Konecranes Plc	Finland	0.24	0.9	0.9			
Kemira Oyj	Finland	0.48	4.1	5.4			
Kesko Corporation	Finland	0.47	4.8	5.9			
Kone Corporation	Finland	0.36	0.7	10.3	0.08	0.1	2.3
Lassila & Tikanoja plc	Finland	2.55	1.4	11.1			
Lemminkäinen Corporation	Finland	5.03	7.6	14.3			
Lännen Tehtaat plc	Finland	1.89	0.9	1.3			
Martela Oyj	Finland	4.58	1.2	1.2			
Metso Corporation	Finland	0.33	4.4	4.4			
Nokia Corporation	Finland	0.03	10.3	19.4			
Olvi plc	Finland	1.68	0.7	1.1			
Orion Corporation	Finland	0.51	5.8	5.8			
Outokumpu Oyj	Finland	0.15	2.7	2.8			
Oyj Leo Longlife Plc	Finland	3.06	0.7	0.9			
Perlos Corporation	Finland	0.40	1.4	1.4			
Polar Real Estate Corporation	Finland	0.53	0.7	0.7			
Rakentajain Konevuokraamo Oyj	Finland	7.52	0.9	6.3			
Rautaruukki Corporation	Finland	0.38	3.0	3.1			
Sampo plc	Finland	0.06	2.6	2.6			
SanomaWSOY Corporation	Finland	2.95	5.1	78.3	1.67	2.9	44.3
Stora Enso Oyj	Finland	0.02	1.1	1.1			
Spar Finland plc	Finland	4.59	2.0	2.0			
Suominen Corporation	Finland	1.99	0.6	3.1			
Tamfelt Corp.	Finland	0.88	1.7	2.2			
Tietoenator Corporation	Finland	0.19	0.8	3.5			
UPM-Kymmene Corporation	Finland	0.41	8.5	32.2	0.16	3.4	12.9
Uponor Oyj	Finland	0.56	3.3	5.1			
YIT Corporation	Finland	4.18	6.1	34.2	1.74	2.4	14.2
Other warrants			0.6	0.6			
Other shares			4.2	8.5			
Foreign companies, listed							
Astra-Zeneca Plc	United Kingdom	0.00	1.1	1.1			
Nordea Bank AB	Sweden	0.04	4.9	6.5			
Novo-Nordisk A/S	Denmark	0.02	1.5	1.5			
OM HEX Aktiebolag	Sweden	1.08	3.0	12.1	1.08	3.0	12.1
Orkla ASA	Norway	0.03	1.2	1.2			
Sea Containers Ltd	Bermuda	0.94	2.6	2.6			
Skandia Insurance Company Ltd (publ)	Sweden	2.77	52.0	81.9	2.77	52.0	81.9
Svenska Handelsbanken Ab	Sweden	0.03	2.7	2.7			
TeliaSonera AB	Sweden	0.04	6.6	8.4			
Total SA	France	0.00	1.0	1.2			
Vodafone Group Public Ltd	United Kingdom	0.00	2.1	2.1			
Other shares			47.9	50.2			
Domestic companies, non-listed							
Fingrid Oyj	Finland	2.26	2.4	2.4			
Inion Ltd.	Finland	2.50	0.6	0.6			
Ion Blast Ltd	Finland	8.67	0.9	0.9			
Kuopion Puhelin Oyj	Finland	2.24	2.5	2.5			
NetHawk Oyj	Finland	11.00	6.2	6.2			
Oy Wireless Entertainment Services Finland Ltd.	Finland	16.67	1.3	1.3			
Suomi Mutual Life Assurance Company	Finland	*)	0.5	0.5	*)	0.5	0.5
Tornator Timberland Oy	Finland	5.00	4.0	4.0			
Other shares			3.8	3.8		0.7	0.7

*) 100% of guarantee capital

Holdings in other undertakings

Name of company	Domicile	Group 2003 Percentage of shares	Group 2003 Book value	Group 2003 Current value	Parent company 2003 Percentage of shares	Parent company 2003 Book value	Parent company 2003 Current value
EUR million							
Foreign companies, non-listed							
Cygate Ab	Sweden		0.6	0.6			
EIC Corporation Ltd	Bermuda	2.06	0.7	0.8			
Other shares			1.5	1.6			
Absolute return funds							
Celeres Spectrum	Finland		1.0	1.0			
HedgeFirst Ltd	United Kingdom		2.1	2.1			
RMF Absolute Return Strategies I Limited	Cayman Islands		5.4	5.4			
Bond funds							
Pimco Global Investm Grade Credit Fund, Inst Inc	Ireland		10.0	10.0			
Pohjola Euro Corporate Bond B (growth)	Finland		27.0	30.8			
Pohjola Reserve Plus	Finland		54.0	54.4		30.0	30.2
Pohjola Bond B (growth)	Finland		60.0	60.6			
SISF Emerging Markets Debt I, Acc	Luxembourg		11.3	11.3			
Other bond funds			0.1	0.1			
Private equity funds							
Aboa Venture III Ky	Finland		0.9	0.9			
Access Capital LP II A	United Kingdom		0.7	0.7		0.7	0.7
Access Capital LP II B	United Kingdom		0.7	0.8		0.7	0.8
Apax Europe V - D, LP	United Kingdom		3.6	3.7			
Arcadia Beteiligungen BT GmbH & Co KG	Germany		2.3	2.3			
Baltic Investment Fund III LP	United Kingdom		1.3	1.3			
Behrman Capital III LP	United States		3.6	3.6			
Bio Fund Ventures III Ky	Finland		1.8	1.8			
CapMan Equity VII B LP	Finland		3.5	3.5			
Deutsche European Partners IV (No3) LP	United Kingdom		1.0	1.0			
Duke Street Capital IV UK No1 LP	United Kingdom		1.5	1.5			
ECI 7 (UK) LP	United Kingdom		1.7	1.7			
Eqvitec Technology Fund II Ky	Finland		4.3	4.3		1.4	1.4
Euroknights IV Jersey No2 LP	United Kingdom		1.9	2.2			
European Fund Investments II LP	United Kingdom		0.5	0.7			
European Strategic Partners LP	United Kingdom		5.9	5.9			
Finnmezzanine Rahasto II B Ky	Finland		2.2	2.7			
Finnventure Rahasto I Ky	Finland		1.4	1.4			
Finnventure Rahasto V Ky	Finland		7.1	7.1		7.1	7.1
Indigo Capital IV LP	United Kingdom		1.5	1.5			
Industri Kapital 2000 LP IV	United Kingdom		6.1	6.6		6.1	6.6
Lexington Capital Partners IV, LP	United States		3.5	3.5			
MB Equity Fund III Ky	Finland		0.7	0.7			
MidInvest Fund I Ky	Finland		0.6	0.6			
Nexit Infocom 2000 Limited	United Kingdom		0.7	0.7			
Nordic Capital IV Limited	United Kingdom		2.3	2.3			
Nordic Mezzanine Fund II LP	United Kingdom		0.5	0.5			
Nordic Mezzanine Fund No1 LP	United Kingdom		4.7	4.7		4.7	4.7
Nova Polonia Private Equity Fund, LLC	Ireland		2.4	2.4			
Prime Technology Ventures NV	Netherlands		0.6	0.6			
Private Energy Market Fund Ky	Finland		1.7	1.7			
Promotion Capital I Ky	Finland		2.3	2.3		2.3	2.3
Proventure & Partners Scottish LP	United Kingdom		2.4	2.4			
Seedcap Ky	Finland		0.8	0.8			
SFK 99-Rahasto Ky	Finland		1.6	1.6			
Sponsor Fund I Ky	Finland		1.2	1.2			
Sponsor Fund II Ky	Finland		1.0	1.0			
The First European Fund Investments UK LP	United Kingdom		4.1	4.1			
Other private equity funds			2.3	2.4			

NOTES ON THE ACCOUNTS

Holdings in other undertakings

EUR million

Name of company	Domicile	Group 2003 Percentage of shares	Group 2003 Book value	Group 2003 Current value	Parent company 2003 Percentage of shares	Parent company 2003 Book value	Parent company 2003 Current value
Mutual funds							
AAF Eastern Europe Equity Fund	Luxembourg		2.7	3.8			
ABN AMRO Trans Europe Fund	Netherlands		1.3	1.3			
CAF Asian Growth I	Luxembourg		5.4	5.4			
Carnegie Småbolag	Sweden		0.9	0.9			
Conventum Euro 50 Plus B (growth)	Finland		3.2	3.2			
Conventum Euro 50 Plus B (growth)	Finland		0.8	0.8			
Conventum Focus B (growth)	Finland		0.6	0.6			
Conventum US 500 Plus B USD	Finland		5.2	5.2			
Gartmore Japan Fund	United Kingdom		1.1	1.1			
PF Small Cap Europe I Class	Luxembourg		0.9	1.8			
Parvest Europe Mid Cap - Inst C	Luxembourg		8.4	8.4			
Pohjola Euro Forte B (growth)	Finland		1.0	1.1			
Pohjola Euro High Yield B (growth)	Finland		6.9	6.9			
Pohjola Euro Growth B (growth)	Finland		15.8	15.8			
Pohjola Euro Growth B (growth)	Finland		1.7	1.7			
Pohjola Euro Value B (growth)	Finland		13.0	13.0			
Pohjola Euro Value B (growth)	Finland		1.5	1.5			
Pohjola Eurooppa Equity B (growth)	Finland		10.0	10.4			
Pohjola Eurooppa Equity B (growth)	Finland		2.7	2.8			
Pohjola Solid B (growth)	Finland		2.0	2.0			
Pohjola Tekno B (growth)	Finland		1.0	1.3			
Pohjola Dark Blue Special Mutual Fund	Finland		1.2	1.3			
Pohjola Light Blue Special Mutual Fund	Finland		0.8	0.9			
Pohjola Convertible B (growth)	Finland		2.6	2.9			
Pohjola Convertible B (growth)	Finland		0.8	0.9			
PWT US Relative Value	Ireland		11.2	11.2			
Schrodes Tokyo Fund - Acc JPY	United Kingdom		7.5	8.5			
SISF Pacific Equity Class C - Dist	Luxembourg		6.8	6.8			
			0.0	0.4			
			656.4	917.1			
Shares in land and buildings						-	-
						122.3	230.5

Holdings in other undertakings

EUR million

Name of company	Number of shares subject to stock lending	Expiry date of loan period	Group 2003 Book value of shares	Group 2003 Current value of shares	Parent company 2003 Book value of shares	Parent company 2003 Current value of shares
Stock lending						
KATI loan						
Comptel Corporation	175 000	Jan. 5, 2004	0.4	0.4		
Huhtamäki Oyj	9 000	Jan. 8, 2004	0.0	0.1		
Kesko Corporation	83 000	Jan. 5, 2004	0.9	1.1		
Metso Corporation	35 400	Jan. 5, 2004	0.3	0.3		
SanomaWSOY Corporation	8 000	Jan. 9, 2004	0.0	0.1		

18. Debtors

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Affiliated undertakings				
Accounts receivable	-	-	0.8	0.8
Prepayments and accrued income	-	-	2.1	2.7
Interim dividend receivable	-	-	5.0	75.3
Other debtors	-	-	4.4	17.1
Total	-	-	12.3	95.9
Participating interests				
Direct insurance debtors	0.3	0.4	-	-
Accounts receivable	0.4	0.6	0.0	0.0
Other debtors	1.7	1.5	0.1	0.1
Total	2.5	2.5	0.1	0.1

19. Prepayments and accrued income

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Interest and rent	29.4	34.7	1.4	1.8
Other				
Expenses paid in advance	3.2	3.0	0.5	0.3
Tax on profit	0.4	1.3	0.2	0.2
Derivatives	5.4	6.5	-	3.6
Other	10.0	10.4	0.9	0.0
	19.0	21.2	1.5	4.1
Total	48.4	56.0	2.9	5.9

20. Capital and reserves

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Share capital				
A shares Jan. 1	-	7.8	-	7.8
Combined into D shares	-	-7.8	-	-7.8
Total	-	-	-	-
B shares Jan. 1	-	35.9	-	35.9
Combined into D shares	-	-35.9	-	-35.9
Total	-	-	-	-
C shares Jan. 1	0.8	0.8	0.8	0.8
Decrease in share capital	-0.8	-	-0.8	-
Total	-	0.8	-	0.8
D shares Jan. 1	43.7	-	43.7	-
Formed by A and B share series	-	43.7	-	43.7
Total	43.7	43.7	43.7	43.7
Share capital Dec. 31	43.7	44.5	43.7	44.5
Share premium account				
Reserve Jan. 1	39.7	39.7	39.7	39.7
Decrease in share capital	0.8	-	0.8	-
Reserve Dec. 31	40.5	39.7	40.5	39.7
Legal reserve				
Reserve Jan. 1/Dec. 31	158.3	158.3	158.2	158.2
Other reserves				
Contingency reserve				
Reserve Jan. 1	223.1	299.6	161.3	15.7
Withdrawn from revaluation reserve	-3.8	-1.2	-	-
From profit brought forward	10.3	-2.0	-	-
From profit for previous financial year	1.5	-73.2	53.5	145.6
Reserve Dec. 31	231.2	223.1	214.8	161.3
Profit/loss brought forward				
Reserve Jan. 1	4.5	-85.4	-	-
From profit/loss for previous financial year	29.5	89.9	-	-
Transfer to contingency reserve	-10.3	2.0	-	-
From change in Group structure	-1.6	-	-	-
Translation difference	-1.9	-2.0	-	-
Reserve Dec. 31	20.2	4.5	-	-
Profit for previous financial year	132.6	219.8	155.0	348.7
To parent company distribution of dividend	-101.5	-203.1	-101.5	-203.1
To contingency reserve	-1.5	73.2	-53.5	-145.6
To profit/loss brought forward	-29.5	-89.9	-	-
Total	-	-	-	-
Profit for financial year	176.8	132.6	97.7	155.0
Capital and reserves in total	670.7	602.7	554.8	558.7

Capital and reserves

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Untaxed reserves (voluntary provisions and depreciation in excess of schedule) transferred to capital and reserves				
Profit/loss brought forward	2.2	2.0		
Profit for financial year	-0.7	0.7		
Total	1.5	2.7		
Distributable funds				
Profit for financial year	176.8	132.6	97.7	155.0
Contingency reserve	231.2	223.1	214.8	161.3
Profit/loss brought forward	20.2	4.5	-	-
Untaxed reserves transferred to capital and reserves	-1.5	-2.7	-	-
Translation differences of capital and reserves	-0.4	-2.6	-	-
Other adjustments	-0.6	-0.6	-	-
	425.7	354.3	312.4	316.3

After the proposed distribution of profit, the parent company has unused tax surplus totalling EUR 81 901 000.

Capital and reserves

At the beginning of 2003, Pohjola had 50,772,851 Series D shares. In addition, the company had in its possession 955,648 Series C shares, which had been returned to the company against no consideration.

On April 9, 2003, the Annual General Meeting resolved to decrease the company's share capital by EUR 821,857.28 i.e. from EUR 44,475,909.14 to EUR 43,654,051.86 by invalidating all Series C shares in the company's possession. The decrease was carried out on April 30, 2003 by transferring to the share premium account an amount of EUR 821,857.28, corresponding to the total par value of the invalidated shares. The decrease in the share capital did not reduce the company's capital and reserves.

After the Series C shares have been invalidated, the company has only one share series. The name of the share series is Pohjola Group. At the end of 2003, the company's share capital totalled EUR 43,654,051.86 and the number of shares was 50,772,851.

The shares give entitlement to dividend and to the company's assets. Each share confers one vote at a General Meeting of Shareholders.

Pohjola's stock option plan 2001

The Extraordinary General Meeting of Shareholders on July 5, 2001 resolved to issue a maximum of 1,100,000 option rights entitling to subscription of a total maximum of 1,100,000 new Pohjola shares. As a result of subscriptions, the share capital can increase by a maximum of EUR 946,000. The option rights are offered free of charge to the key staff of the Pohjola group of companies and to a subsidiary wholly owned by Pohjola. The Board of Directors decides on those entitled to subscribe for stock options.

Under the stock option plan, the options are divided into three series as follows:

Series	Number	Subscription price	Subscription period
A	100,000	EUR 28.46	Aug. 1, 2003 to July 30, 2006
B	500,000	EUR 21.23	Aug. 1, 2004 to July 30, 2006
C	500,000	EUR 21.23	Aug. 1, 2005 to July 30, 2006

The share subscription prices are reduced by the amount of dividends paid prior to the share subscription. The dividend paid for 2001 was EUR 4 per share and for 2002 EUR 2 per share. The Board of Directors proposes that a dividend of EUR 1 be distributed for 2003.

The A option right of the stock option plan have been subject to public trading on the Helsinki Stock Exchange Main List since November 3, 2003.

Authorisations of the Board of Directors

The Annual General Meeting on April 9, 2003 authorised the Board of Directors to decide on an increase in the share capital through a new issue of shares in one or more lots by a maximum of EUR 7,127,164. The authorisation includes the right to deviate from the shareholders' pre-emptive right of subscription provided that the company has a weighty financial reason for the deviation, for example carrying out acquisitions or cooperation arrangements. The authorisation will be in force for one year from the Annual General Meeting.

The Annual General Meeting on April 9, 2003 also granted the Board of Directors authorisations to decide on the repurchase and conveyance of the company's own shares. These authorisations will be in force for one year. The number of the company's shares that can be repurchased may not exceed five (5) per cent of the company's share capital or of the total number of votes carried by all shares. The repurchase is to be carried out through public trading on the Helsinki Stock Exchange. The conveyance price shall also equal at least the stock exchange quotation. Shares can be repurchased in order to develop the company's capital structure, to finance acquisitions or other arrangements, or to be invalidated. Any repurchase of the company's own shares will decrease the company's distributable non-restricted reserves.

NOTES ON THE ACCOUNTS

21. Provision for unearned premiums of non-life insurance

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Provision for unexpired risks	5.6	4.5		

22. Provision for claims outstanding of non-life insurance

	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Annuities				
Average interest rate used for calculation of technical provisions	3.7%	3.8%		

23. Expense provisions

	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Profit and loss account items				
Other charges (other operating expenses)				
Restructuring provision in 2002				
Pension arrangements	0.1	6.8		
Support packages	-0.4	4.5		
Restructuring provision in 2003				
Support packages	4.5			
Rent liabilities	1.1			
Employer's social security contributions for employment-related stock options	0.3	-		
	5.6	11.2		
Investment charges				
Emptying of premises under repair	-0.2	2.6		
Social costs/salaries				
Employer's social security contributions for employment-related stock options			0.2	
Social costs/pension costs				
Restructuring provision in 2002				
Pension arrangements			0.0	0.6
Other operating expenses				
Restructuring provision in 2002				
Support packages			0.1	0.1
Restructuring provision in 2003				
Support packages			0.1	
Rent liabilities			0.8	
			1.0	0.1
Total	5.3	13.8	1.3	0.7
Balance-sheet items				
Provisions				
Pension arrangements	-	2.8	-	0.4
Support packages	4.3	3.5	0.1	0.0
Rent provision	1.1	-	0.8	-
Employer's social security contributions for employment-related stock options	0.3	-	0.2	-
Emptying of premises under repair	-	2.6	-	-
	5.6	8.9	1.2	0.5
Accruals and deferred income				
Pension arrangements	2.9	3.9	0.5	0.2
Support packages	2.1	1.0	0.2	0.1
	5.0	4.9	0.8	0.2
Total	10.7	13.8	2.0	0.7

24. Creditors

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Amounts owed to affiliated undertakings				
Trade creditors	-	-	4.0	2.9
Accruals and deferred income	-	-	0.0	0.2
Other creditors	-	0.8	29.9	21.7
	-	0.8	34.0	24.8
Amounts owed to participating interest undertakings				
Amounts owed to credit institutions	13.8	18.0	-	-
Trade creditors	0.4	0.4	0.3	0.1
Other creditors	-	0.2	0.7	0.0
Total	14.3	18.6	1.0	0.1
Amounts becoming due and payable later than in five years				
Amounts owed to credit institutions	1.2	5.5	-	-

25. Accruals and deferred income

	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Staff expenses	26.8	31.2	6.4	5.1
Tax on profit	18.1	18.0	7.8	2.5
Derivatives	1.4	3.9	-	3.6
Restructuring provision	5.0	4.9	0.8	0.2
Other	8.6	15.3	1.0	0.4
	60.0	73.3	16.0	11.8

26. Deferred tax assets and liabilities

	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Profit and loss account items				
Tax on profit/deferred tax				
Included in affiliated undertakings' annual accounts	0.3	-5.6	0.1	-
Based on untaxed reserves	0.3	-0.2	-	-
Timing differences based on consolidation procedure	-1.5	-1.3	-	-
Other temporary differences based on consolidation procedure	0.0	0.1	-	-
	-1.0	-7.0	0.1	-
Extraordinary items/deferred tax				
Included in affiliated undertakings' annual accounts	18.4	-	18.4	-
Balance-sheet items				
Deferred tax assets				
Included in affiliated undertakings' annual accounts	23.6	4.9	19.3	0.7
Based on consolidation procedure	3.0	-	-	-
	26.6	4.9	19.3	0.7
Deferred tax liabilities				
Based on untaxed reserves	0.4	0.9	-	-
Timing differences based on consolidation procedure	3.3	-1.2	-	-
Other temporary differences based on consolidation procedure	0.7	2.3	-	-
	4.5	2.0	-	-
Deferred tax assets have been omitted from the balance sheet because they were not deemed likely to be realised	20.4	0.0	18.4	-

27. Security and financial commitments

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Security				
Given as security on company's own behalf				
Loans from financing institutions	8.3	9.5	-	-
Guarantees	8.1	8.7	-	-
Mortgaged land and buildings	0.5	1.5	-	-
Technical provisions	16.2	23.6	-	-
Assets pledged	21.7	29.2	-	-
As security for derivatives trading				
Assets pledged	1.2	4.1	-	2.5
As security for call money credit limit of Group account				
Assets pledged	-	9.8	-	9.8
As security for market making business				
Assets pledged	33.9	35.0	33.9	-
Given as security on behalf of affiliated undertakings				
Guarantees	-	-	2.6	3.9
Assets pledged	-	-	0.6	1.8
Given as security on behalf of participating interest undertakings				
Loans from financing institutions	4.7	4.7	-	-
Guarantees	4.7	4.7	-	-
Given as security on behalf of other companies				
Assets pledged	13.3	7.9	-	-
Given as security in total	83.3	101.1	37.0	17.9

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

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

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Financial commitments and liabilities not included in balance sheet				
Uncompleted securities transactions	268.4	69.5	-	-
Contractual liabilities				
Commitment to subscribe for shares in general partnership companies carrying on venture capital investments	111.2	141.7	13.9	18.7
Agreed subordinated loan limit	-	-	50.5	50.5
Other contractual liabilities	13.7	24.5	4.6	11.7

Security and financial commitments

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Derivatives (hedging)				
Interest rate derivatives				
Option contracts				
Bought, market value	0.5	0.1	-	-
value of underlying security	210.0	90.0	-	-
Sold, market value	-0.4	-1.3	-	-
value of underlying security	210.0	287.5	-	-
Currency derivatives				
Option contracts				
Bought, market value	4.6	5.3	-	0.8
value of underlying security	104.0	202.4	-	60.3
Sold, market value	-1.5	-2.4	-	-0.5
value of underlying security	148.9	375.4	-	122.1
Equity derivatives				
Forward and futures contracts (Skandia)				
Market value	2.4	-	2.4	-
value of underlying security	53.0	-	53.0	-
Option contracts				
Bought, market value	-	1.6	-	1.6
value of underlying security	-	16.3	-	16.3
Sold, market value	-	-1.3	-	-1.3
value of underlying security	-	33.9	-	33.9
Derivatives (other)				
Interest rate derivatives				
Option contracts				
Bought, market value	0.1	-	-	-
value of underlying security	1.3	-	-	-
Sold, market value	0.0	-	-	-
value of underlying security	0.3	-	-	-
Equity derivatives				
Forward and futures contrats				
Market value	0.6	0.2	-	-
Value of underlying security	3.9	3.9	-	-
Option contracts				
Bought, market value	0.6	0.1	-	-
value of underlying security	3.1	2.0	-	-
Sold, market value	0.6	-	-	-
value of underlying security	2.4	-	-	-
Other derivatives				
Option contracts				
Bought, market value	0.1	-	-	-
value of underlying security	1.2	-	-	-
Sold, market value	0.0	-	-	-
value of underlying security	0.6	-	-	-
Leasing liabilities				
Amount payable during current financial year	5.5	2.3	0.0	0.1
Amount payable in subsequent financial years	2.1	1.2	0.0	0.0
Amount of joint liability				
Pertaining to VAT group registration, Pohjola Group is, together with the other members of the Pohjola Group taxable group, jointly and severally liable for the value added tax imposed on the group				
Affiliated undertakings	-	0.0	0.1	0.2
Participating interest undertakings	2.9	5.2	2.9	5.2
Other undertakings	0.0	-1.7	0.0	-1.7
	3.0	3.4	3.1	3.6
Conditional receivables/liabilities				
Disputed receivable	0.4			
Disputed liability	0.6			

28. Risk management principles

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

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

Capital structure

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

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

Pohjola's aim is to maintain the solvency of non-life insurance at a level which corresponds to a financial strength rating of 'A'.

Management of insurance and investment risks

Pohjola applies a probability model for the assessment of insurance and investment risks. Regarding insurance risks, the model takes account of the different nature of the insurance lines and the extent of reinsurance. The model applied to investment risks is based on classification in accordance with the nature of the investment instruments. The model takes into account the expected return and the mix of the investment classes, as well as the correlation between the classes.

By means of this model, a target area is defined for Pohjola's solvency. The lower limit of the target area is thrice as high as the currently valid EU solvency requirement.

In addition, another separate model is applied to investment risks by which the size of the investment risks is monitored actively.

Insurance risks

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

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

Of Pohjola's premiums written, around 90% come from Finland. Our country has had no major natural catastrophes or terrorist attacks. Such risks mainly pertain to Finnish customers' foreign operations, which Pohjola insures in cooperation with the Royal & SunAlliance group. Pohjola does not write foreign treaty reinsurance business.

The adequacy of the technical provisions is monitored on a regular basis. Around one half of Pohjola's technical provisions represent long-standing annuities related to statutory workers' compensation and motor liability insurance. The level of compensation payable under statutory lines of insurance is regulated by the law. Because the index increases in annuities are effected by a statutory national pay-as-you go system, this does not entail any risk to insurers.

The Finnish Federation of Accident Insurance Institutions and the Finnish Motor Insurers' Centre in 2003 launched an extensive mortality survey, which aimed to review the mortality model used by non-life insurers in Finland for the calculation of the provision for claims regarding annuities. Another aim was to create a cohort mortality model to replace the current periodic model. In the cohort model, mortality depends on the year of birth, in addition to age and sex. Deviating from the periodic model, the cohort model takes into account the fact that life expectancy is longer for younger generations. The new cohort model will, also in the future, automatically take into account the fact that mortality in younger generations is lower. Consequently, no shortfall will be generated in the provision for claims, as would be the case in the periodic model. Pohjola will adopt the new, cohort-model-based mortality model once the mortality survey has been brought to a conclusion in the spring of 2004. According to Pohjola's estimates, the need for further increase in the provision for claims would be around EUR 10 million, at most.

In Finland, the growth in the number of serious asbestos-induced occupational diseases is slowing down. About a hundred new fatal presumably work-related asbestos cases are discovered annually, of which around 30 cases pertain to Pohjola's portfolio. The average age of those who fell ill in 2001 was 64 years. No major asbestos risks are involved in product liability insurance because the number of these policies was small when asbestos was still used in Finland. Pohjola's special provision for occupational diseases regarding those asbestos claims that have been incurred but have not yet been reported to the company totals EUR 54 million. The provision is estimated to be sufficient to cover all existing work-related asbestos exposures.

In Pohjola's foreign business in run-off, the most significant uncertainty factor related to the adequacy of technical provisions consists of the US liability insurance written as reinsurance. The underwriting of the business was discontinued at the beginning of 1990s. The portfolio also includes reinsurance agreements under which claims are paid for asbestos-induced diseases. The portion of these in the technical provisions is around EUR 20 million. On the basis of an outside expert review, the level of this provision is deemed to be sufficient. Commutation of the liabilities has decreased the risk annually.

Reinsurance

The Pohjola Board of Directors decides on the Group's reinsurance principles and on the risk to be retained for own account. The level of reinsurance protection has an impact on the need of solvency capital. Only companies with a sufficiently high financial strength rating are accepted as reinsurers. Moreover, the Group has confirmed maximum limits for the amounts of business that can be ceded to one reinsurer. The limit depends on the nature of the risk involved and on the company's financial standing. The Group's reinsurance agreements have mainly been placed with companies whose ratings are at least "A" in accordance with Standard & Poor's. The amount of uncertain or disputed receivables is not significant.

The main part of Pohjola's reinsurance business consists of non-proportional treaties. In 2003, the premiums paid into reinsurance programmes were 5% of the gross premiums received. In property and business interruption insurance, Pohjola's retention per claim was EUR 10 million in January-June 2003 and EUR 6 million in July-December 2003. In 2004, the claim-specific retention in property and business interruption insurance is EUR 7.5 million and, as a general rule, the amounts of retention in other insurance lines are EUR 4 million in 2004.

Pohjola has signed a catastrophe reinsurance agreement to cover the portion of storm, earthquake and other cumulative losses retained for own account. In 2004, the catastrophe cover is up to a loss amount of EUR 60 million. The cover includes property and business interruption insurance, and home, motor, forest and yacht insurance. In addition, catastrophe cover has been taken out in traveller's and private accident insurance for cumulative bodily injuries sustained, for example, in connection with an aeroplane or ship accident. The reinsurance cover totals EUR 22.5 million in excess of a retention of EUR 2.5 million.

The availability of reinsurance protection continues to be poor for losses incurred from terrorism. Therefore, Pohjola applies restrictions to terrorism-related claims payable under corporate insurance. In 2004, the maximum amount of indemnity is EUR 3 million for any one insurance policy. Biological and chemical terrorism is excluded from the scope of traveller's and private accident reinsurance cover.

Sensitivity analysis of insurance business

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

Risk parameter	Total amount in 2003 EUR million	Change in risk parameter	Effect on combined ratio %	Effect on result EUR million[1]
Mortality in calculation of provision for claims (annuities)	1 050	Life expectancy longer by 1 year	4 percentage points	-25
Discount rate in calculation of provision for claims (annuities)	1 050	Decreases by 0.1 percentage point	2 percentage points	-11
Effect of insurance portfolio or premium level on premiums earned	654	Increases by 1 percentage	1 percentage point	+7
Claims incurred	591	Increases by 1%	1percentage point	-6
Operating expenses	133	Increases by 5%	1percentage point	-7
Total expenses[2]	183	Increases by 4%	1 percentage point	-7
Staff expenses	96	Increases by 7%	1 percentage point	-7

1) Effect on solvency and on balance on technical account before change in equalisation provision

2) Operating expenses and claims settlement expenses

Investment risks

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

Market risks

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

Credit risk

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

Foreign exchange risk

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

Liquidity risk

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

Sensitivity analysis of solvency

	Portfolio at current values Dec. 31, 2003 EUR million	Risk parameter	Change	Effect on solvency capital, EUR million
Fixed-income securities and bond funds	1 408	Interest rate	1% percentage point	57
Shares[1]	757	Market rate	10%	76
Business premises[2]	43	Continuous income requirement	+1 percentage point	-5
			-1 percentage point	6

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

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

The largest individual investment in shares includes SanomaWSOY shares (2.9% of consolidated investment portfolio). The most important real estate investment is the Pohjola head office at Lapinmäentie in Helsinki (2% of consolidated investment portfolio).

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

Operative risks

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

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

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

Investment services

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

IAS accounting

As a listed company, Pohjola has to draw up its consolidated accounts in accordance with the International Accounting Standards (IAS/IFRS) as of 2005. We have been preparing for upcoming changes by launching a separate IAS project, which has partly already moved over to its realisation stage. At present, the International Accounting Standards Board (IASB)is drawing up a standard on insurance contracts. The standard is to be introduced in two phases. Because of the lack of such a standard, the changeover to IAS accounting is especially challenging. A more detailed description of IAS reporting is provided in the Accounting Principles section.

Information security risks

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

Court and arbitration proceedings

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

29. Solvency

EUR million	Group 2003	Group 2002	Parent company 2003	Parent company 2002
Solvency margin				
Capital and reserves	670.7	602.7	554.8	558.7
Proposed distribution of profit	-50.8	-101.6	-50.8	-101.6
Difference between current and book values of investments	321.1	365.1	118.3	135.3
Deferred tax liability	-48.9	-50.0	-34.3	-39.2
Intangible assets	-41.8	-53.5	-16.4	-8.5
Other items	2.7	0.0	-0.7	-5.1
Total	852.9	762.6	570.8	539.6
Equalisation provision				
Equalisation provision included in the technical provisions for years with a high loss frequency	160.0	185.8	-	-
Minority interest	8.4	9.3	-	-
Solvency capital	1 021.3	957.7	570.8	539.6

Helsinki, February 26, 2004

Eino Halonen Heikki Hakala Heikki Bergholm

Martin Granholm Kari Puro Timo Salonen

Eero Heliövaara
President and CEO

AUDITOR'S REPORT

To the shareholders of Pohjola Group plc

We have audited the accounting, the financial statements and the corporate governance of Pohjola Group plc for the period 1 January - 31 December 2003. The financial statements, which include the report of the Board of Directors, consolidated and parent company profit and loss accounts, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the President. Based on our audit we express an opinion on these financial statements and on corporate governance of the parent company.

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

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

Helsinki, March 11, 2004

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Wahlroos	Johan Kronberg
Authorised Public Accountant	Authorised Public Accountant

Auditors

PricewaterhouseCoopers Oy
Auditor
Partner-in-charge
Juha Wahlroos
Authorised Public Accountant

Johan Kronberg
Authorised Public Accountant
Auditor

Sari Airola
Authorised Public Accountant
Deputy Auditor

Leena Rajala
Authorised Public Accountant
Deputy Auditor

Pohjola complies, as of February 27, 2004, with the Corporate Governance Recommendation for Listed Companies issued, in December 2003, by the working group appointed by HEX Plc, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industry and Employers. The goals of the Recommendation is to harmonise the practices of listed companies, to improve transparency of their operations, to harmonise the information given to investors and shareholders and to improve the quality of disclosure.

General Meeting of Shareholders

Shareholders are, before the General Meeting, provided with sufficient information on the issues to be dealt with at the meeting. The General Meeting is organised in a manner that permits shareholders to efficiently exercise their ownership rights. The President, the Chairman of the Board and a sufficient number of Board members attend the meeting. A person proposed for the first time as a Board member participates in the General Meeting that decides on his/her election, unless there are well-founded reasons for absence.

The Articles of Association are found on the Pohjola website.

Board of Directors

Pohjola's success is the responsibility of the Board of Directors. The Board of Directors steers and supervises the company in accordance with legal provisions, ordinances, official regulations, Articles of Association, and resolutions passed by the General Meeting of Shareholders.

The Board of Directors is in charge of the company's administration and of the proper organisation of the company's operations as well as of the adequate arrangement of the supervision of accounting and asset management. The Board of Directors deals with matters which are extensive and important in principle with regard to the operations of the parent company and subsidiaries.

Charter of the Board

The Board of Directors has adopted a written charter for its work which defines the duties of the Board, the Chairman of the Board and the President. In order to discharge its duties, the Board of Directors:

- Decides on the business strategy of the Group, ensures that the strategy is always up to date and monitors regularly the implementation of the strategy
- Approves the goals for corporate social responsibility
- Decides on the Group's capital structure
- Defines the company's dividend policy and makes a proposal to the General Meeting regarding the amount of dividend to be paid
- Decides on investment powers and reporting
- Approves the principles applied to use of derivative contracts
- Decides on loans and guarantees and other forms of security which are significant or important in principle
- Approves the principles applied to reinsurance
- Approves the operational plans, objectives and budgets and supervises their implementation
- Approves the human resources policy including the Pohjola values
- Confirms the common guidelines for the Group's entire internal control and ensures that the Group, in relation to the nature and extent of corporate operations, has adequate internal control and risk management systems
- Deals with and approves the interim reports, the report of operations and the annual accounts
- Decides on major investments, company acquisitions, disposals of property and other agreements
- Confirms the Group's organisational structure
- Appoints the President, the deputy to the President and the other immediate subordinates of the President and decides on their salaries, benefits and other terms of employment
- Appoints the members of major subsidiaries' Boards of Directors
- Decides on the management's and staff's reward pay and incentive schemes, monitors the implementation of these and, where necessary, brings forward motions to the General Meeting of Shareholders
- Confirms the instructions for operation of the Audit Committee and the Remunerations Committee and appoints the chairmen and members of these committees

Board meetings

The Board of Directors convened 14 times in 2003. There were in total three absences of members and the percentage of participation was 96.

Evaluation of the Board's performance

The Board of Directors evaluates its operations and working methods when drawing up its annual report of operations. Since Pohjola is an insurance holding company, the Finnish Insurance Supervisory Authority monitors and assesses the company's managerial, control and risk management systems.

Election, number and term of office of the Board members

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

The Board members shall have the qualifications required to discharge their duties. In accordance with the Insurance Companies Act, they shall also have sufficient general knowledge of insurance business.

The company provides, on a regular basis, the Board with necessary information on business operations.

Currently, the Pohjola Board of Directors includes six members, among whom four members (Mr Heikki Bergholm, Mr Martin Granholm, Mr Heikki Hakala and Mr Timo Salonen) are deemed to be independent of the company and three members (Mr Heikki Bergholm, Mr Heikki Hakala and Mr Timo Salonen) are deemed to be independent of the major shareholders.

A presentation of the Board of Directors is found on page 73.

Board committees

Audit Committee

The Audit Committee is in charge of

- Supervision of financial reporting
- Evaluation of the sufficiency and adequacy of internal control and risk management
- Dealing with internal control plans and reports
- Contacts with external auditors and review of their reports

The Committee has three members. The Board of Directors appoints the Chairman and the members of the Committee for one year at a time from among independent Board members. The Committee convenes four times a year as of 2004.

The Chairman of the Audit Committee is Mr **Heikki Hakala** and the other members are Mr **Heikki Bergholm** and Mr **Timo Salonen**. In 2003, the Audit Committee convened three times.

Remunerations Committee

The Remunerations Committee is in charge of

- Preparing a motion to the company's Annual General Meeting regarding the fees of the Chairman of the Board and the Board members and the other principles of their remuneration
- Bringing forward a motion to the Board of Directors for the nomination of the President and for his/her salary, benefits and other terms of employment
- Bringing forward, together with the President, a motion to the Board of Directors for the nomination of the President's immediate subordinates and their salaries, benefits and other terms of employment
- Preparing a motion to the Board of Directors regarding the incentive systems for the management and staff.

The Committee has three members. The Board of Directors elects, from among its number, the Chairman and the members of the Committee.

The Chairman of the Remunerations Committee is Mr **Eino Halonen** and the other members are Mr **Martin Granholm** and Mr **Kari Puro**.

The Remunerations Committee convened five times in 2003.

President and Group Executive Committee

The President is in charge of the company's day-to-day management in accordance with the instructions and orders given by the Board of Directors and ensures that accounting practices of the company comply with the law and that the management of corporate funds is organised in a reliable manner.

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

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

A presentation of the President and the Group Executive Committee is given on page 74.

Remuneration

Salaries and remunerations of Board members

The Annual General Meeting on April 9, 2003 resolved that the Chairman of the Board be paid an annual remuneration of EUR 30,000 for acting as a Board member, that the Deputy Chairman be paid EUR 24,000 and the other members of the Board EUR 20,400. The annual remunerations were paid in such a manner that, for an amount corresponding to 40% of the total annual remuneration, Pohjola shares were acquired in the name of the Board members; the rest was paid in cash for tax withholding. In addition, the Board members are paid attendance fees amounting to EUR 350 per meeting for both the Board and the Committee meetings.

The salary and fringe benefits of the Executive Chairman of the Board, who held this position until April 2003, were EUR 149,649 and the severance pay EUR 544,929. The pension benefits are explained on page 41.

Remuneration of the President

The terms of employment of the President are defined in a written contract of service. In 2003, the President's salary and fringe benefits were in total EUR 368,710 and the performance-based pay EUR 60,000.

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

The President's pension benefits are explained on page 41.

Management's stock options

The Extraordinary General Meeting of July 5, 2001 resolved to issue a maximum of 1,100,000 option rights which entitle to subscription of a total maximum of 1,100,000 new Pohjola Group shares. In accordance with a decision by the Board of Directors, the option rights were issued free of charge to key staff of the Pohjola group of companies and to Osmo Oy, a subsidiary wholly owned by Pohjola.

		Percentage of share capital
President	180,000 option rights	0.30
40 members of key staff	897,000 option rights	1.70
Subsidiary	23,000 option rights	0.04
Total	1,100,000 option rights	2.10

The details of the option programmes are given on page 59.

Internal control, risk management and internal audit

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

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

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

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

For more information on risks and risk management, please see page 64.

Insider rules

Pohjola complies with the insider rules approved by the company's Board of Directors on February 26, 2003. The rules are based on the Guidelines for Insiders issued by the Helsinki Stock Exchange. In accordance with the law, insiders are the Board members, President and auditors. The specified insider group includes, among others, the members of the Group Executive Committee. Project-based insider registers are kept for major projects.

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

Auditing

The Annual General Meeting of April 9, 2003 elected PricewaterhouseCoopers Oy, Authorised Public Accountants, with Mr **Juha Wahlroos**, Authorised Public Accountant, as partner-in-charge, and Mr **Johan Kronberg**, Authorised Public Accountant, as regular auditors. Ms **Sari Airola**, Authorised Public Accountant, and Ms **Leena Rajala**, Authorised Public Accountant, were elected as deputy auditors.

In the financial period, the fees paid to the auditing firm and firms of its group totalled EUR 596,100 for external audit, EUR 177,541 for internal audit until August 2003, EUR 239,694 for IAS and tax consultation, and EUR 108,532 for other advice and statements. The fees include the value added tax.

Communication and disclosure

The company ensures that markets have simultaneously access to sufficient and correct information on the company and the company's share.

The content of Pohjola's website complies with the requirements set out in the Corporate Governance Recommendation.

Corporate social responsibility

Pohjola has included the corporate social responsibility aspect in its strategy, values and mission, which in particular emphasise the stakeholder perspective and the aim to optimise the interests of all stakeholders. Corporate social responsibility is an integral part of both Pohjola's own and stakeholders' risk management.

Pohjola's social responsibility is emphasised in the nature of the business. The company's mission is to create lifetime protection and wealth for customers. Examples of long-term liabilities are lifetime annuities payable to injured parties or their next of kin under statutory insurance, especially under statutory workers' compensation and motor third party liability insurance, included in the provision for claims. The oldest such annuities valid at Pohjola date back 70 years.

For continuous development of human resources, Pohjola has drawn up a human resources policy based on the company's goals and values.

The Board of Directors has approved for Pohjola the following objectives pertaining to corporate social responsibility:

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

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

BOARD OF DIRECTORS OF POHJOLA GROUP PLC

From the left Timo Salonen, Heikki Bergholm, Heikki Hakala, Martin Granholm, Eino Halonen and Kari Puro.

Chairman of the Board
EINO HALONEN, born 1949
Bachelor of Economic Sciences

- Suomi Mutual Life Assurance Company, President and CEO since 2000
- Pohjola Group plc, member of the Board of Directors 2001 to 2003, Chairman of the Board of Directors since 2003
- Ilmarinen Mutual Pension Insurance Company, member of the Board of Directors since 2000
- Rakentajain Konevuokraamo Oyj, member of the Board of Directors since 2003
- YIT Corporation, member of the Board of Directors 2000 to 2003, Deputy Chairman of the Board of Directors since 2003
- Suomen Urheiluopiston Kannatusosakeyhtiö, member of the Board of Directors since 2002
- Orion Corporation, member of the Supervisory Board 2000 to 2001, Chairman of the Supervisory Board 2001 to 2002, member of the Board of Directors since 2002

Shareholding in Pohjola: 2,273 shares

HEIKKI BERGHOLM, born 1956
Master of Science in Engineering

- Suominen Corporation, President and CEO since 2002
- Suominen Corporation, Chairman of the Board of Directors 2001 to 2002, member of the Board of Directors since 2002
- Pohjola Group plc, member of the Board of Directors since 2003
- Componenta Oyj, member of the Board of Directors 2002 to 2003, Chairman of the Board of Directors since 2003
- Sponda Oyj, member of the Board of Directors since 1998

Shareholding in Pohjola: 6,600 shares

Deputy Chairman of the Board
HEIKKI HAKALA, born 1941
Master of Economic Sciences,
Doctor of Engineering (h.c.)

- Pohjola Group plc, Chairman of the Board of Directors 2000 to 2001, Deputy Chairman of the Board of Directors since 2001
- Metso Corporation (former Rauma Corporation), President and CEO 1996 to 2001, member of the Board of Directors since 1996
- Kuusakoski Group Oy, Chairman of the Board of Directors since 2002
- Juhani Mäkivirta Oy, Chairman of the Board of Directors since 2002
- Altia Corporation, member of the Board of Directors since 2001
- Lassila & Tikanoja plc, member of the Board of Directors 1988 to 1998, Deputy Chairman of the Board of Directors since 1998
- Finnish-American Chamber of Commerce, Deputy Chairman of the Board of Directors since 2000
- International Chamber of Commerce (ICC), the Finnish section, Deputy Chairman of the Board of Directors since 2004
- The Foundation for the University of Abo, Deputy Chairman of the Board of Directors since 2003

Shareholding in Pohjola: 1,440 shares

MARTIN GRANHOLM, born 1946
Master of Science in Engineering,
Doctor of Engineering (h.c.)

- UPM-Kymmene Corporation, Senior Executive Vice President 1996 to 2003
- Pohjola Group plc, member of the Board of Directors since 2000
- Ilmarinen Mutual Pension Insurance Company, member of the Board of Directors since 1998
- VR-Group Ltd, Chairman of the Board of Directors since 1995
- German-Finnish Chamber of Commerce, Chairman of the Board of Directors since 2003
- The Foundation for the Finnish Institute of Management, Chairman of the Board of Directors since 1999

Shareholding in Pohjola: 1,168 shares

KARI PURO, born 1941
Doctor of Medicine and Surgery,
Master of Political Science

- Ilmarinen Mutual Pension Insurance Company, President and CEO since 1991
- Pohjola Group plc, member of the Board of Directors since 2001
- Finnish Centre for Pensions, member of the Board of Directors 1992 to 1993, Chairman of the Board of Directors since 1994
- Garantia Insurance Company Ltd, Deputy Chairman of the Board of Directors since 1995

Shareholding in Pohjola: 1,168 shares

TIMO SALONEN, born 1958
Master of Economic Sciences, Master of Laws

- Huhtamäki Corporation, Chief Financial Officer 1998 to 2003, Executive Vice President since 2003
- Pohjola Group plc, member of the Board of Directors since 2000

Shareholding in Pohjola: 1,168 shares

Shareholding data as at December 31, 2003

SENIOR MANAGEMENT OF POHJOLA GROUP PLC

EERO HELIÖVAARA, born 1956*
President and CEO
Master of Science in Engineering,
Master of Economic Sciences

- Pohjola Group plc, President and CEO since 2001
- Ilmarinen Mutual Pension Insurance Company, member of the Board of Directors since 2002
- Skandia Insurance Company Ltd. (publ.), member of the Board of Directors since 2000
- Suomi Mutual Life Assurance Company, member of the Supervisory Board since 2002
- Insurance Employers' Association, Chairman of the Board of Directors since 2003
- Employers' Confederation of Service Industries, Member of the Board of Directors since 2002
- Federation of Finnish Insurance Companies, Member of the Board of Directors since 2001, Deputy Chairman of the Board of Directors since 2002

Entered Pohjola in 2001
Shareholding in Pohjola: 7,000 shares

HANNU LINNOINEN, born 1957*
Senior Executive Vice President,
Deputy to the President and CEO
Corporate development and administration
Bachelor of Economic Sciences, Master of Laws

- Pohjola Group plc, Senior Executive Vice President since 2003

Entered Pohjola in 2001
Shareholding in Pohjola: 7,500 shares

Non-life insurance

MATTI TOSSAVAINEN, born 1947*
Senior Executive Vice President,
insurance services, corporate customers
Master of Laws
Entered Pohjola in 2001
No shareholding in Pohjola

EVA VALKAMA, born 1949*
Executive Vice President, insurance services,
private customers
Master of Economic Sciences
Entered Pohjola in 1984
No shareholding in Pohjola

TOMI YLI-KYYNY, born 1962*
Executive Vice President, underwriting
Master of Science in Engineering
Entered Pohjola in 2000
Shareholding in Pohjola: 430 shares

MARTTI PESONEN, born 1955
Chief Actuary
Doctor of Philosophy
Entered Pohjola in 2000
Shareholding in Pohjola: 400 shares

Investment services

ESKO TORSTI, born 1964*
President, asset management
Licentiate in Political Science
Entered Pohjola in 2001
Shareholding in Pohjola: 25 shares

OLLI LATOLA, born 1955*
Executive Vice President,
asset management services
Master of Laws
Entered Pohjola in 2000
No shareholding in Pohjola

Group administration

ILKKA SALONEN, born 1965*
Chief Financial Officer,
finance and investor relations
Master of Economic Sciences
Entered Pohjola in 2003
Shareholding in Pohjola: 500 shares

SIRKKA HONGELL, born 1950*
Chief Human Resources Officer,
human resources and administration
Master of Political Science
Entered Pohjola in 2002
No shareholding in Pohjola

JARMO HEINIÖ, born 1948*
Chief Corporate Communications Officer,
corporate communications
Master of Political Science
Entered Pohjola in 2001
Shareholding in Pohjola: 223 shares

OLAVI NIEMINEN, born 1943*
General Counsel, legal matters
Master of Laws
Entered Pohjola in 1971
Shareholding in Pohjola: 16 shares

PERTTI ÖMAN, born 1953
Internal audit
Master of Economic Sciences
Entered Pohjola in 2002
No shareholding in Pohjola

HENRIK SJÖBLOM, born 1955
Risk management
Master of Economic Sciences
Entered Pohjola in 2002
No shareholding in Pohjola

* Members of the Group Executive Committee

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

Shareholdings as at March 8, 2004

Stock exchange release February 27, 2004

New business model for Pohjola, Suomi Mutual and Ilmarinen

- Preliminary agreement on reorganisation of life insurance business
- Pohjola to acquire EUR 1billion portfolio from Suomi Mutual Jan. 1, 2005
- Business sale price EUR 23 million. After transaction, Pohjola in charge of new life insurance sales and of portfolio management services
- Respective holdings of Suomi Mutual and Ilmarinen to change in Pohjola
- Pohjola to dissolve cross holding in Suomi Mutual and Ilmarinen

The reorganisation process is a whole which, in order to be realised, will call for regulatory approvals of the authorities, resolutions by the administrative bodies, e.g. by the Suomi Mutual Policyholders' Representative Assembly, and a due diligence review.

Objectives of the new business model

The joint objective of Pohjola Group plc, Suomi Mutual Life Assurance Company and Ilmarinen Mutual Pension Insurance Company is, by complementing the range of Pohjola's investment services and competitiveness, to improve the competitiveness and operational efficiency of the entire cooperation alliance.

The development of Pohjola as an efficient distribution channel for the products of Suomi Mutual, Ilmarinen and Pohjola is an important success factor for the alliance. The objective is that Pohjola and Ilmarinen will jointly offer their customers a comprehensive insurance cover comprising non-life, life and employment pension insurance.

Preliminary agreement on life insurance business

The Board of Directors of Pohjola and the Board of Directors and the Supervisory Board of Suomi Mutual on February 26, 2004 approved a preliminary agreement under which an around EUR 1 billion life insurance portfolio and life insurance business, including IT systems, will be transferred to a subsidiary, to be established and wholly owned by Pohjola, for a sale price of EUR 23 million. The medical expenses insurance portfolio will be transferred to Pohjola Non-Life. The planned date of portfolio transfers is January 1, 2005. Together with the portfolios, investments corresponding to the technical provisions will be transferred. The main part of these investments consists of cash assets. The name of the new company is likely to be Pohjola Life Insurance Company Ltd (Pohjola Life).

The insurance portfolio to be transferred to Pohjola Life, at 2003 data, is as follows:

	Premiums written, EUR million	Technical provisions EUR million	Number of insurance contracts
Individual pension insurance	75	275	37 906
Savings life insurance	87	662	40 379
Group pension insurance	36	48	1 474
Savings insurance in total	198	985	79 759
Term insurance	12	5	55 676
Portfolio to be transferred, in total	210	990	135 435

Suomi Mutual will continue operations as a mutual life insurance company. The company will, by January 1, 2005, cease underwriting new business and will concentrate on management of the EUR 4.8 billion life insurance portfolio of its around 300 000 owner-customers. Suomi Mutual will retain e.g. the policies entitled to the Suomi Mutual special benefits (special benefits declared on December 2, 1999) and the main part of the group pension policies and capital redemption contracts. There will be no changes in the customer bonuses of the policies to be transferred to Pohjola.

In accordance with the current view, the proposed operational model will enable Suomi Mutual to start declaring new special benefits in a few years' time. The so-called old customers have a preferential right to these benefits on the basis of the law and earlier decisions taken by the company. It is possible that these benefits are distributed as Pohjola shares.

Under the preliminary agreement, life insurance underwriting will be transferred to Pohjola Life, which will also provide Suomi Mutual with insurance portfolio management services. Around 230 people will transfer from Suomi Mutual to Pohjola as old employees. Around 20 employees will remain in Suomi Mutual's service.

Financial objectives of Pohjola Life

The premiums written from the business to be transferred to Pohjola Life totalled around EUR 210 million in 2003. In the establishment phase, Pohjola will capitalise the new company with around EUR 180 million, which is estimated to correspond to a solvency ratio level of 16%. This is about four times as high as the minimum requirement under the law. The company aims to achieve a return on equity exceeding 9% after the initial phase of a few years.

Pohjola to become the fourth largest investment service provider in Finland

The inclusion of life insurance into Pohjola's investment services business will make Pohjola Finland's fourth largest asset manager underwriting new business, measured by the amount of customers' insurance savings and mutual fund assets. This will also mean complementing Pohjola's investment service range to include all required services.

Holdings of Suomi Mutual and Ilmarinen in Pohjola

Suomi Mutual and Ilmarinen have signed a shareholder agreement which entitles Suomi Mutual to acquire from Ilmarinen part of the Pohjola shares held by Ilmarinen. After the transaction, Suomi Mutual's holding of Pohjola shares and voting rights will be 49.9% (33.3%) and Ilmarinen's holding in Pohjola 9.3% (25.9%).

Ilmarinen has earlier announced that it will reduce its Pohjola holding. When this now materialising, Ilmarinen is ensuring by the signed shareholder agreement that Pohjola will remain the main distribution channel for its products.

For Suomi Mutual and Ilmarinen as shareholders, it is important to ensure that Pohjola's shareholder value develops favourably.

Since Suomi Mutual no longer underwrites new insurance business, it will, in the long term, reduce its holding in Pohjola. This is important also for not to jeopardise interest in Pohjola as an investment object and a listed company.

Pohjola's guarantee shares in Ilmarinen and Suomi Mutual

As part of the above-described arrangements, Pohjola has undertaken to sell its guarantee shares in Suomi Mutual to Ilmarinen and its guarantee shares in Ilmarinen to Suomi Mutual. The arrangement will dissolve Pohjola's cross holdings. The current value of the guarantee shares is around EUR 16 million.

In this connection, the position of Ilmarinen policyholders and insureds, as the owners of the company, is strengthened. At the Annual General Meeting of Ilmarinen in 2005, the intention is to propose an amendment to the Articles of Association to the effect that Ilmarinen will become increasingly a mutual employment pension insurance company owned by its customers.

This release and the related documents are available on the following web pages: www.pohjola.fi, www.suomi-yhtio.fi and www.ilmarinen.fi

Stock exchange release February 27, 2004

Announcement as per chapter 2, section 10 of Securities Markets Act

Ilmarinen Mutual Pension Insurance Company (Ilmarinen) and Suomi Mutual Life Assurance Company (Suomi Mutual) have notified Pohjola Group plc (Pohjola) of having today signed a shareholder agreement which, if finalised, will lead to changes in the holding structure.

Ilmarinen holds a total of 13 129 910 Pohjola shares, which represents around 25.86% of the votes conferred by the entire stock of Pohjola shares. Suomi Mutual holds a total of 16 925 000 Pohjola shares, which represents around 33.33% of the votes conferred by the entire stock of Pohjola shares. The joint holding of Ilmarinen and Suomi Mutual represents around 59.19% of the votes conferred by the entire stock of Pohjola shares.

According to the shareholder agreement, the main content of which was brought to our knowledge as presented in the attachment, Ilmarinen will sell to Suomi Mutual a total of 8 414 000 call options which will entitle Suomi Mutual to acquire from Ilmarinen a total of 8 414 000 Pohjola shares. Furthermore, Suomi Mutual will sell to Ilmarinen a total of 8 414 000 put options which will entitle Ilmarinen to sell to Suomi Mutual a total of 8 414 000 Pohjola shares. The options are available for use on January 3, 2005, provided that the conditions for the validity of the shareholder agreement have been fulfilled.

Calculated by Ilmarinen's and Suomi Mutual's current holdings in Pohjola, the use of the options specified in the agreement may lead to a situation where Ilmarinen's holding will decrease under one tenth (1/10) of Pohjola's share capital and of the votes conferred by all shares.

The shareholder agreement includes stipulations on e.g. the use of voting rights at Pohjola. In case the holdings of Ilmarinen and Suomi Mutual as per chapter 2, section 9, subsection 2 of the Securities Markets Act are combined, the parties' joint shareholding in Pohjola will exceed half (1/2) of Pohjola's share capital and of the votes conferred by all shares.

The shareholder agreement signed by Ilmarinen and Suomi Mutual is valid on the condition that part of Suomi Mutual's life insurance portfolio will, by January 3, 2005, be transferred to the new life insurance company established by Pohjola.

In case the parties' holdings in Pohjola remain unchanged until January 3, 2005 and in case either one of the parties uses its options, Ilmarinen's and Suomi Mutual's holdings in Pohjola's share capital and votes will be as follows:

Shareholder	Share class	Number of shares	Proportion of share capital %	Proportion of votes %
Ilmarinen Mutual Pension Insurance Company (business ID 01007638-1)	Pohjola Group	4 715 910	9.29	9.29
Suomi Mutual Life Assurance Company (business ID 0201320-0)	Pohjola Group	25 339 000	49.9	49.9
Total		30 054 910	59.19	59.19

Pohjola's share capital consists of 50 772 851 shares and a total of 50 772 851 votes conferred by the shares.

Attachment

Notification of shareholder agreement

Pohjola Group plc's (hereinafter Pohjola) shareholders Suomi Mutual Life Assurance Company (hereinafter Suomi Mutual) and Ilmarinen Mutual Pension Insurance Company (hereinafter Ilmarinen) (Suomi Mutual and Ilmarinen hereinafter together referred to as Parties) notified Pohjola of having signed a shareholder agreement on Pohjola. The main content of the shareholder agreement is as follows:

1. Background and purpose of agreement

The Parties, which are significant shareholders of Pohjola, agreed on developing Pohjola's business operations in the manner securing and enhancing the company's shareholder value.

The Parties aim, by means of complementing Pohjola's service range, to improve markedly the competitiveness of the alliance, formed by the Parties and Pohjola, in the Finnish insurance market.

2. Objectives of the Parties

The objective of Ilmarinen is that Pohjola and the legal entities included in the Pohjola group of companies will continue functioning as the main service channel for Ilmarinen.

The objective and goal of Suomi Mutual is, in the capacity of the most significant shareholder of Pohjola, to improve Pohjola's competitiveness in the insurance market, to increase the return potential on the Pohjola shares and to secure the long-term management of the insurance portfolio remaining with Suomi Mutual.

3. Changes in shareholder structure of Pohjola stock of shares

A clarification of the changes in the Parties' shareholdings in Pohjola, as concluded in the shareholder agreement, was given in the announcement as per chapter 2, section 9 of the Securities Markets Act which was submitted to Pohjola by the Parties.

4. Contributions to Pohjola

The Parties' joint objective is to secure the independence of the Pohjola Board of Directors in accordance with the corporate governance rules and guidelines valid at any given time and issued by Helsinki Securities and Derivatives Exchange, Clearing House Ltd. Pertaining to the above, Suomi Mutual undertakes to support the election to the Pohjola Board of Directors of the representative nominated by Ilmarinen.

In addition, the agreement specifies that resolving the following matters at Pohjola will call for the approval of the both Parties:

(a) Changing the Articles of Association of Pohjola or extending Pohjola's business operations outside the field of operations defined in the Articles of Association;

(b) Raising or lowering Pohjola's share capital , redeeming or acquiring the company's own shares, issuing option rights, convertible bonds and option loans and changing the related conditions, as well as authorising the Board of Directors to resolve on the procedures mentioned above in this item;

(c) Dissolving, merging or dividing Pohjola or subjecting the company to restructuring proceedings referred to in the Restructuring of Enterprises Act; and

(d) Changing Pohjola's business functions in a manner that would jeopardise the maintenance of Pohjola as the service channel for the products of Ilmarinen and Suomi Mutual.

The agreement includes no other conditions related to the use of the Parties' joint voting rights.

5. Reducing shareholding in Pohjola

Suomi Mutual will, in the long run, reduce its holding in Pohjola. The reduction will be carried out in accordance with the resolutions passed by Suomi Mutual, taking into account i.a. the capital requirements set by Suomi Mutual's business operations. The Parties have agreed that the reduction will be carried out in a controlled manner, which means that Suomi Mutual will not decrease its shareholding more than five (5) percent a year. The Parties' joint shareholding in Pohjola will, in the long run, decline at least in the same proportion as the decrease of Suomi Mutual's shareholding in Pohjola. Suomi Mutual will not deliberately sell its shares to parties regarded as Ilmarinen's competitors.

6. Validity of agreement

The shareholder agreement is valid for the time being. The shareholder agreement is, however, valid on the condition that part of Suomi Mutual's life insurance portfolio will, by January 3, 2005, be transferred to the new life insurance company established by Pohjola. In case the insurance portfolio transfers to be carried out between Suomi Mutual and Pohjola are not completed by January 3, 2005, the shareholder agreement will become void. Carrying out the insurance portfolio transfers will call for, among other things, regulatory approvals of the authorities and resolutions by the administrative bodies, e.g. by the Suomi Mutual Policyholders' Representative Assembly.

The Parties will give notifications related to the shareholder agreement and apply for the required regulatory approvals of the authorities.

Press release March 8, 2004

Pohjola to acquire minority shares of Seesam companies in Baltic States

Pohjola Group plc (Pohjola) and American International Group, Inc (AIG) have signed a contract of sale under which Pohjola will acquire the total holding of the Seesam companies, which transact non-life insurance in Estonia, Latvia and Lithuania. Before the transaction, Pohjola's holding in the subsidiaries was 50.1 to 50.5%. The deal requires, in respect of each company, the regulatory approvals of the authorities.

In addition, Pohjola and AIG have agreed that their cooperation in the Baltic States will continue.

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

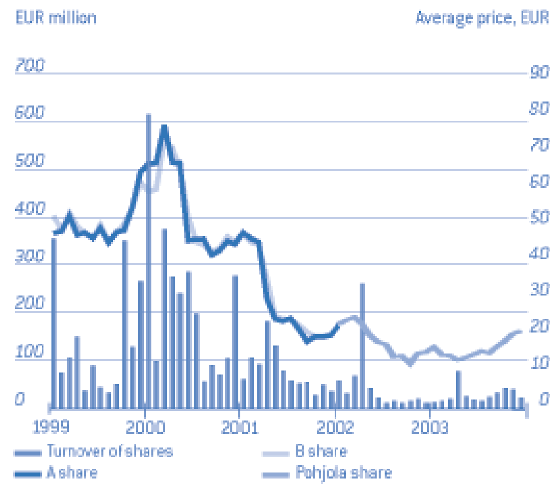
For more information on the Group, please consult our web pages at www.pohjola.fi/ir

Avoir fiscal tax credit system and taxable value of share

The avoir fiscal tax credit system is applied to the dividend distributed on the Pohjola share. Pohjola pays corporate tax totalling at least 29/71 of the amount of the dividend paid. Under Finnish legislation, taxpayers who receive dividend are, on account of the tax paid by the company, entitled to deduct in their own taxation an amount which corresponds to 29/71 of the dividend. The credit corresponding to the dividend of EUR 1/share, proposed by the Board of Directors, amounts to EUR 0,41/share. The dividend recipient's taxable income totals EUR 1,41/share, which is capital income subject to a 29% tax rate in Finnish taxation in 2004. The avoir fiscal tax credit is taken into account in the same manner as withholding tax.

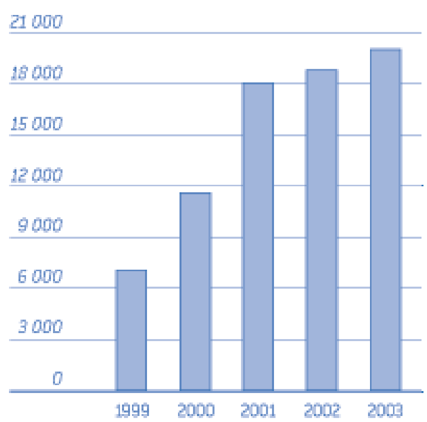
The taxable value of Pohjola share is EUR 14.56 for 2003.

Turnover and average price of shares

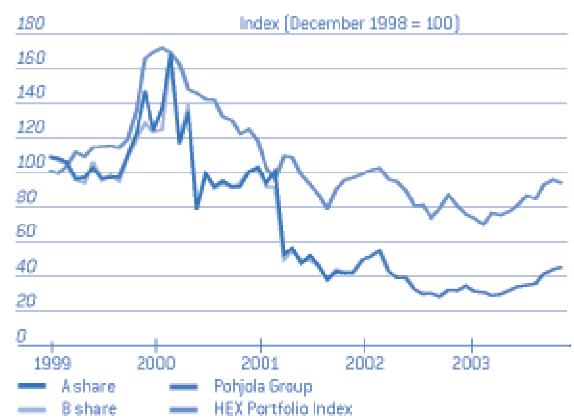


Share series A and B were combined into share series D on January 18, 2002.
The name of the D Series was changed to Pohjola Group on April 30, 2003.

Number of shareholders



Share price performance



INFORMATION TO SHAREHOLDERS

Annual General Meeting

The Annual General Meeting of Pohjola Group plc will be held on Thursday April 22, 2004 at 2 p.m. in the company's head office at Lapinmäentie 1, Helsinki.

Notification of attendance at the Annual General Meeting

Shareholders who wish to attend the AGM are requested to notify the company of their attendance no later than on Friday April 16, 2004 at 4 p.m. Notice of attendance can be given as follows:

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

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

Right to attend the Annual General Meeting

Shareholders who no later than on Thursday April 8, 2004 have been entered as shareholders in the company's shareholder register kept by the Finnish Central Securities Depository Ltd have the right to attend the AGM.

Shareholders whose shares have been registered in the name of a nominee and who wish to attend the AGM and exercise their right of vote there must be entered temporarily in the shareholder register no later than on Thursday April 8, 2004. For temporary registration, the shareholders must, well in advance, contact the custodian of their shares.

Dividend payment

The Board of Directors proposes to the Annual General Meeting that EUR 1.0 per share be paid in dividend for the financial year ended on December 31, 2003. The dividend will be paid to shareholders who no later than on the record date of dividend payment, April 27, 2004, have been entered as shareholders in the company's shareholder register kept by the Finnish Central Securities Depository Ltd. The dividend is proposed to be paid on May 4, 2004.

Changes of address

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

Contact data

Investor Relations
Mr Ilkka Salonen, CFO
Tel. +358 10 559 3900, fax +358 10 559 4002
E-mail: ilkka.salonen@pohjola.fi

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

POHJOLA

CONTACT DATA

Pohjola Head Office

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

Insurance, investment and claims services

Pohjola's service number: +358 10 55 88 00
Entrepreneurs, companies and corporations: +358 10 55 88 55
Betjäning på svenska: +358 10 55 88 22
Service in English: +358 10 55 88 130

A-Insurance customer service +358 10 50 45377

Emergency service

Emergency phone service for motor and home losses,
24h/day: +358 10 55 88 112
Entrepreneurs, companies and corporations: +358 10 55 88 88
Eurooppalainen emergency phone service 24h/day
(Euro Finland Claims Service)
From Finland: 010 55 88 111
From abroad: +358 10 55 88 111
Emergency phone service for professional transport,
24h/day (A-Insurance): +358 10 50 45 222

Investment services

Pohjola Fund Management Company Limited
Service number +358 10 558 130

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