SAMPO

2000

ANNUAL REPORT




Contents

The euro-denominated figures in this Annual Report have been calculated by using the conversion coefficient EUR 1 = FIM 5.94573.

The financial statements presented on pages 18-112 are based on bookkeeping and financial statements drawn up in Finnish markka. The official financial statements can be inspected at the following Sampo offices:
– Eteläesplanadi 8, Helsinki (Sampo Group's Legal Affairs)
– Puolalankatu 5, Turku (Financial Administration)

Leonia Bank plc was renamed Sampo Bank plc on 21 February, 2001. The former name of the bank has been used in the financial statements pertaining to financial periods 2000 and 1999.

www.sampo.fi

The Board of Directors of Sampo-Leonia proposes to the Annual General Meeting convening on 5 April 2001, that the Group's parent company be renamed Sampo plc.

Sampo Highlights 2000

January

• Sampo's subsidiary Industrial Insurance bought the marine insurance portfolio and part of the commercial insurance portfolio of the Swedish company Försäkringsaktiebolaget Atlantica. The premiums written in this portfolio amount to approximately EUR 24 million.

February

• Sampo and Leonia published their results for 1999. Sampo's operating profit almost tripled to EUR 565 million and Leonia's operating profit was EUR 204 million.

March

• The Boards of Directors of Sampo Life and Leonia Life Insurance approved the plan to merge the two companies as a part of the formation of Sampo-Leonia.

April

• Sampo's Annual General Meeting approved plans to merge Sampo and Leonia, stating that Leonia plc would merge into Sampo Insurance Company plc on 31 December 2000.

• The Finnish Competition Authority and the Financial Supervision Authority approved the merger of Sampo and Leonia.

May

• The Insurance Supervision Authority gave its consent to the merger of Sampo and Leonia.

• Sampo, Sampo Life, Industrial Insurance, Sampo Finance, Kaleva and Leonia sold their holdings of more than 11 million shares in the Pohjola Group to earnings-related pension insurance company Ilmarinen and life insurance company Suomi.

June

• Sampo Finance bought 57.9 per cent of the share capital of Optiva Bank of Estonia from the Central Bank of Estonia.

July

• Sampo Finance increased its holding in Optiva Bank by acquiring a total of 23.3 per cent of Optiva Bank from the Estonian Ühispank (18.8 per cent) and AS NG Investeeringud (4.5 per cent). In addition, Sampo Finance acquired 11.8 per cent of the bank's shares through a public purchase offer which ended in August.

September

• Sampo's Extraordinary Meeting of Shareholders approved the transfer to a holding company structure.

November

• The asset and fund management companies of Sampo and Leonia decided to combine their operations as part of the formation of the new Sampo-Leonia Group.

• Leonia plc decided to combine two subsidiaries by merging Leonia Corporate Bank into Leonia Bank. The merger is part of the re-structuring of Sampo-Leonia's banking business.

• Sampo bought the whole capital stock of the Polish pensions company PTE NU and the life insurance company NU Life from Norwich Union Overseas Holdings B.V.

• Sampo Finance sold its 93.5 per cent holding in Optiva Bank to Sampo.

December

• The Boards of Directors of Sampo and Mandatum Bank signed an agreement to combine the business operations of the two companies.

• Sampo-Leonia's CEO Jouko K. Leskinen resigned from his position with effect from 1 January 2001. The Board of Directors accepted his resignation and appointed Björn Wahlroos, Chairman of Mandatum's Board of Directors, as CEO from 1 January 2001.

• Sampo and the shareholders of Lietuvos Vystymo bankas (Lithuanian Development Bank) signed deeds of sale by which the share capital and voting rights of LDB were transferred in full to Sampo. The purchase price was approximately EUR 11 million.

• Sampo and Leonia merged and the full-service financial group Sampo-Leonia was born.

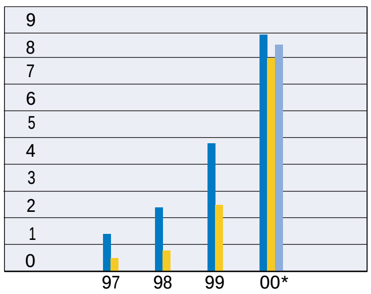
Group key figures

EUR m	2000	1999	Change %
Volume (Sampo-Leonia-Mandatum pro forma)			
Deposits	8,855	9,593	–7.7
Loans	14,471	14,139	2.3
Mutual funds	2,014	1,383	45.6
Other discretionary assets under management	5,191	2,683	93.5
Net income from financial operations	437	400	9.3
Life insurance premiums written	769	686	12.1
Non-life insurance premiums written	1,023	881	16.1
Results (excluding Mandatum)			
Operating profit			
Banking	430	202	112.9
Life insurance	421	185	127.1
Non-life insurance	777	391	98.8
Total	1, 628	778	109.2
Key figures (excluding Mandatum)			
Per share, euro			
Earnings	8.91	3.24	174.5
Dividend *	8.00	2.44	227.9
Net asset value **	41.99	43.71	–3.9

*) Proposed dividend for 2000, number of shares 111,116,993. The dividend for 1999 has been paid by Sampo to its shareholders, number of shares 59,280,000.

**) Less full deferred tax (29 per cent).

Earnings and dividend per share, EUR



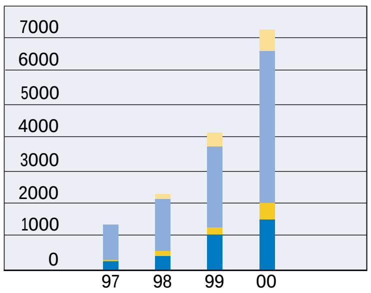
Earnings/share

Dividend/share

Earnings/share pro forma incl. Mandatum

* Board of Directors' proposal:
ordinary dividend EUR 4, extra dividend EUR 4

Mutual funds and asset management, EUR m



Sampo-Leonia's mutual funds

Mandatum's mutual funds

Sampo-Leonia's other asset management

Mandatum's other asset management

"Key Areas of Business: Long-term Savings, Retail and Private Banking, and Investment Banking"

Sampo-Leonia was created on 31 December 2000 when Finland's leading insurance group Sampo and the second largest banking group Leonia merged. In February 2001 Mandatum Bank Plc joined the Group.

The key areas of Sampo's business operations are the fastest growing areas, i.e. long-term savings (life insurance, asset management and mutual funds), retail and private banking, and investment banking. Non-life insurance is not a key growth area for the Group but will remain a part of the domestic service supply. The Group's non-life insurance operations in central Europe will be relinquished.

The growth in Finland is accelerated by the change in the savings behaviour of individuals and the opportunities for cross-selling. The Group's efficiency is improved by the synergy benefits especially within distribution, administration and IT received in the merger between Sampo and Leonia, as well as the rapid growth in the use of web services by the Group's customers.

The Board of Directors of Sampo-Leonia has proposed to the Annual General Meeting scheduled for 5 April 2001 that the parent company be renamed Sampo plc. At the same time a decision has been taken to use the Sampo brand in the Group's retail banking and insurance business. The investment bank and the private bank will operate under the Mandatum brand. Re-branding also affects some of the names of Group companies. Leonia Bank plc was renamed Sampo Bank plc on 21 February 2001.

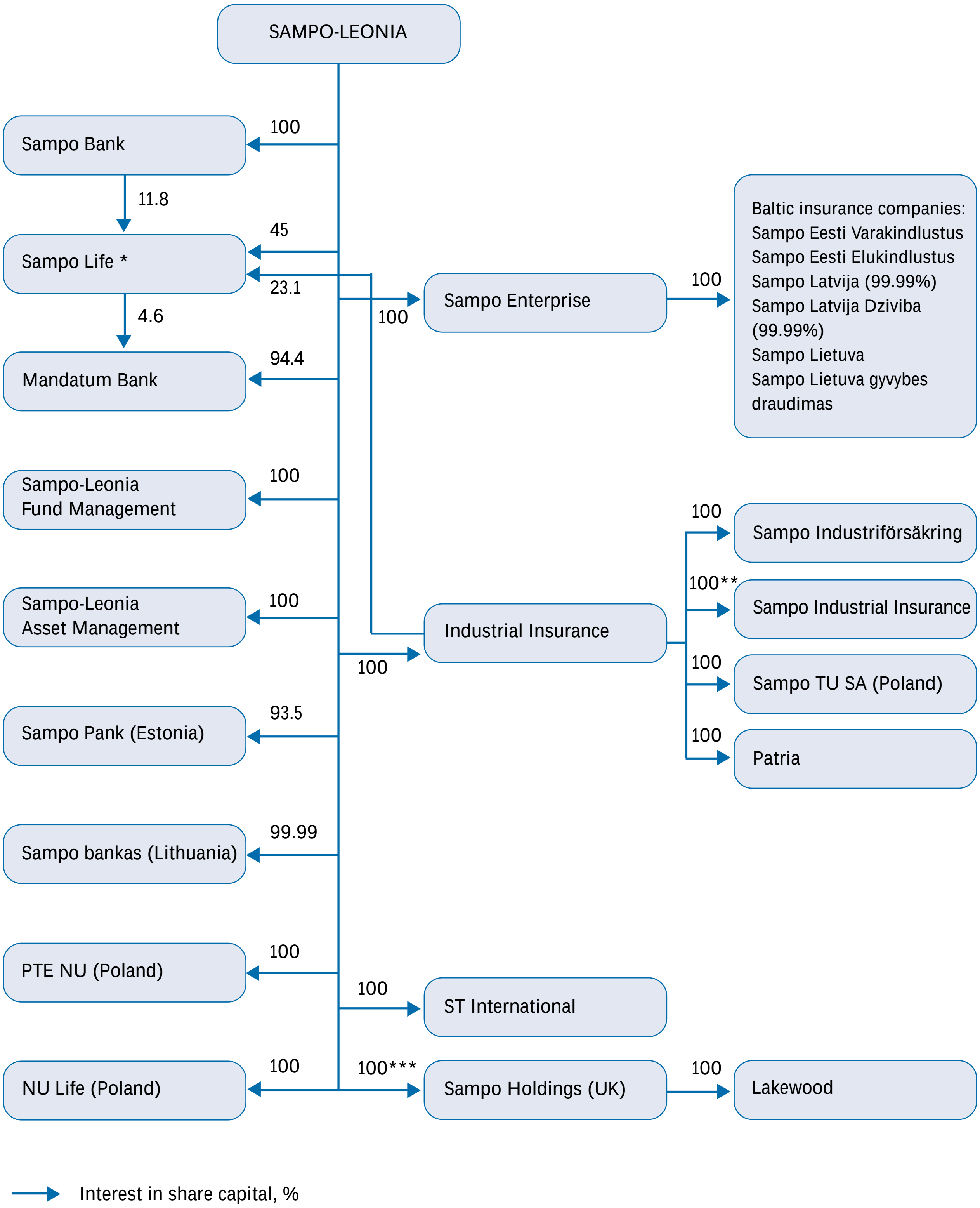
Key information on central group companies for 2000

EUR m	Sampo-Leonia (parent co)	Sampo Enterprise	Industrial Insurance	Sampo Industrial Insurance	Baltic Rim non-life insurance	Sampo Life *)
Insurance premiums written	336	236	309	152	35	768
Claims incurred	–247	–196	–227	–49	–15	–450
Operating expenses	–103	–39	–41	–20	–9	–38
Combined ratio, %	103.2 **)	105.6 **)	130.3	131.0	96.2	–
Net investment income	990	104	551	5	1	526
Profit/loss for the financial year	651	50	370	–19	2	168
Total on balance sheet	3,702	671	1,086	173	37	4,788
Solvency capital	4,079	316	1,538	29	16	864
Average number of staff	1,992	696	435	172	725	272

EUR m	Leonia Bank *)	Sampo Pank *) (Estonia)	Sampo bankas (Lithuania)	Mandatum Bank *) ***)
Net income from financial operations	432	1	–	11
Cost to income ratio, %	61.3 **)	128.1	–	52.1
Operating profit	219	–5	–	29
Capital adequacy ratio, %	11.2	9.0	23.3	18.9
Total on balance sheet	24,369	276	45	1,107
Loans and advances to customers	13,988	109	32	341
Average number of staff	4,594	130	36	229

*) Group level figures. Sampo Life incl. Leonia Life Insurance, Leonia Bank incl. Leonia Corporate Bank.
Figures of Sampo Pank (Estonia) only for the period 1 - 31 Dec. 2000 when it was a member of the Group.
Sampo bankas (Lithuania) became a Group company on 28 Dec. 2000.
**) Excl. exceptional items
***) Not part of the Sampo-Leonia Group in 2000

Main legal structure of Sampo-Leonia at 28 February 2001



* Varma-Sampo's holding in Sampo Life is 20.1%

** Part of the ownership is channelled through the holding companies situated in the Netherlands

*** Shareholdings of the sub-group Sampo Holdings (UK)

"Important decisions on the corporate strategy"

The year 2000 was a successful one for the Group, mainly as a result of strong investment income. Operatively the year was one of great change. On the last day of the year, Sampo and Leonia merged to form Finland's first full-service financial house. For the greater part of the year, however, the two companies operated separately, and the full financial service concept did not yet come into effect.

At the end of the review year and the beginning of 2001, the Group made several decisions that will have far-reaching consequences for the future. The first of these was the decision to acquire Mandatum Bank Plc through an exchange offer. By the end of February this year more than 99 per cent of the shares had been exchanged. With the acquisition of Mandatum, changes were made in the top management. In this context the management's commitment to the Sampo Group was strengthened by increasing their share ownership.

Strategic changes to be made in the Group were announced in January 2001. The Group's name for the interim period is Sampo-Leonia, but the Board has proposed Sampo as the parent company's "new" name, which will also be the corporate brand. The aim of the change is to clarify and sharpen the Group's corporate image. The double-barrelled name Sampo-Leonia tends to emphasise the separateness of the banking and insurance operations, in addition to which it has proved difficult to use. Mandatum's name will, however, remain in use for the Group's investment and private banking services.

Apart from the change of name, the Board of Directors made significant proposals for a revision of corporate strategy, defining long-term saving, retail and private banking and investment banking as growth areas.

In future, non-life insurance will focus on the domestic market and on improving the profitability of these operations. At the same time we will look into the possibilities for reorganising the non-life business. The aim of this restructuring is to maintain the domestic non-life services while reducing the amount of capital tied up in non-life insurance. In the international non-life sector, Sampo Industrial Insurance again made a loss in the review year. As a first step towards improving the situation, a decision was made to stop writing new insurance.

Greater Integration

The above-mentioned strategic changes and the need to improve efficiency brought pressures to reorganise operations. The matrix-based organisation was replaced by a line organisation, with clearly-defined personal responsibilities. This management concept will help us to achieve greater integration, which is essential for creating the high quality, cost-effective customer service that a full-service financial house must provide.

The new Sampo is well placed to succeed in its chosen growth areas. Long-term saving started to gain popularity later in Finland than in the other EU countries, and the starting point was also exceptionally low in Finland, since financial wealth had traditionally been held almost entirely in the form of bank deposits. Nevertheless, Finland now has the same reasons and resources for long-term saving as other western countries, where growth in long-term saving is already well established.

The acquisition of Mandatum Bank will serve to reinforce the Group's expertise, especially in the growth areas. The electronic & mobile services of Sampo Bank (Leonia Bank until February 2001) are already highly advanced technically and well capable of managing the new business. In addition to the Sampo network, Mandatum Bank's regional offices will offer the Group's customers the specialised investment service of a private bank. Marketing efforts in the growth areas will focus particularly on our own customers. At the beginning of the current year when the new Group started to operate, most of the non-life customers were still customers of competing banks.

An Exceptional Year

The year 2000 was exceptional in terms of the Group's performance. Operating profit doubled to EUR 1.6 billion. However, it is difficult to compare this figure with earlier years as the financial statements include both non-recurring investment income and one-off expenditure items, such as restructuring costs for this year and next year.

At the beginning of the current year the Group's Board of Directors approved a new dividend policy that will entail distributing approximately half of the year's profit in the form of dividend. Up till then the dividend policy presupposed distribution of approximately one third of the annual profit to shareholders.

The Board's dividend proposal of EUR 8 consists of an annual dividend of EUR 4 and an extra dividend of EUR 4 to reduce the overcapitalisation. The remaining distributable capital will be returned to shareholders either through payment of dividends or through share buy-backs. Otherwise it will be used to develop the Group's operations.

Sampo's share price trend was positive during the past year, and share liquidity also developed well. The proposal made to the Annual General Meeting for splitting the share is aimed at further improving share liquidity.

The operating environment on the investment market has deteriorated markedly since the beginning of the review year. In these conditions it is particularly important to keep the Group's portfolio balanced, and we decided to accelerate the process by realising one third of our remaining Nokia shares in the early part of this year.

We will continue to focus on domestic operations and current business in the near future. Successful integration of these operations will lay a good foundation for cost-effective operations and growth of the new Sampo Group in our chosen business areas.

I should like to take this opportunity of extending my sincere thanks to all our stakeholders. We have set our service quality goals higher than ever, and I am confident in our ability to achieve them. I should also like to thank our personnel who have met the challenge of working in an environment of continuous change.

March 2001

Björn Wahlroos

Important decisions were taken on the corporate strategy.
The new Sampo is well placed to succeed in its chosen growth areas.

"The Operating Environment Developed Favourably"

The year 2000 was one of rapid and broad-based economic growth in Finland. Finnish GDP grew by nearly 6 per cent. The high global oil prices and their second-round effects put pressure on consumer prices. Finland's inflation averaged 3.4 per cent for the year. Inflation also gathered momentum in the euro area, but less so than in Finland.

The European Central Bank decided to raise its reference rate several times during the year. All in all, the reference rate rose by 1.75 percentage points to 4.75 per cent over the year. Money market rates began to fall towards the end of the year, as signs of slowdown in U.S. economic growth began to materialise and corresponding expectations for inflation were lowered. There was also a fall in equity prices.

Consumer confidence in the economy remained firm, employment improved and incomes increased. Household demand for loans was strong. Housing loans grew at an annual rate of approximately 10 per cent. Despite the rapid growth in lending, household indebtedness remained moderate.

Though housing prices began to fall toward the end of last year, the prices of dwellings in old blocks of flats were on average 6 per cent higher in 2000 than in 1999. There was a slowdown in the pace of construction of new dwellings. Construction was increasingly financed privately.

Although interest on bank deposits became subject to taxation at source, household deposits declined only slightly. Other forms of saving, such as individual life insurance and mutual funds, became more popular.

Export and import growth picked up considerably from the previous year. The terms of trade continued to weaken. The trade surplus increased and the current account surplus rose to a record high. The fast growing electrotechnical sector continued as the engine for industrial growth. Other export sectors also continued to grow quite fast.

Wholesale and retail sales increased, but the growth in car sales clearly declined toward the end of the year. Still, there were 3.67 million vehicles registered at the end of 2000, which is 2.9 per cent more than a year earlier. Motor vehicle insurance increased thanks to the growth in vehicle volume and the replacement of old vehicles with newer models. Domestic direct insurance premiums written by non-life insurance companies and local non-life insurance associations grew by approximately four per cent.

Industrial construction investment activity remained rather slack, though investment in machinery and equipment increased substantially. Investment in other sectors, especially the service sector, increased quite rapidly. Bank lending to the corporate sector was down approximately one per cent from the previous year.

The Baltic Countries

The favourable development of the Baltic economy supported the progress of the structural change and stabilisation of the banking system in the area during 2000. Foreign ownership increased in all banks in the Baltic countries.

The most rapid economic growth was experienced in Estonia and Latvia and this manifested itself in the growth in lending and deposits in both countries. Banking service and range of services increased considerably. An increasing number of banks provide an opportunity to the use of web and telephone bank services. The number of customers using these services has also increased rapidly.

The non-life insurance market will grow significantly in the Baltic countries over the next few years together with statutory lines of insurance. The integration of banking and insurance businesses is likely to increase in the Baltic countries, emphasising the role of the banks in the distribution of non-life insurance.

The key banks in the Baltic countries have their own life insurance companies, which in Estonia in particular have gained a leading position. Pension reform in Estonia is believed to boost growth also in voluntary pension insurance. Growth in life insurance in Latvia has been weak, because the tax-deductibility of insurance premiums paid by companies has been restricted.

Poland

The Polish national economy continued to grow in 2000. Economic growth was approximately four per cent, the same as in 1999. Towards the end of the review period growth slowed down owing to high interest rates at the beginning of the year. Weakening inflation and the narrowing current account deficit caused interest rates to go down in the final months of 2000.

The new Polish pension scheme, which came into force at the beginning of 1999, provides private pension funds with extensive markets and a possibility for profitable business.

Private pension funds are expected to grow rapidly. At the moment there are 21 licensed funds and new licences are no longer being granted. The three largest funds together have a market share of 56 per cent.

Polish life insurance is still trailing far behind the western European level. The market is expected to grow by 30 per cent in both 2001 and 2002.

The share of motor vehicle insurance of Polish non-life insurance is more than 70 per cent. The competition in motor vehicle insurance is tough and the profitability as a general rule weak. Polish non-life insurance companies are more interested in property insurance because of its good loss ratio.

Central Europe

Competition continued to tighten in the non-life insurance market in central Europe. The trend towards integration, which started in the middle of the 1990s, is expected to continue. There are over 3,000 non-life insurance companies in Europe. The most radical forecasts predict that the number will fall by 50 per cent in 5-7 years.

The general price level of corporate property and loss of profits insurance in particular remained low. However, a noticeable upward trend could be observed especially in England and Holland towards the end of 2000. Owing to large claims and the floods in England, France, and Italy in the autumn, the overall profitability of non-life insurance remained low.

"An increased interest in investing directs assets to, for instance, life insurance savings and funds"

Sampo-Leonia's new strategy gives high priority to the long-term savings area. This business area covers life insurance, funds and asset management.

The birth of Sampo-Leonia and the subsequent combination with Mandatum have resulted in a strong entity capable of offering high-quality services to its customers in response to changes in Finnish savings behaviour. As households become wealthier, assets will increasingly be used for other investment purposes than traditional saving for housing. This new interest in investment means that assets are re-directed from traditional bank deposits to more versatile forms of saving, such as funds and life insurance.

The new Sampo Group has considerable expertise in asset management and capital investment. The Group's extensive clientele and distribution network together create a solid foundation for specialised retail customer services.

Life Insurance

The life insurance market continued to grow strongly in 2000 and preliminary information indicates that aggregate premiums written by the industry rose by almost 40 per cent to more than EUR 3.8 billion. This development was partly due to the end of the tax exemption for interest on deposits and partly due to campaigns by bank-owned life insurance companies persuading customers to transfer deposits to insurance savings policies.

Leonia Life Insurance merged with Sampo Life at the end of 2000. Life insurance premiums written by Sampo-Leonia rose to EUR 769 million in the financial year, which is an increase of approximately 12 per cent from the previous year. Market share fell by four percentage points to approximately 20 per cent, according to preliminary information on aggregate premiums written by the industry.

Sampo's life insurance aims to make a long-term real profit from invested assets. The overall performance of the investment operations was good in 2000, despite the big drop in share prices. The return on assets rose to approximately six per cent.

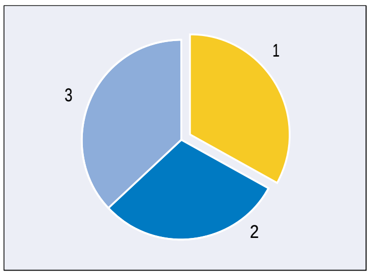
The life insurance investment portfolio was EUR 5.1 billion at year-end, of which shares accounted for 31 per cent, and interest-bearing instruments 57 per cent. Real estate accounted for 7 per cent.

One of Sampo Life's main targets was to strengthen its market position in unit-linked insurance. Even though the unit-linked line showed strong growth, this target was not met, but preliminary indications are that market share remained at its previous level.

Sampo-Leonia's life insurance maintained its market leadership in corporate insurance and significant growth was registered in group pension insurance in particular. The position in retail customer insurance is not as strong. However, the mergers significantly strengthen the Group's know-how in this area.

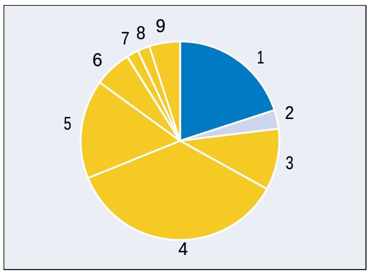
Sampo aims to increase its market share in future, especially in unit-linked insurance and insurance taken out by retail customers. The new organisation creates a good basis for reaching this goal. Retail customers and life insurance are high-priority areas for the Group.

TURNOVER
Group turnover, EUR 5,536 m



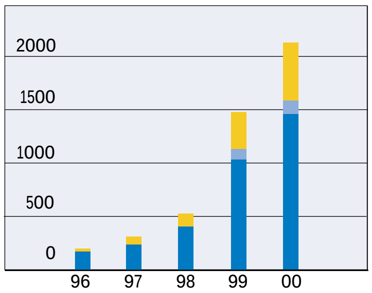
1	Life insurance	30%
2	Banking and investment services	33%
3	Non-life insurance	37%

LIFE INSURANCE, DIRECT INSURANCE MARKET SHARES
Aggregate premiums written EUR 3.8 b



1	Sampo Life	20%
2	Kaleva	3%
3	Aurum	10%
4	Merita	36%
5	Suomi, Pohjola Life	16%
6	Tapiola	6%
7	Verdandi, Liv-Alandia	2%
8	Fennia Life	2%
9	Overseas companies in total	5%

MUTUAL FUNDS, EUR m



Mandatum
Sampo
Leonia

Mutual Funds and Asset Management

Sampo-Leonia's selection of mutual funds has become more comprehensive and diversified. At the end of the financial period, Sampo-Leonia Fund Management Ltd administered 35 funds. The fund and asset management operations of Sampo and Leonia were merged during the financial year.

The strong growth of the mutual fund market, which started in Finland in 1996, continued. At year-end, assets placed in Finnish funds totalled more than EUR 13.5 billion compared to slightly over EUR 10 billion at the beginning of the year.

Sampo-Leonia's total funds under management increased from EUR 1.2 billion to EUR 1.5 billion and the number of unit-holders more than doubled to 100,180. Sampo-Leonia Fund Management Ltd had a market share of 11 per cent, or 14.8 per cent including Mandatum.

In addition to the Group's own funds Sampo will continue to offer its customers high-quality mutual funds through an extensive international co-operation network. The Group's resources pertaining to fund operations will increase in 2001 due to the combination of the operations of Mandatum Fund Management Company and Sampo-Leonia Fund Management and the selection of funds will be developed and expanded, taking into account the needs of Finnish investors in particular. Forms of service will also become more versatile and investors will be offered increasingly comprehensive services, for instance on the Internet.

The rapid growth of customers' assets and mutual fund assets managed by Sampo-Leonia Asset Management continued in 2000 and assets under management doubled to more than EUR 6 billion. The operations of Sampo Asset Management Ltd were merged with those of Leonia Asset Management Ltd and the company's name was changed to Sampo-Leonia Asset Management Ltd.

As a result of increased interest in investing, assets are directed to, for instance, life insurance savings and funds. The new Sampo Group's expertise guarantees that customers will be offered high-quality services in response to the change in Finnish savings behaviour.

“Retail banking strongly based on electronic and mobile services is a high priority area”

Sampo-Leonia’s service network experienced the largest changes in its history in the year 2000. The joint venture between Leonia Bank and Finland Post came to an end after more than a hundred years and the integration of the Sampo and Leonia service networks began. Customers increasingly used online services for their banking and insurance business. There were also changes in customers’ savings and investment behaviour. Funds and life insurance increased in popularity.

Service Network

Sampo-Leonia’s service network covering more than two million retail customers consists of comprehensive electronic and mobile services as well as telephone services. After completion of the integration of Sampo and Leonia branches, there will also be approximately 150 offices providing customers with personal service. The Mandatum Bank branches, which became part of the Sampo-Leonia Group in February 2001 and focus on asset management services, strengthen the investment service know-how of the service network further.

Co-operation between Leonia Bank and the Finland Post became unprofitable as a result of the rapid change in the way customers do their banking. Co-operation ended in 2000 and almost 500 post offices ceased offering banking services. Simultaneously the bank strengthened its own service network considerably. The emphasis was on upgrading electronic and mobile services, but, in addition, new offices were opened in those areas where the supply of services otherwise would have deteriorated following the ending of the agreement with the post office. In addition to the new branches, travelling banking specialists now provide banking services in sparsely populated areas.

Integration of the branch network started in the autumn of 2000 when the Group began to offer banking services in insurance branches as well as insurance services in banking branches. The telephone services of Sampo and Leonia were combined so that customers can access both bank and insurance services on the same telephone service number and by using a single customer code.

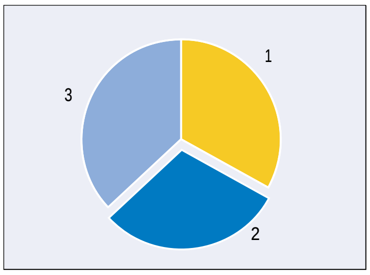
At the beginning of 2001 the proportion of Sampo-Leonia’s banking customers using the WebBank was as high as about 35 per cent. This figure is a record high in Europe. In all, almost 12 million bank transactions were handled through the WebBank in 2000, which is 75 per cent more than in the previous year. The number of people using web services continues to show significant growth. At the beginning of 2001 almost half a million customers were using the service keys that enable them to access Sampo-Leonia’s web services.

During the year approximately 250 web training events were arranged in the Sampo-Leonia offices, providing customers with basic information on the handling of banking and insurance transactions online. More than 10,000 customers have participated in the events so far.

Sampo-Leonia’s WAP banking services won first prize at the international conference arranged by the World Information Technology and Services Alliance (WITSA). At the beginning of 2000 Sampo-Leonia was the first Finnish bank to offer its customers the opportunity to make direct stock exchange transactions on the Internet. Four out of five purchase or sell orders of shares and one third of mutual fund orders are already being made online.

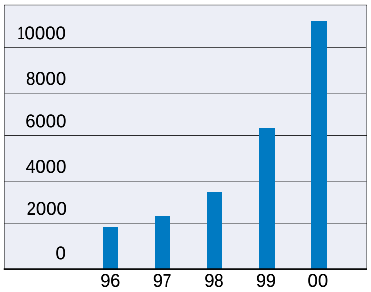
Sampo-Leonia’s corporate network handles the sales of the Group’s entire product range to approximately 170,000 corporate customers and associations. Major corporate cus-

TURNOVER
Group turnover, EUR 5,536 m

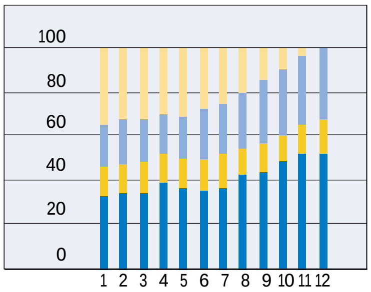


1	Life insurance	30%
2	Banking and investment services	33%
3	Non-life insurance	37%

ONLINE TRANSACTIONS BY RETAIL CUSTOMERS, '000



USE OF DIFFERENT SERVICE CHANNELS IN 2000, %



Post offices
Own branches
Telephone service
WebBank

tomers are served by their own sales unit whereas small and medium-sized companies are served from 74 corporate offices. The web services offer customers the opportunity to contact Sampo-Leonia 24 hours a day, and the service is complemented by telephone customer service.

Banking

Credit granted to retail customers increased by more than 6 per cent in the year 2000. Credit granted to corporate customers remained almost the same.

Deposits made by retail customers fell by approximately EUR 0.7 billion. This was due to the transfer of assets from deposit accounts to other types of investment, the termination of the tax exemption applied to deposits, and the loss of customers resulting from the termination of the agreement with the post office.

The number of account transactions handled by Sampo-Leonia's payment transfer service increased to 373 million transactions. Electronic account transactions accounted for 98 per cent of the payment transfers of companies and associations and the corresponding figure for retail customers was 83 per cent. The most significant growth - an increase of almost 15 per cent - was seen in the number of electronic payment transactions made by retail customers. The use of traditional payment and teller services decreased accordingly by as much as a third.

Retail banking strongly based on modern electronic and mobile services is one of the high priority areas in Sampo's business strategy. Customers increasingly use online services for their banking and insurance business.

"The Bank's Leading Position Further Strengthened during the Year"

Mandatum Bank Corporate Finance operations developed favourably in 2000. Corporate mergers and acquisitions as well as capital market transactions increased throughout the review period.

Mandatum effected a record number of mergers and acquisitions in 2000. In the early part of the year in particular, the capital market was dominated by new technology companies IPOs and Mandatum's position as a manager of IPOs gained strength during the year.

Some examples of public corporate acquisitions where Mandatum acted as an adviser and manager in 2000 are: the sale of Ahlström's Machinery division, the merger between Länsivoima and Fortum, the exchange offer made by Talentum to the shareholders of Kauppakaari, the acquisition of Stora Enso's hydroelectric power plants by Fortum, the merger of Outokumpu Steel and Avesta Sheffield, and the acquisition of MoDo Paper by Metsä-Serla.

Mandatum acted as the lead manager in last year's largest IPO measured in monetary value, the Tecnomen public offering and share issue. Among other capital market transactions where Mandatum acted as the lead manager were Elcoteq Network's share issue and private placement, the IPO of the data security company SSH, Menire's share issue, and Seligson & Co.'s public offering. Mandatum was a lead manager in capital market transactions worth approximately EUR 350 million in total. In 2000 Mandatum introduced an Internet-based subscription system for capital market transactions which was successfully used, for instance, in the IPOs of Tecnomen and SSH.

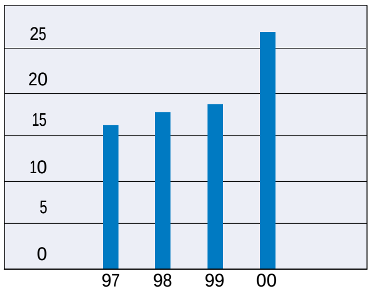
Mandatum Bank incorporated Mandatum Bank Plc's Corporate Finance operations to a separate subsidiary company at the turn of the year 2000-2001. The new company will continue Mandatum Bank Plc's Corporate Finance operations under the name Mandatum & Co Oy. The purpose of forming a separate company is to strengthen the management of the business and to improve monitoring of the operations' results. Furthermore, it will enable the key employees to become more committed to the company through shareholding.

After the combination of Mandatum Bank Plc's business operations with Sampo-Leonia in February 2001, Mandatum's investment bank was used as a basis for the formation of Sampo's investment bank. All Corporate Finance operations were concentrated into Mandatum & Co Oy. As a consequence, four employees from Leonia Corporate Finance transferred to Mandatum & Co Oy.

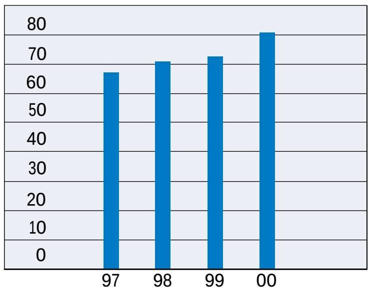
Favourable Outlook

The outlook for Corporate Finance is favourable for 2001 and corporate acquisitions are forecast to increase during the year, although the number of corporate acquisitions globally is expected to fall from 2000's record level. Capital market transactions were at a near standstill at the beginning of the year, and e.g. IPOs were globally at their

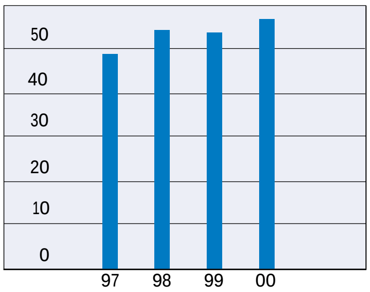
Fee income, EUR m



No. of orders



No. of customers



lowest in the first few months of the year compared to the last five years. However, towards the end of the year the situation of capital markets is expected to stabilise.

The combination of Sampo-Leonia and Mandatum is expected to strengthen Corporate Finance operations further. Mandatum & Co Oy will create a solid base from which to develop operations in the new Sampo Group. Mandatum is expected to retain its leading position in corporate mergers and acquisitions thanks to the company's extensive experience in corporate acquisitions and long-term customer relationships. The combination provides new opportunities for capital market transaction business as a result of the larger customer base and improved distribution.

The combination of Sampo and Mandatum will strengthen investment banking further. Mandatum is expected to retain its leading position in corporate mergers and acquisitions.

"Combined insurance and banking expertise creates financial products for the benefit of the customer"

The formation of Sampo-Leonia creates a basis for combining expertise in insurance and banking and for a better understanding of customers' overall financial positions. Products and services from the Group's various business areas will be brought together for the benefit of the customer.

Non-life insurance operations will be upgraded with the aim of improving profitability so as to achieve a combined ratio of 106 per cent.

Sampo's subsidiaries Sampo Enterprise and Industrial Insurance will merge into the parent company on 31 March 2001 as a part of the development of the Sampo-Leonia Group structure. The non-life insurance business will be transferred to Sampo's new, wholly-owned subsidiaries Sampo Insurance Company Ltd and Sampo Industrial Insurance Company Ltd. The former will be given the retail and corporate customers' portfolio, and the latter the major customers' portfolio.

The market share of domestic direct insurance was unchanged at 34 per cent. Sampo insures approximately one third of all Finnish households. Retail customers number slightly more than a million, small and medium-sized corporate customers approximately 100,000 and major customers more than 200.

The profitability of domestic insurance business improved significantly thanks to the retail customer business and the focus on insuring small and medium-sized companies. In particular, profitability improved in motor vehicle insurance.

The profitability of domestic direct insurance and of the business specialising in large corporations remained at the previous year's level, but the bases for technical provisions of liability insurance were adjusted, leading to a one-off reduction in insurance profits.

Profitability remained good in the Baltic Rim. In Central Europe there were several major losses and profitability was unsatisfactory.

Retail Customers

The Sampo 2000 restructuring project covering retail customer service, products and systems was completed during the year under review. The purpose of the project was to build a uniform non-life insurance product and system platform.

Products and services are increasingly offered on the Internet so that customers have the opportunity to carry out their insurance business regardless of time and place. Electronic transactions by retail customers multiplied in 2000.

Small and Medium-sized Companies and Public Corporations

New products and services were introduced during the financial year. These include a risk management and insurance product for electronic commerce (SafeShop). The number of corporate customers using the electronic Sampo.fi folder quadrupled.

Our aim is to introduce more new products and services in 2001, with the focus on users of electronic and mobile services.

Major Customers

The Sambox-system developed for major customers offers access to all the customer's information on the Internet. The system will be available to all Finnish customers during 2001.

Product development focused on expanding the ASKELMA product range. The ASKELMA method can now be used for assessing all a company's main risks.

Operations in the Baltic Rim

The non-life insurance market expanded in the Baltic Rim area. Sampo now has a 39 per cent market share in Estonia.

Operations in Lithuania started at the beginning of 2000 and market share is now approximately three per cent. Performance in Latvia has not met expectations and the market share there is approximately one per cent.

In order to create a common sales and service network in Estonia, co-operation was initiated with the local Sampo Pank. In Lithuania the service network was expanded by establishing new branches.

Run-off of Foreign Reinsurance

The technical provisions of run-off companies handling the foreign reinsurance run-off decreased significantly (by EUR 52.2 million). The companies successfully completed several negotiations on commutations of liabilities. Many of these included asbestos, environmental damage and health risk liabilities. The run-off companies were well in the black.

Investments

Overall returns on investments were good, despite the significant fall in share prices. The return on securities investments was 3.4 per cent, the rental return on the completed real estate portfolio was 6.5 per cent and the return on the investment portfolio, excluding shareholdings in fixed assets, was 4.3 per cent.

The investment portfolio of the non-life consolidated company totalled EUR 4.6 billion, of which the share of foreign investment was EUR 0.9 billion, or 19 per cent. Of these investments 11 per cent were outside the euro area.

Investments in shares constituted 59 per cent of the investment portfolio, despite net sales of almost one billion euro. The share of bonds was 18 per cent and other debt securities 4 per cent. Real estate investments constituted 13 per cent of the investment portfolio.

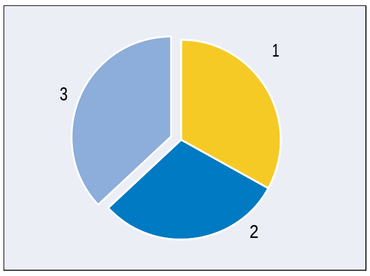
Outlook

Non-life insurance continues to focus on improving profitability and on building financial service products for households and companies. The aim is also to maintain Sampo's position at the forefront of the web-based economy in its area of business.

New business areas provide opportunities for growth. As the age profile of the population changes, there will also be a need to supplement public services by individual funding in the field of health care and welfare.

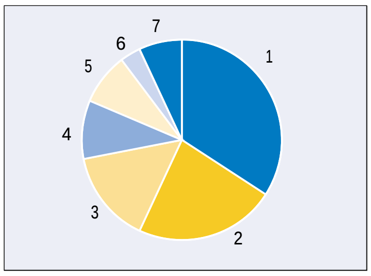
As the use of electronic and mobile services grows, there will be an increasing need to improve the security of the web-based economy, since customers rate the reliability of electronic interaction as extremely important.

Turnover
Group turnover, EUR 5,536 m



1	Life insurance	30%
2	Banking and investment services	33%
3	Non-life insurance	37%

Non-life insurance, direct insurance market shares *
Aggregate premiums written in 2000 EUR 2.3 b



1	Sampo Group	34%
2	Pohjola	23%
3	Tapiola	15%
4	Enterprise Fennia	10%
5	Local Insurance Group	8%
6	A-Vakuutus	3%
7	Other	7%

* Preliminary information, excl. credit insurance by banks and Garantia, incl. insurance associations

In the area of non-life insurance we are focusing on improving profitability and on building up our financial service products for households and companies. The aim is also to maintain the company's position at the forefront of the web-based economy in its area of business.

Sampo-Leonia Insurance Company plc Board of Directors' Report 2000

Sampo Insurance Company plc and Leonia plc merged at the end of the year under review. The merger created the first Finnish full-service financial group. The Group has been further strengthened by Mandatum Bank Plc, which joined the Group in February 2001.

The Group's operating profit more than doubled to EUR 1.6 billion.

The Group more than doubled its operating profit to EUR 1,628 million (EUR 778 million in 1999). The increase in operating profit was largely attributable to the high investment income. Turnover was EUR 5,536 million (EUR 4,102 million). Earnings per share improved to EUR 8.91 (EUR 3.24). The net asset value less full deferred tax was EUR 41.99 (EUR 43.71).

The pooling method was applied to the merger of Leonia and Sampo. As a result, the profit and loss accounts of the Leonia Group companies are included in the Consolidated Profit and Loss Account and the balance sheets in the Consolidated Balance Sheet. The comparative figures have been adjusted to reflect the changes.

GROUP STRUCTURE

The parent company of the Sampo-Leonia Group is Sampo-Leonia Insurance Company plc, which operated as Sampo Insurance Company plc during the year under review. The Group will adopt a holding company structure and the parent company will become a holding company on 31 March 2001 as planned. The Board of Directors will invite the Annual General Meeting on 5 April 2001 to resolve that the parent company be renamed Sampo plc. The Group's subsidiaries and associated undertakings have been listed by business sector in the Notes to the Accounts.

Sampo Insurance Company plc increased its holding in Sampo Life Insurance Company Limited during the year under review by acquiring 12.4 per cent of the Sampo Life share portfolio from Varma-Sampo Mutual Pension Insurance Company in April, and 4.8 per cent from Kaleva Mutual Insurance Company in May 2000. The goodwill from these acquisitions totalled EUR 97 million. Following the merger of Leonia Life Insurance Company Ltd with Sampo Life on 31 December 2000, the Sampo-Leonia Group's holding in Sampo Life rose to 79.9 per cent, and the holding in Varma-Sampo was 20.1 per cent.

MERGER OF SAMPO AND LEONIA

The merger of Sampo Insurance Company and Leonia was implemented in 2000, as set out in the letter of intent signed between the companies on 13 October 1999. The objective of the merger is to create a full-service financial group which is a leading insurer in Finland and a strong bank.

The Finnish Parliament gave its consent on 28 March 2000 to the disposal by the Finnish government of its shares in Leonia plc by trading them into shares of Sampo Insurance Company plc as part of the merger procedure in a manner to be decided by the Council of State. To address the question of the increase in share capital, Sampo issued 44,720,000 Sampo class A shares (43 per cent of the new total number of Sampo shares) as merger consideration to the Finnish government as Leonia's shareholder. The government can dispose of its shareholding in the new financial group in such a manner that the government's direct or indirect shareholding will be at least 20 per cent.

The Boards of Directors of Sampo and Leonia signed the draft terms of the merger, which were approved by Annual General Meetings of both companies, on 2 February 2000. Following approval by the relevant authorities, the merger was able to be implemented according to the target plan on 31 December 2000, when the implementation of the merger was entered in the Finnish Trade Register.

In accordance with the amendments to the Articles of Association relating to the draft merger terms

- the name of the company is Sampo-Leonia Insurance Company plc
- Sampo abolished its Supervisory Board
- the holders of Sampo B shares are entitled to convert their B shares to A shares
- a stipulation on the redemption obligation of a shareholder whose holding of all shares or of all votes of the company reaches or exceeds 33 1/3 per cent or 50 per cent was added to the Articles of Association. A shareholder reaching these limits is obliged to acquire the shares of the other shareholders if they so wish.

Internal Structural Reorganisations of Sampo

The Extraordinary General Meeting of Sampo shareholders approved the transfer of the Group structure to a holding company structure on 29 September 2000. The amendment to the Finnish Insurance Companies Act, which constitutes a precondition for the transfer, was approved by the Finnish Parliament on 24 October 2000.

In order to make the switch, the General Meeting of Shareholders resolved that the present non-life insurance business of the parent company and the non-life insurance business received through subsidiary mergers from Industrial Insurance Company Ltd and Sampo Enterprise Insurance Company Ltd, be transferred to Sampo's wholly-owned subsidiaries, Sampo Insurance Company Ltd and Sampo Industrial Insurance Company Ltd. The former will have the retail and corporate customers' portfolio, and the latter the large corporate customers' portfolio.

In addition to the approval of the Finnish Insurance Supervision Authority, the portfolio transfers relating to the business transfers mentioned above require the approval of the regulatory authorities of all those EEA countries in which the companies concerned have insurance contracts based on the so-called 'freedom to provide services'. These approvals were not received until February 2001, postponing the final completion of the holding company structure until 31 March 2001.

The Boards of Sampo and Leonia took certain technical measures to safeguard the parent company's ability to pay a dividend. Sampo Enterprise and Industrial Insurance booked a total of EUR 286 million in interim dividends to their parent company Sampo, and Leonia Bank EUR 118 million to its parent company Leonia plc. Sampo Finance Ltd decided to pay interim dividends totalling EUR 118 million, of which the share corresponding to Sampo's holding is 50 per cent.

Other Structural Reorganisations

As a part of the formation of Sampo-Leonia there were several other structural reorganisations within the Group, of which the most important were:

- The merger of Leonia Life Insurance Company Limited into Sampo Life Insurance Company Limited.
- The merger of Leonia Corporate Bank into Leonia Bank.
- The integration of the businesses of Sampo and Leonia fund management and asset management companies.

The Sale of Pohjola Shares

Sampo, Industrial Insurance, Sampo Life, Leonia, Kaleva Mutual Insurance Company, and Sampo Finance purchased shares in Pohjola Group Insurance Corporation in October 1999, at the same time as the structural reorganisation of Sampo and Leonia was agreed, with the purpose of creating a platform for negotiations on Pohjola joining the new Group. The shares were sold on 13 June 2000 to Mutual Pension Insurance Company Ilmarinen and Suomi Mutual Life Assurance Company. The Sampo Group companies received a total of EUR 363 million, including avoir fiscal tax credit, as dividends and sales profit, Leonia received EUR 243 million, and Sampo Finance, 50 per cent owned by the Sampo Group, EUR 178 million.

Sampo Finance's results improved considerably thanks to the profit on sales and dividends mentioned above. Profits rose to EUR 124 million (EUR 3 million), of which the Sampo Group's share was 50 per cent.

EXPANSION OF BUSINESS OPERATIONS IN THE BALTIC COUNTRIES AND POLAND

Sampo Finance Ltd sold its stake in the Estonian bank A.S. Optiva Pank (approximately 93.5 per cent of Optiva's share capital) acquired in the year under review, to Sampo Insurance Company plc. The bank was renamed A.S. Sampo Pank at the end of 2000. Sampo Pank is the third largest bank in Estonia.

Furthermore, Sampo Insurance Company plc acquired the share capital of Lietuvos Vystymo bankas (Lithuanian Development Bank) on 28 December 2000. The purchase price was approximately EUR 10.8 million. Lithuanian Development Bank's balance sheet totalled EUR 45 million in 2000. The bank, which specialises in corporate finance, was renamed UAB Sampo bankas in February 2001.

Sampo also has a non-life insurance company in Lithuania, UAB Sampo Lietuva, which was issued a licence to establish a life insurance company. UAB Sampo Lietuva gyvybes draudimas was registered on 22 December 2000.

In November 2000 Sampo Insurance Company plc acquired the entire share capital of the pension fund company Powszechne Towarzystwo Emerytalne Norwich Union S.A. (PTE NU) and the life insurance company Norwich Union Towarzystwo Ubezpieczen na Zycie S.A. (NU Life) from Norwich Union Overseas Holdings B.V.

The consideration for PTE NU was EUR 177.3 million, and for NU Life EUR 47.5 million. If agreed targets on the number of customers are not met, these considerations will be reduced at the end of May 2001.

At the end of the year under review these Polish companies had a total of approximately 500,000 customers. The market share of the pension fund company is approximately 4.7 per cent, measured in terms of the number of registered customers, and the market share of the life insurance company approximately 3.5 per cent of new insurance contracts.

RESULTS, BALANCE SHEET AND SOLVENCY

The Sampo-Leonia Group results, balance sheet and solvency figures are given by business sector:

- banking and investment services
- non-life insurance
- life insurance

Group analysis of results

EUR m	2000	1999	Impact on results
BANKING AND INVESTMENT SERVICES			
Interest receivable	1,294	1,095	199
Interest payable	–868	–703	–165
Net income from financial operations	426	392	34
Dividend income	224	2	222
Fees and commissions receivable	179	186	–7
Fees and commissions payable	–30	–24	–6
Net income from transactions in securities and foreign exchange dealing	71	–4	75
Other operating income	33	77	–44
Administrative expenses	–378	–349	–29
Depreciation and write-down of tangible and intangible assets	–42	–48	6
Other operating expenses	–37	–36	–1
Provisions for bad and doubtful debts	–17	4	–21
Write-offs in respect of debt securities held as financial fixed assets	0	–	0
Income from companies accounted for by the equity method	1	1	0
Operating profit	430	202	228
NON-LIFE INSURANCE			
Premiums earned	825	748	77
Claims incurred	–732	–672	–59
Net operating expenses	–209	–163	–46
Other technical charges	–1	–4	2
Balance on technical account before the change in the equalisation provision	–117	–91	–26
Investment income and charges	892	483	409
Other income and charges	–59	–3	–56
Share of associated undertakings' profit	62	2	60
Operating profit	777	391	386
Change in the equalisation provision	–17	–9	–8
Revaluations and revaluation adjustments on investments	–1	–1	1
Non-life insurance profit before extraordinary items	760	381	379
LIFE INSURANCE			
Premiums written	766	682	85
Investment income and charges, revaluations and revaluation adjustments on investments	526	337	189
Claims paid	–293	–234	–59
Change in technical provisions before customer bonuses and change in equalisation provision	–530	–560	30
Net operating expenses	–42	–36	–6
Technical result before customer bonuses and change in the equalisation provision	427	188	239
Other income and charges	–6	–3	–3
Share of associated undertakings' profit	0	0	0
Operating profit	421	185	236
Change in equalisation provision	0	–7	7
Bonuses and rebates	–192	–140	–52
Life insurance profit before extraordinary items	229	38	191
Extraordinary income	19	12	6
Extraordinary charges	–26	–	–26
Profit before appropriations and tax	1,411	633	778
Tax	–429	–251	–178
Minority interest	–59	–12	–48
Group profit for the accounting period	923	371	552

Items affecting the comparability of results

EUR m	2000	1999	
GROUP OPERATING PROFIT	1,628	778	
BANKING AND INVESTMENT SERVICES			
Dividend income	222		Dividends and avoir fiscal tax credit from Pohjola shares
Net income from securities transactions	21		Sales profit from Pohjola shares
Other operating income		44	Profit on sale of properties
Other administrative expenses	–14		Sampo-Leonia integration provision
Depreciation and write-downs		–14	Write-down on properties
Provisions for bad and doubtful debts	–20		Provision charged by customer group
Other (items less than EUR 10 m)	–27	11	
Total	181	40	
NON-LIFE INSURANCE			
Claims paid, net operating expenses and investment charges	–19		Accelerated depreciation on IT systems
Investment income	141		Sales profits, dividends and avoir fiscal tax credit from Pohjola shares
Other expenses	–13		Sampo-Leonia integration provision
Share of associated undertakings' profit	63		Share of profit from the return of Pohjola shares received by Sampo Finance
Other (items less than EUR 10 m)	–14		
Total	157		
LIFE INSURANCE			
Investment income	222		Sales profits, dividends and avoir fiscal tax credit from Pohjola shares
Other expenses	–3		Sampo-Leonia integration provision
Total	218		
OPERATING PROFIT EXCLUDING ITEMS AFFECTING COMPARABILITY	1,071	738	

BANKING AND INVESTMENT SERVICES

Operating profits from banking and investment services more than doubled, totalling EUR 430 million, of which the share of investment services was EUR 9 million. In addition to dividends and a profit of EUR 243 million from the sale of Pohjola shares the results were improved by the growth in net income from financial operations and in securities transactions and foreign exchange dealing.

The cost to income ratio was 52.3 per cent (69.9%). Without one-off items affecting comparison the cost to income ratio was 64.6 per cent (73.7%).

Net income from financial operations increased by 9 per cent to EUR 426 million. This was mainly due to the rise in interest rates and growth in lending. The interest margin between loans and deposits increased by 0.6 percentage points on average. On the other hand, net income from financial operations was weakened by the increase in funding costs as a result of falling deposits. The drop in deposits was caused by the switch to taxation at source and the ending of the co-operation with Finland Post.

The cost-efficiency and capital adequacy of banking improved.

Net fees and commissions amounted to EUR 149 million (EUR 162 million). Fees and commissions from asset management services grew by EUR 11 million, but as a result of one-off items incurred in the previous year the total amount of net fees and commissions was EUR 13 million lower than in 1999.

Net income from securities transactions arose from equities trading. There was a slight loss on transactions in debt securities. Income from both securities transactions and foreign exchange dealing improved thanks to the customer business and favourable developments in interest rates.

Administrative expenses, depreciation and other operating expenses increased by a total of 6 per cent to EUR 457 million but, excluding one-off cost items affecting comparison, expenses remained more or less unchanged from 1999. The total amount paid to Finland Post for the use of their service network and systems fell by EUR 17 million and amounted to EUR 38 million. Depreciation and write-down of tangible and intangible assets decreased owing to one-off write-downs of properties totalling EUR 14 million in the previous year.

In 2000, new provisions for bad and doubtful debts totalled EUR 41 million, while releases and recoveries were EUR 24 million. During the year under review, a bad debt provision charged by customer group of EUR 27 million was made for possible bad debts in the future. Releases of provisions made in previous years totalled EUR 7 million. Non-performing and other non-interest earning loans totalled EUR 71 million (EUR 75 million).

Capital Adequacy of Banking and Investment Services

The capital adequacy ratio was 11.4 per cent (9.9%) at the end of 2000, while the Tier 1 capital to the risk-weighted assets ratio was 9.5 per cent (7.5%).

Capital adequacy increased as a result of the growth in profits. Leonia plc, which merged into Sampo Insurance Company plc at the year-end, has not proposed a dividend.

In 2000 the capital adequacy calculation included both the Leonia Bank Group companies and the risk-weighted assets of A.S. Sampo Pank, Sampo bankas, and PTE NU. The goodwill arising from the acquisition of PTE NU has been accounted for by applying the principle of ownership when determining the solvency capital of Sampo-Leonia Insurance Company plc. Despite the merger on 31 December 2000, Leonia plc has been accounted for in the capital adequacy calculation for banking.

Banking and investment services Capital adequacy

EUR m	31 Dec. 2000	31 Dec. 1999
TIER 1	1,418	1,134
Share capital	216	216
Share premium account	721	721
Preferred capital notes	10	10
Distributable capital	513	221
Minority interests	23	22
Intangible assets and goodwill	–65	–57
TIER 2	324	400
Subordinated liabilities	212	296
Other	113	105
Deductions from capital	38	31
TIER 3	0	0
TOTAL CAPITAL	1,704	1,504
RISK-WEIGHTED ASSETS (ON-BALANCE SHEET AND OFF-BALANCE SHEET)	14,891	15,141
CAPITAL ADEQUACY RATIO		
Total capital / risk-weighted assets	11.4 %	9.9 %
Tier 1 / risk-weighted assets	9.5 %	7.5 %

Balance Sheet and Off-Balance Sheet Items

At the end of 2000, the total assets of banking and investment services stood at EUR 24.6 billion, i.e. EUR 3.6 billion less than at the beginning of the year.

Loans and advances to customers grew to EUR 14.1 billion (EUR 13.9 billion). The share from the Group's foreign banking and investment services companies was EUR 0.1 billion. Loans and advances grew by 2 per cent (7%). Loans to households increased by EUR 0.3 billion. Loans to domestic corporate customers increased slightly, but loans to foreign corporate customers and institutions declined. Loans to public sector customers were also less. According to the data of the Financial Supervision Authority, Sampo-Leonia Group's domestic market share of loans and advances to customers was 19.2 per cent at the end of September (19.5%).

Customer liabilities fell from the high levels at the end of 1999. Deposits decreased by a total of EUR 0.9 billion. Funds in savings and investment accounts declined by EUR 0.7 billion as customers switched to other types of long-term savings. Financial Supervision Authority figures show that Sampo-Leonia's market share of customer deposits was 14.3 per cent at the end of September (15.7%).

The deceleration of growth in lending and the decline in deposit balances have been influenced by the termination of banking services in Finland Post in 2000. The decline in deposits was also partly influenced by a change in the tax rules on deposits to taxation at source from June, 2000. On the other hand, assets under management of the Group's fund management and asset management companies grew considerably. The assets of the mutual funds amounted to nearly EUR 1.5 billion and the assets under management as a whole were approximately EUR 6.2 billion. Sampo-Leonia Fund Management Ltd's market share was 11 per cent.

The amount from derivative contracts decreased in the review year. Calculated in accordance with the requirements of the Finnish capital adequacy standards, the credit equivalent value of the derivative contracts at the end of the year was EUR 0.8 billion or EUR 0.2 billion on a risk-weighted basis. A year earlier, the corresponding figures were EUR 1.1 billion and EUR 0.3 billion. Off-balance sheet items fell by EUR 0.1 billion to EUR 5.9 billion.

NON-LIFE INSURANCE

Operating profits from non-life insurance rose to EUR 777 million (EUR 391 million). Premiums written increased to EUR 1,023 million (EUR 881 million). Domestic direct insurance premiums written totalled EUR 782 million (EUR 742 million). Preliminary information indicates that the Sampo Group still holds 34 per cent of the Finnish market.

Foreign direct insurance premiums written almost doubled to EUR 209 million (EUR 108 million). Reinsurance premiums written totalled EUR 32 million (EUR 31 million).

Excluding accelerated depreciation on IT systems the profitability of non-life insurance remained at the level of the previous year. The combined ratio in the final accounts was 114.1 per cent (111.9%).

On a comparable basis, the results from domestic direct insurance improved. The combined ratio excluding the accelerated depreciation mentioned above was 106.3 per cent (109.6%). The profitability of motor third party liability insurance improved noticeably thanks to growth in premiums written and a decrease in claims. However, the profitability of statutory workers' compensation insurance and fire and other property non-life insurance declined slightly. The technical provisions in liability insurance were strengthened by EUR 6 million.

The results of domestic direct insurance improved. Net investment income was record high.

The profitability of foreign direct insurance declined. The balance on technical account was EUR -38 million and the combined ratio 132.0 per cent. Operations in the Baltic countries have, however, proceeded as planned. The proportional share of foreign direct insurance increased, thus weakening the overall profitability of non-life insurance.

The international non-life insurance results fell owing to several large claims. The Group received 26 claims of over EUR 2 million each, of which 22 concerned loss or damage occurred overseas. The gross amount of large claims totalled EUR 193 million (EUR 147 million) during the review period, of which a total of EUR 46 million (EUR 31 million) remained for the Group's own account.

The expense ratio was 25.3 per cent (21.8%). Accelerated depreciation on IT systems relating to the Sampo 2000 programme targeted at retail customers together with accelerated depreciation on old information systems increased operating expenses by a total of EUR 14 million, which weakened the expense ratio by 1.7 percentage points.

Provisions have been made under Other Charges for separate costs arising from the structural reorganisation of Sampo-Leonia, of which EUR 13 million is allocated to the non-life insurance business. These costs are expected to be realised within approximately two years.

Non-life insurance balance on technical account by group of insurance class

Columns:
1 = Gross premiums written before reinsurers' share
2 = Premiums earned
3 = Claims incurred
4 = Operating expenses
5 = Balance on technical account before the change in collective guarantee item, other technical charges and the change in equalisation provision
6 = Combined ratio, %

EUR m	1	2	3	4	5	6
Direct insurance						
Statutory workers' compensation						
2000	159	159	–150	–16	–7	104.3
1999	173	174	–160	–15	–1	100.8
Motor third party liability						
2000	157	149	–131	–31	–13	108.8
1999	134	129	–138	–25	–34	126.3
Motor, other classes						
2000	131	122	–97	–32	–6	104.8
1999	113	108	–88	–25	–5	105.0
Fire and other damage to property						
2000	291	187	–185	–74	–72	138.3
1999	237	181	–175	–57	–52	128.6
Other direct insurance						
2000	252	184	–141	–46	–2	101.3
1999	192	143	–107	–32	4	97.5
Direct insurance in total						
2000	991	801	–703	–198	–100	112.5
1999	850	734	–668	–154	–89	112.1
Reinsurance						
2000	32	23	–29	–11	–16	169.6
1999	31	14	–5	–9	0	99.3
Total						
2000	1,023	825	–732	–209	–116	114.1
1999	881	748	–674	–163	–89	111.9

Non-Life Insurance Investments

Overall investment profits were fairly good despite the plunge in stock exchange prices. Net investment income rose to EUR 892 million (EUR 482 million), including a total of EUR 141 million of dividends (incl. avoir fiscal tax credit) and profit from the sale of Pohjola shares. A gain of EUR 522 million was booked from the sale of Nokia shares. The investment yield from securities was 3.4 per cent (84.8%) and the total return on investment portfolio (excluding shares under fixed assets) was 4.3 per cent (75.4%).

The market value of the non-life insurance investment portfolio was EUR 4.6 billion (EUR 5.3 billion). The share of equity investments fell to 59 per cent, the share of investments in interest-bearing instruments was 28 per cent, and the share of investments in real estate 13 per cent. Total foreign investments rose to 19 per cent and investments outside the euro area to 11 per cent of the investment portfolio.

The solvency capital of non-life insurance was EUR 2.1 billion (EUR 3.5 billion) and the solvency ratio 261 per cent (470%).

LIFE INSURANCE

Operating profits from life insurance increased to EUR 421 million (EUR 185 million). Leonia Life Insurance Company Limited, which merged into Sampo Life on 31 December 2000, improves the diversity of the Group's life insurance sales and product know-how significantly. The expertise in the banking distribution channel is an important advantage in particular in the retail customer segment, which is a focal point of operations.

Life insurance premiums written rose by 12.1 per cent and totalled EUR 769 million. However, preliminary information indicates that growth in the total market was faster, reducing thus Sampo's market share to 19.8 per cent (24.2%).

The premiums written for group pension insurance, the largest insurance line, increased to EUR 287 million (EUR 167 million), of which EUR 244 million came from the dissolution of pension funds. The most rapid growth was experienced in unit-linked insurance, where premiums written rose to EUR 168 million (EUR 106 million). The premiums of with-profit life insurance fell back heavily. In line with the chosen product strategy, capital redemption policies premiums written decreased by nearly 50 per cent.

Claims paid rose by 26 per cent and totalled EUR 296 million. Claims paid included EUR 124 million (EUR 92 million) in surrenders, of which approximately two-thirds related to capital redemption policies.

The expense ratio of life insurance improved to 106.1 per cent (118.3%). EUR 3 million has been reserved for separate costs arising from the structural reorganisation of Sampo-Leonia.

Technical provisions for life insurance totalled EUR 4.3 billion at the year-end, of which the share received in the merger from Leonia Life Insurance Company was EUR 0.5 billion. Unit-linked insurance's share of technical provisions was EUR 0.3 billion.

In 2000 insurance savings were credited with a return of 6.3-6.6 per cent, depending on the insurance line. Technical provisions include EUR 88 million in client bonuses granted for the year 2000. EUR 40 million in bonuses reserved earlier were used for the funding of client bonuses. EUR 93 million was reserved for bonuses payable in future years. In addition, technical provisions for individual lines were supplemented by EUR 51 million owing to the reduction in guaranteed interest.

Life insurance solvency capital amounted to 21.9 per cent (29.4%) of technical provisions on 31 December 2000. This level of solvency meant that the proportion of valuation differences allocated to the shareholders of Sampo Life was 35 per cent, in accordance with the interpretation of the Principle of Fairness.

Life Insurance Investments

Overall results from investment operations based on current market values were good, despite the plunge in stock exchange prices that began in March 2000. The return on assets was 6.3 per cent.

Net investment income rose to EUR 525 million, including a total of EUR 222 million from dividends (including avoir fiscal tax credit) and sales profits attributable to the sale of Pohjola shares. A gain of EUR 97 million was booked from the sale of Nokia shares. A total of EUR 137 million in value adjustments was recorded.

Successful investments improved life insurance results. Life insurance savings increased further.

Market capitalisation of the investment portfolio stood at EUR 5.1 billion (EUR 4.6 billion). The share of foreign investments increased to 37 per cent. Investments outside the euro area amounted to EUR 1.2 billion, totalling 23 per cent of the investments. The share of equity investments fell to 31 per cent (44%) as a result of sales and the share of investments in interest-bearing instruments rose to 57 per cent (46%). The share of real estate investments was unchanged.

Insurance business Investments

	31 Dec. 2000 EUR m	%	*31 Dec. 1999* EUR m	%
NON-LIFE INSURANCE				
Investments in land and buildings	585	13	550	10
Shares	2,706	59	3,564	67
Bonds	834	18	777	15
Other debt securities	167	4	177	3
Loans	67	1	113	2
Other investments	207	5	135	3
CURRENT VALUE, TOTAL	4,568	100	5,317	100
Valuation differences				
Investments in land and buildings	88		63	
Shares	1,776		2,514	
Bonds	21		3	
Other debt securities	–1		1	
VALUATION DIFFERENCES, TOTAL	1,885		2,581	
BOOK VALUE, TOTAL	2,683		2,736	
LIFE INSURANCE				
Investments in land and buildings	351	7	272	6
Shares	1,615	31	2,006	44
Bonds	1,969	38	1,550	34
Other debt securities	658	13	279	6
Loans	130	3	144	3
Other investments	146	3	153	3
Investments pertaining to unit-linked policies	271	5	163	4
CURRENT VALUE, TOTAL	5,140	100	4,568	100
Valuation differences				
Investments in land and buildings	24		27	
Shares	439		803	
Bonds	90		54	
Other debt securities	0		0	
VALUATION DIFFERENCES, TOTAL	553		884	
BOOK VALUE, TOTAL	4,587		3,683	

RATINGS

Sampo-Leonia has the following ratings:

	Financial strength
Sampo-Leonia Insurance Company plc	
Fitch	A+
Moody's Investors Service	A2
Standard & Poor's	A

	Short-term funding	Long-term funding
Sampo Bank plc		
Fitch	F1	A+
Moody's Investors Service	P-1	A2
Standard & Poor's	A-2	A-

RISK MANAGEMENT

Risk management is used to limit the risk of loss by ensuring that the return to risk ratio by sector is reasonable and that every process is efficiently and consistently carried out, in the case of both internal and external events that were unpredicted.

As a general rule Sampo-Leonia manages the risks of the business sectors separately from each other. Concentrations of risk do, however, form at the Group level when business operations are to a large degree exposed to the same risks, or when fluctuations in profits correlate in a strong and positive manner. The development of the management of risk concentrations at Group level constitutes one of the most important tasks for 2001.

The credit risk from Sampo-Leonia's banking operations is illustrated by the expected annual credit loss from corporate exposure, which is approximately 0.32 per cent measured by CreditVaR, and the amount of risk capital reserved through credit loss risk, which is more than 4 per cent of total corporate exposure.

The interest rate risk related to the asset and liability activities of banking is illustrated by the fact that a drop of 1 percentage point in interest rates at the turn of the year would have weakened the euro-denominated value of total assets by EUR 21 million. Trading markets risk in banking remained low.

Risk management is presented in more detail in the Notes to the Accounts.

STAFF

The Group employed a total of 10,207 people (9,135) at the year-end, of which 49 per cent were employed in banking and investment services, 41 per cent in non-life insurance and 10 per cent in life insurance. The Group employed 8,162 people (8,089) in Finland. The number of overseas staff doubled to more than 2,000 employees. The growth was largely attributable to the acquisition of a Polish life insurance company, although the more than 1,900 part-time agents of the company in question are excluded from the total number of staff.

The Group employed an average of 9,184 people (8,630), of which 51 per cent worked in banking and investment services, 45 per cent in non-life insurance and 4 per cent in life insurance.

ADMINISTRATION

On 25 May 2000 the Supervisory Board of Sampo Insurance Company plc appointed Jyrki Juusela, Martti Hetemäki, Eino Keinänen, and Tom Berglund as new members of the company's Board of Directors. At the same time, Jyrki Juusela stepped down from the Supervisory Board, where he had been acting as Chairman.

Kari O. Sohlberg and Jouko K. Leskinen stepped down from the Board of Directors of Sampo.

Thus the composition of the Sampo Board of Directors is as follows: Jukka Härmälä, Chairman, Martti Hetemäki, Vice Chairman, Tom Berglund, Georg Ehrnrooth, Ari Heiniö, Jyrki Juusela, Eino Keinänen, Paavo Pitkänen and Christoffer Taxell. These Board members will also continue as the members of Sampo-Leonia's Board of Directors from the beginning of 2001.

In line with the amendment to its Articles of Association, the Sampo Supervisory Board was abolished when the merger between Sampo and Leonia came into force.

CEO Jouko K. Leskinen submitted a request on 4 December 2000 to resign from his position as CEO as of 1 January 2001. The company's Board of Directors accepted the request and appointed Björn Wahlroos, the Chairman of the Board of Directors of Mandatum, as the CEO of Sampo-Leonia from 1 January 2001.

The Board of Directors wishes to thank Jouko K. Leskinen for his dynamic and successful term as CEO.

CHANGES IN SHARE CAPITAL

In order to develop its capital structure Sampo bought back 1,520,000 of its own shares on the Helsinki Exchanges between 3 and 24 January 2000 for a total of EUR 57 million. The Annual General Meeting decided on 12 April 2000 to cancel these shares and to reduce the share capital by 7,600,000 Finnish markka, i.e. EUR 1,278,228, which is the total nominal value of the shares purchased. Share capital was reduced to FIM 302.4 million, i.e. EUR 50.9 million and the number of shares to 59,280,000.

Sampo's share capital was reduced by EUR 1 million (FIM 6,000,000) to FIM 296.4 million, i.e. EUR 49.85 million, in compliance with the implementation provisions of the amendments to the Finnish Insurance Companies Act, which came into effect on 1 September 1997. This reduction in the share capital was recorded in the trade register on 3 July 2000. The number of shares was unchanged.

Leonia's shareholders, i.e. the Finnish government, received 44,720,000 Sampo class A shares as consideration for the merger on 31 December 2000. The share capital increased by EUR 37.6 million (FIM 223.6 million) to EUR 87.5 million (FIM 520 million).

At the end of the review period the total number of shares was 104 million, of which 103,760,000 were A shares and 240,000 B shares.

CONVERSION TO EURO

The first stage of Sampo-Leonia banking's euro project was completed at the end of 1998. Following this, all banking services are also available to customers in euro. The second stage of the project mainly concerns conversion of the domestic customer accounts and loans from the Finnish markka to the euro, and the conversion of cash at the beginning of 2002.

Corporate clients have received euro-denominated insurance services on request since the beginning of 1999. Retail customers will be offered full euro services from the beginning of 2002. Insurance products will become euro-denominated in stages during 2001.

The estimated total workload of the euro projects is approximately 340 man-years. The Group's euro project was estimated to be approximately 65 per cent complete at the beginning of 2001. The euro project will be finished in time in 2001.

RECENT DEVELOPMENTS

Acquisition of Mandatum Bank

The Boards of Directors of Sampo Insurance Company plc and Mandatum Bank Plc approved on 3 December 2000 the agreement to combine the companies' business operations. In accordance with the decision of the Extraordinary General Meeting of Shareholders of Sampo-Leonia on 18 January 2001, Sampo-Leonia made an exchange offer to the Mandatum shareholders of new Sampo-Leonia A shares to be issued for Mandatum shares. Mandatum shareholders were offered one (1) Sampo-Leonia A share for five and a half (5 1/2) Mandatum A or B shares.

The exchange offer period began on 1 February 2001 and ended on 16 February 2001. After the expiry period of the offer Sampo-Leonia held 99.02 per cent of Mandatum shares and 99.58 per cent of the total votes (including shares previously owned by the Group).

Those Mandatum shareholders who had accepted the exchange offer were issued a total of 7,116,993 new Sampo-Leonia A shares, after which the company's total number of shares is 111,116,993 and the share capital EUR 93,442,683.23.

Mandatum Bank joined the Group in February 2001.

On 27 February 2001 Sampo-Leonia made a redemption offer for the Mandatum shares and securities entitling to the shares.

Including Mandatum's profits and capital adequacy the Group's pro forma earnings per share were EUR 8.56.

New Organisation

Sampo-Leonia's Board of Directors announced the Group's new organisation and made key management appointments on 23 January 2001. From 1 February 2001, the planned matrix organisation was replaced by a line management organisation.

The Board appointed Kari Stadigh as Deputy Managing Director and Deputy CEO. Pentti Hakkarainen was appointed Executive Vice President (Head of Distribution and Banking), Mika Ihamuotila Executive Vice President (Head of Long-Term Savings), Hannu Kokkonen Executive Vice President (Head of Non-life Insurance), Kurt Lundmark Executive Vice President (Head of Investment Banking) and Maarit Näkyvä Executive Vice President (Head of Retail Distribution and Private Banking).

Other Recent Events

Sampo-Leonia sold 10.1 million Nokia shares at an average price of EUR 34.70 during the first two months, which generated a sales profit of EUR 341 million. As a result of the drop in share prices, Sampo-Leonia's net asset value per share, less full deferred tax, has fallen by approximately EUR 4 per share since the year-end.

Sampo-Leonia follows the Helsinki Exchanges' guidelines on insider trading. Stricter guidelines for insiders will come into force in March for some of the Group's employees.

Leonia Bank plc was renamed Sampo Bank plc on 21 February 2001. The new name has been entered in the trade register and it was taken into use immediately.

OUTLOOK

The key areas for the new Sampo Group's business operations are the fastest growing areas, i.e. long-term savings (life insurance, asset management and mutual funds), retail and private banking, and investment banking. In the first part of 2001 the main focus of operations will be on the integration of Sampo, Leonia, and Mandatum.

The tightening interest rate competition and the declining interest rates will put a strain on the net income from financial operations of banking. Customers' transition to the web bank and the synergy effects will, however, ease the cost burden. The aim is to achieve the target level of 58 per cent for the cost to income ratio as soon as 2001. The growth in mutual fund and discretionary asset management business is expected to continue. The range of asset management products could be expanded by utilising the benefits of the mergers. The investment banking outlook is strong for the beginning of the year and the number of mergers and acquisitions will continue to be high.

Unit-linked insurance is a key growth area for life insurance. The aim in corporate life insurance is to maintain its strong market position. The profitability of domestic non-life insurance is expected to improve. Decisions on the relinquishing of non-life insurance operations in central Europe will be made during the spring.

The investment market has been very unstable in the first part of the year. Stabilisation of the investment portfolio will continue at an increasingly rapid rate.

The proposed distribution of dividends will channel a significant part of the overcapitalisation to Sampo-Leonia shareholders. According to the adjusted dividend policy Sampo-Leonia aims to distribute approximately half of its annual profits to the shareholders. A new authorisation to buy back shares will be proposed to the Annual General Meeting. The proposed split of shares is likely to improve the liquidity of the shares further.

BOARD'S DIVIDEND PROPOSAL

The Group's distributable capital and reserves was EUR 1,393,250,464.86 and that of the parent company EUR 1,273,455,557.64. The Board of Directors proposes that an ordinary dividend of EUR 4 per share be paid to the company's 111,116,993 shares. The Board also proposes that an extra dividend of EUR 4 be paid. The total dividend proposed is EUR 888,935,944. The Mandatum shareholders who accepted the Sampo-Leonia exchange offer are also entitled to full dividend. It is proposed to reserve EUR 0.2 million for charitable causes. The remaining distributable funds will be transferred to the contingency fund.

The proposal for dividend is EUR 8 per share, of which the share of extra dividend proposed is EUR 4.

Consolidated profit and loss account

EUR m	Notes	2000	1999
BANKING AND INVESTMENT SERVICES ACCOUNT			
Interest receivable	1	1,294	1,095
Interest payable	1	–868	–703
Net income from financial operations		426	392
Dividend income		224	2
Fees and commissions receivable		179	186
Fees and commissions payable		–30	–24
Net income from transactions in securities and foreign exchange dealing			
from transactions in securities	2	47	–18
from foreign exchange dealing		24	14
		71	–4
Other operating income	3	33	77
Administrative expenses			
Staff costs			
Wages and salaries		–143	–136
Social security costs			
Pension costs		–23	–21
Other		–14	–13
		–37	–34
Other administrative expenses		–198	–179
		–378	–349
Depreciation and write-down of tangible and intangible assets	4	–42	–48
Other operating expenses	3	–37	–36
Provisions for bad and doubtful debts	5	–17	4
Write-offs in respect of debt securities held as financial fixed assets	5	0	–
Income from companies accounted for by the equity method		1	1
Operating profit before elimination items		430	202
Elimination items	21	4	1
Operating profit		434	202

EUR m	Notes	2000	1999
TECHNICAL ACCOUNT - NON-LIFE INSURANCE			
Premiums earned	9		
Premiums written	7	1,023	881
Reinsurers' share		–178	–116
		845	765
Change in the gross provision for unearned premiums			
Total change		–57	–25
Portfolio transfer		35	3
		–22	–22
Reinsurers' share			
Total change		22	5
Portfolio transfer		–21	0
		2	5
		–21	–17
		825	748
Claims incurred	9		
Claims paid		–908	–730
Reinsurers' share		198	129
		–710	–602
Change in the provision for outstanding claims			
Total change		–137	–107
Portfolio transfer		74	0
		–63	–107
Reinsurers' share			
Total change		83	36
Portfolio transfer		–41	0
		42	36
		–22	–71
		–732	–672
Change in collective guarantee item		–1	–1
Net operating expenses	9, 13	–209	–163
Other technical charges		–	–2
Balance on technical account before the change in equalisation provision		–117	–91
Change in equalisation provision		–17	–9
Balance on technical account		–134	–100

Consolidated profit and loss account cont.

EUR m	Notes	2000	1999
TECHNICAL ACCOUNT - LIFE INSURANCE			
Premiums written			
Premiums written	7, 12	769	686
Reinsurers' share		–3	–4
		766	682
Share of net investment income	17	525	337
Claims incurred			
Claims paid	12	–296	–235
Reinsurers' share		3	2
		–293	–234
Change in the provision for outstanding claims		–157	–89
Reinsurers' share		1	1
		–157	–88
		–450	–322
Change in premium reserve			
Change in premium reserve		–564	–620
Reinsurers' share		–1	0
		–565	–620
Net operating expenses	13	–42	–36
Other technical charges		0	0
Balance on technical account		235	41
INSURANCE BUSINESS NON-TECHNICAL ACCOUNT			
Balance on technical account, non-life insurance		–134	–100
Technical underwriting result, life insurance		235	41
Investment income	18	1,992	1,152
Revaluations on investments		5	45
Investment charges	18	–545	–376
Revaluation adjustments on investments		–35	–1
		1 417	819
Transfer of part of net investment income		–525	–337
		892	482

EUR m	Notes	2000	1999
Other income			
Decrease in negative consolidation difference		1	0
Other		3	2
		4	3
Other charges			
Depreciation on consolidation difference		–41	–5
Depreciation on goodwill		–11	–3
Other		–17	–1
		–69	–8
Share of associated undertakings' profit/loss		62	1
Profit before elimination items and extraordinary items		989	418
Elimination items	21	–4	–1
Profit before extraordinary items		985	418
Banking and investment services operating profit		434	202
Non-life and life insurance profit before extraordinary items		985	418
Extraordinary items			
Extraordinary income	19	19	12
Extraordinary charges	19	–26	–
		–8	12
Profit after extraordinary items		1,411	633
Income taxes			
Tax for the financial year		–438	–265
Tax from previous periods		1	–1
Deferred tax	20	8	16
		–429	–251
Minority interest		–59	–12
Profit for the financial year		923	371

Consolidated balance sheet

EUR m	Notes	2000	1999
ASSETS			
BANKING AND INVESTMENT SERVICES ASSETS			
Cash and balances at central banks		841	1,804
Treasury bills and other eligible bills	22, 29, 61, 62		
Treasury bills		7	1
Other		3,619	3,110
		3,625	3,111
Loans and advances to credit institutions	23, 27, 61, 62		
Repayable on demand		69	20
Other		2,252	4,315
		2,321	4,336
Loans and advances to customers	24, 27, 61, 62	14,130	13,894
Lease assets	28	439	358
Debt securities	29, 61, 62		
Issued by public bodies		516	550
Other		1,400	2,475
		1,916	3,025
Shares and participations	30, 31	35	52
Shares and participations in associated undertakings	31, 42	13	11
Shares and participations in Group undertakings	31, 42	2	1
Intangible assets	32		
Goodwill		9	10
Other intangible assets		51	46
		60	56
Tangible assets	31, 33		
Property and shares in property companies		329	313
Other tangible assets		25	21
		354	335
Other assets	34	179	499
Prepayments and accrued income	35	723	705
Deferred tax assets	63	29	13
Elimination items	78	–70	–208
Total		24,600	27,992
INSURANCE BUSINESS ASSETS			
Intangible assets	36		
Intangible rights		10	8
Goodwill		10	4
Consolidation difference		285	20
Other long-term expenses		57	64
		362	96

EUR m	Notes	2000	1999
Investments	38		
Investments in land and buildings	40		
Land and buildings		821	732
Loans to Group undertakings		3	2
		824	734
Investments in Group and associated undertakings	46		
Debt securities and loans of Group undertakings		110	114
Shares and participations in associated undertakings		81	74
Debt securities and loans of associated undertakings		–	101
		191	289
Other financial investments			
Shares	44	2,026	2,386
Debt securities		3,408	2,511
Loans guaranteed by mortgages		162	187
Other loans	47	35	68
Deposits with credit institutions		309	238
		5,939	5,390
Deposits with ceding undertakings		45	50
		6,999	6,463
Investments covering unit-linked insurances	49	271	163
Debtors			
Arising out of direct insurance operations			
Policyholders		168	140
Intermediaries		45	27
Arising out of reinsurance operations		109	110
Other debtors		207	311
Deferred tax		30	9
		558	597
Other assets			
Tangible assets			
Equipment	36	42	41
Other tangible assets		3	3
Stocks		1	2
		45	46
Cash at bank and in hand		96	111
Other assets		1	2
		142	158
Prepayments and accrued income			
Interest and rents		91	88
Other		96	58
		187	146
Elimination items	78	–323	–405
Total		8,196	7,219
TOTAL ASSETS		32,795	35,211

Consolidated balance sheet cont.

EUR m	Notes	2000	1999
LIABILITIES			
CAPITAL AND RESERVES	51		
Subscribed capital		87	90
Premium reserve		902	900
Revaluation reserve	52	–	28
Legal reserve		369	369
Currency conversion differences		14	14
Subordinated liabilities	53	10	10
Other reserves			
Reserves provided for by the articles of association		346	323
Other reserves		82	82
		428	405
Profit/loss brought forward		134	402
Profit for the financial year		923	371
		2,868	2,589
Minority interest		94	95
BANKING AND INVESTMENT SERVICES LIABILITIES			
Liabilities to credit institutions and central banks	55, 61, 62		
Central banks		59	489
Credit institutions			
Repayable on demand		22	48
Other		3,402	2,667
		3,424	2,716
		3,483	3,204
Liabilities to customers	55, 61, 62		
Deposits			
Repayable on demand		7,074	8,576
Other		1,128	517
		8,203	9,094
Other liabilities		2,499	2,799
		10,701	11,892
Debt securities in issue	55, 56, 61, 62		
Bonds and notes		4,753	5,259
Other		2,469	4,270
		7,222	9,528
Other liabilities	57	599	718
Accruals and deferred income	58	625	899
Provisions for liabilities and charges	59	–	1
Subordinated liabilities	55, 60, 62	462	564
Deferred tax liabilities	63	28	19
Elimination items	78	–323	–405
Total		**22,798**	**26,422**

EUR m	Notes	2000	1999
INSURANCE BUSINESS LIABILITIES			
Technical provisions	73		
Provision for unearned premiums, non-life insurance		318	260
Reinsurers' share		–47	–25
		271	236
Premium reserve, life insurance		2,883	2,425
Reinsurers' share		–3	–4
		2,881	2,421
Claims outstanding, non-life insurance		1,949	1,803
Reinsurers' share		–269	–184
		1,680	1,618
Claims outstanding, life insurance		1,106	948
Reinsurers' share		–3	–2
		1,103	946
Equalisation provision, non-life insurance		251	234
Collective guarantee item, non-life insurance		31	30
		6,216	5,485
Technical provisions of unit-linked insurances		270	162
Obligatory provisions	74	1	2
Deposits received from reinsurers		2	4
Creditors			
Arising out of direct insurance operations		2	1
Arising out of reinsurance operations		91	102
Bond with warrants		1	1
Amounts owed to credit institutions		1	209
Other creditors		257	62
Deferred tax		40	11
		392	386
Deferred income		224	274
Elimination items	78	–70	–208
Total		7,035	6,105
TOTAL LIABILITIES		32,795	35,211
BANKING AND INVESTMENT SERVICES OFF-BALANCE SHEET ITEMS			
Contingent liabilities			
Guarantees and assets pledged as collateral security		1,873	2,275
Commitments			
Other than sale and option to resell transactions		3,993	3,715
		5,866	5,990

Parent company profit and loss account

EUR m	Notes	2000	1999
TECHNICAL ACCOUNT			
Premiums earned	10		
Premiums written	7	336	314
Reinsurers' share		–2	–1
		334	312
Change in the gross provision for unearned premiums		–7	–8
Reinsurers' share		–1	0
		–8	–8
		326	304
Claims incurred	7		
Claims paid		–262	–238
Reinsurers' share		10	4
		–252	–233
Change in the provision for outstanding claims		24	–20
Reinsurers' share		–19	–4
		5	–24
		–247	–257
Change in collective guarantee item		–1	–1
Net operating expenses	10, 13	–103	–81
Balance on technical account before the change in equalisation provision		–25	–34
Change in equalisation provision		–37	–3
Balance on technical account		–61	–38

EUR m	Notes	2000	1999
NON-TECHNICAL ACCOUNT			
Investment income	18	1,082	368
Investment charges	18	–91	–35
Revaluation adjustments on investments		–1	–1
		990	333
Other income		1	18
Other charges			
Depreciation on consolidation difference		–5	–5
Other		–13	0
		–18	–5
Profit before extraordinary items		912	307
Appropriations			
Change in depreciation difference		4	–2
Change in untaxed reserves			
Increase/decrease in credit loss reserve		1	0
		5	–2
Income taxes			
Tax for the financial year		–269	–78
Tax from previous periods		0	–1
Deferred tax		2	–1
		–266	–80
Profit for the financial year		651	225

Parent company balance sheet

EUR m	Notes	2000	1999
ASSETS			
Intangible assets	36		
Intangible rights		5	6
Goodwill		21	26
Other long-term expenses		44	46
		69	79
Investments	39		
Investments in land and buildings	41		
Land and buildings		241	266
Loans to group undertakings		26	12
		267	277
Investments in group and associated undertakings	46		
Shares and participations in Group undertakings		2,008	194
Shares and participations in associated undertakings		67	66
Debt securities and loans of associated undertakings		–	101
		2,075	361
Other financial investments			
Shares	45	363	359
Debt securities		245	284
Loans guaranteed by mortgages		17	21
Other loans	47	5	9
Deposits with credit insitutions		4	6
		634	678
Deposits with ceding undertakings		1	1
		2,978	1,318
Debtors			
Arising out of direct insurance operations			
Policyholders		95	86
Arising out of reinsurance operations		4	14
Deferred tax liabilities		478	22
Other debtors		11	9
		589	131
Other assets			
Tangible assets			
Equipment	36	24	27
Other tangible assets		2	2
Stocks		1	1
		27	31
Cash at bank and in hand		12	16
		39	47
Prepayments and accrued income			
Interest and rents		9	10
Other		18	92
		27	103
TOTAL ASSETS		3,702	1,677

EUR m	Notes	2000	1999
LIABILITIES			
Capital and reserves	54		
Subscribed capital		87	52
Premium reserve		902	–
Revaluation reserve		–	28
Legal reserve		366	366
Other reserves			
Reserves provided for by the articles of association		621	75
Other reserves		12	12
		633	87
Profit/loss brought forward		1	1
Profit for the financial year		651	225
		2,641	759
Appropriations			
Depreciation difference		10	14
Optional reserves			
Credit loss reserve		1	2
		11	16
Technical provisions			
Provision for unearned premiums		148	141
Reinsurers' share		0	–1
		148	139
Claims outstanding		568	592
Reinsurers' share		–11	–29
		557	562
Equalisation provision		134	98
Collective guarantee item		14	13
		853	813
Deposits received from reinsurers		–	1
Creditors			
Arising out of reinsurance operations		5	19
Convertible bonds		1	1
Other creditors		141	30
		148	50
Deferred income		49	39
TOTAL LIABILITIES		3,702	1,677

Parent company cash flow statement

EUR m	31 Dec. 2000	31 Dec. 1999
Cash flow from business operations		
Profit (loss) on ordinary activities / profit (loss) before extraordinary items	912	307
Adjustments		
Change in technical provisions	40	36
Value adjustments and revaluations on investments	53	–1
Unrealised exchange rate gains / losses	1	–1
Depreciation according to plan	38	27
Other income and charges excluding payment [1]	–	–16
Other [2]	–157	–68
Cash flow before change in net working capital	888	284
Change in net working capital		
Increase (–)/decrease (+) in non-interest-earning receivables	–255	–39
Increase (–)/decrease (+) in non-interest-earning payables	5	4
Cash flow from business operations before financial items and taxes	638	248
Interest paid for other financial expenses from operations	–1	0
Taxes	–285	–69
Cash flow from business operations	353	178
Cash flow from capital expenditures		
Capital expenditure on investments (excl. funds)	–408	–555
Capital gain from investments (excl. funds)	331	471
Investments and income from the sale of tangible and intangible assets and other assets (net)	–22	–32
	–98	–116
Cash flow from financing		
Buy-back of own shares	–57	–
Loan repayments	–	–33
Dividend paid / other profit distribution	–145	–49
	–202	–82
Change in funds	53	–20
Funds at 1 January [3]	148	106
Funds at 31 December [4]	202	86
	53	–20

1) Merger profit from the merger of Otso Loss of Profits Insurance Company Ltd and Insurance Company of Finland Ltd into Sampo
2) Cash flow from capital expenditures include gains and losses on realisation of investments, and interest expenses
3) Funds include cash at bank and in hand and debt securities excluding subordinated debt securities less unrealised exchange rate differences entered in the items mentioned above
4) In addition, the Balance Sheet at 31 December includes funds transferred in connection with the merger — 8 (2000), 62 (1999)

Notes to the accounts
Risk management

Risk Management Principles

The Board of Directors of Sampo-Leonia plc is responsible for ensuring that there is effective risk management and internal control. The Board sets the principles for risk management and internal control systems in the business operations. The Board has a duty to monitor the risk management process.

Business Risks

The most significant risks for the Sampo Group are market risks for the investment portfolios, insurance risks, credit risk, interest rate and funding risks in non-trading positions, and the operational risks inherent in every kind of activity. Market risk in trading activities has been reduced to a low level.

Risks in Banking Operations

Credit Risk

Credit risk is the risk that a customer or a counterparty will be unable or unwilling to meet a commitment that it has entered into with a member of the Group.

The Group guidelines define uniform principles for credit risk taking, while the amount and allocation of the risk are defined in the credit risk policy. The authority to make credit decisions within limits of creditworthiness categories and amounts of exposure is delegated to credit committees, which in turn delegate it to authorised credit officers. The Group has a joint rating committee. The use of the credit decision-making authority is controlled by applying country, customer group, customer and product limits and by reporting requirements.

Corporate and Institutional Customers

Credit Rating

The basis of credit risk management for corporate customers is that each customer has a customer account officer who is familiar with the customer's business, and monitors its development. The Group has an internal 12-stage creditworthiness rating system. This internal rating system covers more than 98 per cent of loans and other exposures to corporate and institutional customers. The Group also uses the ratings of approved rating agencies, which are converted to the Bank's internal rating scale. For example, Sampo-Leonia's internal rating categories correspond with those of Standard & Poor's roughly as follows:

L1 = AAA – AA-
L2 = A+ – BBB-
L3 = BB+ – B+
L4 = B or weaker

Collateral Rating

Collateral is divided into four quality categories. Each type of collateral, e.g. securities by issuer, is given a valuation percentage, according to which the share of the collateral pledged to the Bank is placed, at its fair value, in a quality category.

Category I - full recovery is highly probable;
Category II - recovery is probable;
Category III - recovery is fairly probable;
Category IV - collateral is recoverable only in part and only after deductions for delay, the costs of realisation and the price risk of normal business fluctuations are deducted.

The creditworthiness and the collateral ratings form the basis for measuring the total amount of credit risk. Credit decisions for corporate and institutional customers are based on the customer's creditworthiness. To reduce uncertainty related to its estimation, covenants or collateral are required.

Monitoring Corporate Customer Credit Risk

Credit risk monitoring is based on the continuous follow-up of customer creditworthiness, collateral values and covenants and the monitoring of country, customer and product limits. At portfolio level the risks are monitored using the CreditVaR technique. For customers in the lowest creditworthiness category, action plans are drawn up to reduce credit risk.

Assessing and Monitoring Retail Customer Credit Risk

Retail customers'creditworthiness is assessed by comparing a customer's income, or that of his or her family, with their living expenses and debt repayment obligations. Uncertainties related to the estimation of creditworthiness are covered by means of collateral which, in the case of long-term loans, is usually a dwelling. In the case of smaller unsecured loans, the creditworthiness of personal customers is assessed by means of credit scoring, which estimates the customer's ability to repay the loan. The incidence of delayed loan repayments and the development of non-performing loans are monitored and reported on continuously.

Risk management cont.

Credit Risk in 2000

The figures in the tables show Leonia Bank Group customers' outstanding exposure. The balance sheet totals for Sampo Pank in Estonia and Sampo bankas in Lithuania amount to EUR 321 million. These figures are not included in the tables. Exposure is categorised according to the customer, to a counterparty, or to a guarantor where the credit decision is based on the creditworthiness of a guarantor. Credit risk reporting covers all agreements and derivative contracts, both on and off the balance sheet, with which a credit risk is associated, irrespective of where they appear in the accounts, or whether losses due to the credit risk are recognised as a credit loss or another type of loss.

Outstanding exposure to customers decreased by about 12 per cent in the period, and totalled EUR 25.3 billion at the end of the year. Exposure to corporate, public sector and retail customers increased, but decreased to the banking sector. In regional terms, 90 per cent of credit risks applied to EU countries and elsewhere in western Europe. Latin America accounted for 0.5 per cent of total exposure and Asia for 0.7 per cent. Exposure to Russia stood at EUR 38 million at the end of the year, a substantial proportion of which was secured by collateral in western countries.

An analysis of exposure by the sector within which customers operate shows that the share of exposure to the manufacturing and trade sectors decreased while the share to other sectors increased. Exposure to customers in the IT and telecommunications sector fell and the share of these customers was a good 2 per cent of total exposure. Abroad, the Bank participated in financing deals for several GSM operators' network investments, but the shares were small and did not include finance for any UTMS licences. In Finland, exposure to small and medium-sized businesses continued to grow, and was mainly focused on counterparties in creditworthiness category L3. Leonia also played a significant role in financing mergers and acquisitions.

In total, exposure to domestic corporate customers increased but decreased to foreign corporate customers. About one fifth of exposure to corporate customers is secured by category I and II collateral.

The expected credit loss from corporate exposure, using the CreditVaR technique, is approximately 0.32 per cent and the risk capital required for credit risk represents 4 per cent of total corporate exposure. In terms of the risk capital, corporate customers' credit risk increased by a fifth. The increase was greatest in forest and metal industries and in the energy sector.

Exposures by customer sector

	2000 EUR m	%	1999 EUR m	%
Corporate customers	8,849	35	8,787	31
Financial institutions	7,020	28	10,954	38
Public sector customers	4,159	16	4,015	14
Other institutions	297	1	401	1
Corporate and institutional customers total	20,326	80	24,156	84
Retail customers	4,997	20	4,608	16
Total	25,322	100	28,765	100

Exposures by geographical area

	2000 EUR m	%	1999 EUR m	%
Finland	17,792	70	18,296	64
Other EMU countries	3,178	13	4,427	15
Other EU countries	2,061	8	3,270	11
USA, Canada, Japan, Australia, New Zealand, other western Europe	1,656	7	2,283	8
Asia (excluding Japan)	169	1	221	1
Middle East	125	0	63	0
Eastern Europe	159	1	132	0
Other countries	182	1	73	0
Total	25,322	100	28,765	100

Corporate exposures by industry

	2000 EUR m	%	1999 EUR m	%
Forest industry	959	11	1,038	12
Metal industry	1,155	13	1,129	13
Other manufacturing	1,757	20	1,750	20
Trading	984	11	1,016	12
Construction	394	4	359	4
Property	1,271	14	1,172	13
Energy	864	10	796	9
IT and telecommunications	533	6	633	7
Other companies	931	11	894	10
Total	8,849	100	8,787	100

Exposures to corporate and institutional customers by creditworthiness category

	2000 EUR m	%	1999 EUR m	%
L1	8,419	41	10,253	42
L2	8,454	42	10,648	44
L3	2,524	12	2,229	9
L4	410	2	386	2
Bankrupt customers	18	0	12	0
Unclassified	162	1	380	2
Partnerships	337	2	249	1
Total	20,326	100	24,156	100

L4 exposures by customer category

	2000 EUR m	%	1999 EUR m	%
Manufacturing	60	15	58	15
Trading	78	19	100	26
Construction and property	89	22	105	27
Other companies	68	17	68	18
Other customers	116	28	56	14
Total	410	100	386	100

L4 exposures by size of exposure

Size of exposure	2000 EUR m	Number of customers	1999 EUR m	Number of customers
Less than EUR 0.1 million	23	1,704	24	1,372
EUR 0.1 - 0.5 million	43	196	42	202
EUR 0.5 - 3 million	106	90	94	85
EUR 3 - 10 million	124	23	104	20
Over EUR 10 million	115	7	122	6
Total	410	2,020	386	1,685

Most of the retail loan portfolio and new lending to retail customers was used to finance the purchase of housing. 42 per cent of lending and 50 per cent of its growth was in areas with net in-migration of population and 2 per cent of lending was in areas with net out-migration. More than 80 per cent of lending to retail customers was secured by category I and II collateral.

Market Risk

Market risk arises from earnings volatility caused by changes in market values. Market values are affected by movements in risk factors such as interest rates, exchange rates, equity prices and their respective volatilities.

Market Risk Arising from Trading Activities

Market risks in trading arise from foreign exchange dealing with customers and risk and liquidity management services related to customer business. A further source of risk is the small-scale proprietary trading which supports the Bank's ability to serve customers. Very little liquidity risk arises from trading.

Market risk in trading is measured and limited using a technique called Value at Risk (VaR). VaR figures are calculated, with a confidence level of 99 per cent, for overnight risk. The volatility and correlation parameters required by the model are calculated daily on the basis of 60-banking day historical market observations. Risks are also monitored and limited by means of stress testing and exposure limits, thus ensuring that agreed levels of risk are also not exceeded in exceptional market conditions. Market risks in trading have been at a low level since the transfer into the euro.

Market Risk of Asset and Liability Activities

The main market risk in banking operations is the interest rate risk related to asset and liability activities. This manifests itself as a deterioration in the value of the non-trading positions in the balance sheet and/or a reduction in net interest income as interest rates become less favourable. The risk for the Bank is a fall in interest rates, and especially a situation in which low rates prevail for a long period. In such an environment, the interest paid on customer accounts falls at a slower rate than interest received on loans, with the result that margins become slimmer. In 2000, this risk was managed by using hedging derivatives. At the end of year, a hypothetical reduction of 1 percentage point in interest rates would have resulted in a deterioration of EUR 21 million in the value of balance sheet items denominated in euro.

Liquidity Risk in Asset and Liability Activities

Liquidity risk arises from earnings volatility caused by changes in funding costs or from the danger of the Bank's activities funding no longer being available. This would be against a background of overall changes in the credit markets or of a lack of confidence in an individual borrower.

Market risks in trading of Sampo-Leonia banking 1998-2000
1 per cent VaR figures in EUR thousands

	Average			Maximum			Minimum		
EUR '000	2000	1999	1998	2000	1999	1998	2000	1999	1998
Risk factor									
Interest rates	766	666	1,167	1,772	1,457	2,106	71	326	452
FX rates	91	121	230	1,659	424	525	0	17	47
Equity prices	1	114	242	27	367	989	0	0	0
Portfolio effect	–89	–205	–409	–642	–620	–938	0	–22	–41
Market risk	769	698	1,248	1,875	1,603	2,104	76	357	619

Risk management cont.

Liquidity risk of Leonia Group at 31 December 2000

EUR million	0-1 months	1-12 months	1-2 years	2-5 years	over 5 years	Total
Assets denominated in euro	4,935	3,915	1,584	3,846	6,118	20,397
Liabilities denominated in euro	12,845	2,940	542	1,240	1,868	19,435
Net of euro denominated items	–7,911	976	1,042	2,606	4,250	962
Assets denominated in other currencies	1,177	1,581	738	1,257	796	5,549
Liabilities denominated in other currencies	2,127	2,126	746	352	1,247	6,597
Net of items denominated in other currencies	–950	–545	–8	905	–451	–1,048
Liquidity position	–8,861	431	1,034	3,511	3,799	

The figures of liquidity position consist only of balance sheet items. E.g. the undrawn loans or overdraft facilities are not included. Arising from movements in exchange rates, assets and liabilities in different currencies are unbalanced, because the table does not include derivative instruments. In addition, short-term deposits and customer accounts are included in the shortest maturity, although the account balances as a whole have behaved as long-term funding.

Earnings volatility arising from changes in funding costs is managed by maintaining a sufficient level of market-based liquidity from alternative sources in relation to the business. Customer accounts and loans as well as their forecast development form the basis for planning the funding structure. Surplus liquidity is mainly kept in fixed income instruments that can easily be converted into cash if necessary.

As a key aspect of liquidity management is accurate and up-to-date information about all short-term cash flows, monitoring and forecasting of cash resources and the execution of daily market operations are concentrated in the trading function. The Bank's liquidity position was adequate throughout 2000.

Insurance Business Risks

Technical Risk

A fall in the technical result is usually attributable to an increase in claims incurred. This risk is limited through careful risk selection, pricing to reflect the risk, and reinsurance. Reinsurance hedging is used to limit the compensation paid for a single loss on the basis of one insurance contract, and the so-called catastrophe accumulation, where compensation for a single loss, e.g. from a storm, is paid on the basis of several insurance contracts.

Once a year, the Board of Directors of each insurance company in the Sampo-Leonia Group determines the maximum amount of compensation for its own account, i.e. retention in the various insurance classes. The efficiency of the reinsurance hedging depends to a great extent on the solvency of the reinsurance companies chosen. More than 70 per cent of reinsurance placed by the Group was allocated to companies whose Standard & Poor's rating is AAA, AA, A, or comparable. Operations reinsured to extent of less than 2 per cent were allocated to companies with a lower rating than BBB. In addition, it is important for risk management that there is sufficient decentralisation of reinsurance. Group reinsurance represents no more than 5 per cent of the total capital and reserves of any company with which it places reinsurance.

The Group's Security Committee monitors the solvency and operations of reinsurance companies closely and recommends changes in the reinsurance programmes if necessary.

A future focal point for the insurance business is the definition of optimal retention levels together with the optimisation of capital and reserves allocated to the operations.

Investment Risk

Security and good returns are the aim of insurance company investments. The biggest risks threatening investment results are changes in the value of investments and low yields on interest-bearing instruments. The intention is to limit these risks by decentralising investment portfolios as far as possible by instrument, sector, country etc. Currency risks are managed by keeping assets and liabilities sufficiently balanced across currencies. If necessary, derivatives are also used to hedge investment portfolios against unexpected change.

The Boards of Directors of the Group's insurance companies confirm the companies' investment plans defining target portfolios, limits by instrument, the organisation of investment activities, and authorities and powers annually. The companies' investment committees ensure compliance with the principles specified in the investment plans and report to the Boards on investment activities.

Operational Risk

Operational risk is defined as earnings volatility attributable to the failure of internal processes or to unexpected external events.

The management of operational risk is the responsibility of Sampo-Leonia's various business areas. The management of operational risk in internal processes is a question of continuous quality improvement. Preparations are made for unexpected external events by drawing up contingency plans, especially for the most important and vulnerable processes, such as information technology. Unexpected external events are naturally also managed through insurance.

Electronic and Mobile Business

The Sampo Group will have a strong focus on electronic and mobile business (e&m business). E&m business will bring new kinds of customers, partners and service suppliers, and will make new types of services possible. It is expected to improve productivity and cost efficiency and to provide better service in this way. At the same time the e&m operations will mean changes in value chains and operating methods, and new ways of weighing operational risks will be introduced.

The extremely rapid development in the IT sector will bring to development projects a greater number of risks related to the particular technologies selected. The risks of development work have been met by emphasising expertise in both content and technology and by improving management methods.

Particular attention has been paid in the introduction of new technology to avoiding the occurrence of breaks, malfunctions and security gaps. Risks are managed by using separate development and testing environments in version changes. The responsibilities for developing, testing, piloting and producing services have been clearly divided. Particular attention has been paid to the testing stage in order to eliminate even the smallest malfunctions in the production stage. A constantly updated special description of the internal control of the e&m business is also an essential part of risk management.

Electronic transactions in Sampo's web services are based on absolutely reliable customer identification and the integrity of the logging in chain. Sampo Bank uses 'service keys' as a means of identification throughout the Sampo Group. The service keys are a tool for electronic identification and electronic signatures. The bank uses these to identify the customer, while the customer identifies the bank by means of a one-time-use security code corresponding to the key code of the Sampo security card. In addition, Sampo is developing its own quality certifiers (PKI), the introduction of which will further increase the safety and reliability of electronic transactions.

E&m business may involve legal risks because legislation and official regulations related to it are still under development.

Sampo Bank has conducted a survey in which all the legal risks related to the essential characteristics of e&m business have been surveyed, analysed and risk scored. The legal risks are under control and they are monitored continuously as a part of product and portal development and the auditing of internal operations.

Accounting policies in the Sampo-Leonia Group

The Sampo-Leonia Group was born on 31 December 2000 when Leonia Group's parent company Leonia plc which is in the field of banking and investment services was merged into Sampo Group's parent company Sampo Insurance Company plc which is in the field of insurance.

The annual accounts of the new financial group have been compiled in accordance with the provisions of Article 10 of the Insurance Companies Act, decree (21.12.2000/1263) on an insurance company's financial accounts and consolidated financial accounts issued by the Ministry of Social Affairs and Health as well as instructions and regulations of the Ministry of Social Affairs and Health and the Insurance Supervision Authority. Furthermore, provisions of the Accounting Act and the Companies Act are observed in accordance with the said provisions and instructions.

The annual accounts and consolidated accounts of the banking and investment service companies of the Group have been compiled in accordance with the provisions of Article 4 of the Act on Credit Institutions, decree (21.12.2000/1259) on annual accounts and group accounts of financial institutions and investment services companies by the Ministry of Finance as well as the regulations of the Finnish Financial Supervision on annual accounts and group annual accounts of financial institutions. Furthermore, the provisions of the Accounting Act and Companies Act are followed, with the exceptions mentioned in the Act on Credit Institutions, 30:2§.

In addition, provisions and recommendations concerning companies listed on the Helsinki Exchanges have been taken into account.

The consolidated accounts of 31 December 2000 do not comprise a cash flow statement in accordance with the exceptional permit 10.1.2001 83/401/2000 of the Insurance Supervision Authority.

COMPARABILITY OF DATA

The consolidated profit and loss account and balance sheet have been compiled in accordance with the decision of the Ministry of Social Affairs and Health so that the profit of the banking and investment services and the insurance operations before extraordinary items as well as assets and liabilities are presented by line of business. The figures of the Leonia Group are included in the consolidated accounts as if the Sampo-Leonia Group had operated as one group since the beginning of 1999. The key figures of 1999 have been adjusted when possible.

The decisions, instructions and regulations of the Ministry of Social Affairs and Health and the Insurance Supervision Authority of December 1999 have been applied in the insurance operations as of the beginning of year 2000. The most significant change resulting from these is the including of deferred tax liabilities in the final accounts. The corresponding change of accounting practice in the banking business was implemented in 1999. The change has been described in more detail under Appropriations and Treatment of Deferred Tax.

CONSOLIDATION PRINCIPLES

Sampo-Leonia's Consolidated Accounts include the parent company Sampo-Leonia Insurance Company plc, and all the subsidiaries in which the parent company either directly or indirectly holds more than half of the voting rights, excluding the subsidiaries of Leonia Bank plc, the balance sheet total of which are less than EUR 10 million and consequently have no significant impact on the Group's financial position and non-restricted capital and reserves.

The group companies are presented in the Notes to the Accounts.

Subsidiaries acquired during the financial year are consolidated as from the date of acquisition, and subsidiaries sold until the date of assignment.

The consolidated accounts are drawn up as combinations of the profit and loss accounts, balance sheets and notes of the parent company and the subsidiaries. The consolidated accounts comprise the banking and investment services account, non-life and life insurance technical accounts and non-technical account of insurance operations, as well as common for all fields of business extraordinary items, income taxes and minority interests. All investment income and charges pertaining to insurance operations are shown in the non-technical account. The part of net return on investment related to life insurance, which includes intra-group eliminations, is transferred to the technical account of life insurance.

The final accounts of group companies are included in the consolidated accounts according to uniform accounting policies when possible. Divergences arise in particular due to the different valuation provisions applied in banking and insurance business. The assets and liabilities pertaining to the same field of business are valued on the basis of the same principles. The going concern principle has been applied in the valuation.

Intra-group transactions, amounts due to or from group companies, internal gains and losses as well as profit distribution are eliminated. Transactions between the lines of business and eliminations of amounts due to or from group companies are however not presented line by line, but are shown on the line elimination items as the last item of line-specific calculations in the Profit and Loss Account and in line-specific assets and liabilities in the Balance Sheet.

Intra-group direct insurance is not eliminated on the basis of the stipulations of the Insurance Supervision Authority as it is not required in order to give a true and fair view.

The merger of Leonia plc and Sampo Insurance Company plc has in the accounts been implemented by using the pooling method of accounting. The difference between the nominal value of shares given as consideration and Leonia plc's share capital and share premium account is presented in Sampo's premium reserve. Leonia plc's distributable capital is entered in Sampo's contingency reserve. The same principle has been applied to the merger of Leonia Group's Leonia Life Insurance Company Ltd into Sampo Life Insurance Company Limited on 31 December 2000. In the consolidated accounts, Leonia plc's profit and loss account is included in the banking and investment services account and the balance sheet in the assets and liabilities of insurance operations, as in accordance with the merger consolidation.

Companies which belonged to the Leonia plc Group are consolidated in the consolidated accounts on the basis of the going concern principle observing the policies of the Leonia plc Group. Those of Leonia Bank's subsidiaries which are not engaged in banking and investment services have been dealt with by using the equity method of accounting.

Otherwise intra-group cross-shareholdings are eliminated by using the acquisition method. The difference between the acquisition cost of shares in subsidiaries and their capital and reserves at the time of acquisition is entered under the concerned balance sheet items, primarily under subsidiaries' land and buildings and depreciated according to their depreciation plan. The unallocated part is entered under consolidation difference and depreciated over its useful economic life.

Minority interests in subsidiaries' results for the financial year and in capital and reserves are presented as separate items in the Profit and Loss Account and the Balance Sheet.

ASSOCIATED UNDERTAKINGS

In the consolidated accounts, those companies in which the group's holding and voting rights amount to 20-50 per cent are integrated as associated undertakings, using the equity method.

The consolidated accounts do not include companies the impact of which on group results and non-restricted capital and reserves is not essential, Leonia Bank plc's associated undertakings of which the balance sheet total is less than EUR 10 million, associated real estate undertakings of the insurance companies, and Kaleva Mutual Insurance Company. In a mutual company the owner of guarantee capital is entitled only to the guarantee capital and the interest paid on it.

FOREIGN CURRENCY ITEMS

Currency-denominated assets and liabilities of banking and investment services, currency-denominated receivables, investments in the nature of receivables and liabilities of insurance operations and all off-balance sheet items and the accounts of foreign subsidiaries have been translated to Finnish markkas as follows:

Items denominated in currencies of the euro area have been converted into the euro and the euro into the Finnish markkas using fixed conversion rates. Items in the currencies of other countries have been translated into the Finnish markkas using the European Central Bank's middle rate between the euro and the respective currency ruling at the balance sheet date and then the conversion rate between the euro and the Finnish markka.

Other investments of insurance operations have been valued at the lower of the rate valid on the date of acquisition or the rate on the date of closing the accounts, with the exception of holdings in other companies in the nature of investments, in the valuation of which the impact of exchange rate and market difference has not been separated. Currency conversion differences on receivables and investments of insurance operations are presented under investments, under the items Other income and Charges arising from other investments.

Assets and liabilities of the banking and investment services which are hedged by a currency swap are stated at the rate of the original currency. Exchange rate differences arising from valuation are included in Net income from foreign exchange dealing.

Currency conversion differences relating to insurance business are presented in the investment results, whereupon the currency conversions of both insurance business and investments are presented under the same items in the Profit and Loss Account. Currency conversion differences

Accounting policies in the Sampo-Leonia Group cont.

relating to insurance business are derived as the difference of foreign reinsurance figures calculated at changing and fixed rates. Currency conversion differences have been calculated from premiums and claims including changes in the provisions for outstanding claims and unearned premiums, and from reinsurance commissions and deposit interests. They are presented separately under Net investment income. The impact of currency exchange rates on the change in technical provisions is also separately presented in the Notes to the Accounts.

VALUATION AND MATCHING

The variable expenses arising from acquisition and production are included in acquisition costs.

Intangible assets and equipment are entered in the Balance Sheet at acquisition cost less planned depreciation. Items capitalised under other long-term liabilities include computer systems developed by the company itself or made to order and refurbishing of rented apartments.

Real estate shares are entered in the Balance Sheet at the lower of acquisition cost or current value. Buildings and structures are presented at the lower of acquisition cost less planned depreciation or current value. In banking and investment services value adjustments on all real estate investments, and in insurance operations value adjustments on real estate investments in the nature of fixed assets, are entered on the basis of their significance and permanency. In insurance operations certain book values of real estate and real estate shares include revaluations made in the previous years.

Banking and Investment Services

Assets and liabilities

Loans and advances, as well as liabilities, are stated in the Balance Sheet at the value paid or received on them at the time of acquisition, adjusted for the amortisation or premiums and discounts arising on acquisition. In the Profit and Loss Account, the amortisation of premiums and discounts is accrued as interest receivable or interest payable over the life of the contract. If the probable value of a loan or advance is estimated at lower than the book value, the loan or advance is stated in the Balance Sheet at this estimated value.

The items Other assets and Prepayments and accrued income, and Other liabilities and Accruals and deferred income in the Balance Sheet are stated at their nominal value.

Lease assets

Lease assets are stated in the Balance Sheet at cost less depreciation according to plan. The depreciation is stated at the amount of recovered capital from lease rentals.

In the Profit and Loss Account, the lease rentals less depreciation according to plan is included in Interest receivable. The additional depreciation, which is actually write-downs of lease assets, is included in Provisions for bad and doubtful debts. Other income from and expenses on lease assets are included in the item corresponding to their nature.

Securities

Securities are classified as securities held for trading purposes and those held as financial fixed assets.

The premiums and discounts arising on the acquisition of debt securities, if material, have been amortised or accreted over the life of the contract and included in Interest receivable. The cost of the security is adjusted to reflect the amortisation or accretion of the premiums and discounts.

Securities held for trading purposes

Securities held for trading purposes consist of treasury bills and other eligible bills, debt securities and equity shares which are included in the trading book, and of other securities which are held for trading.

Securities included in the trading book have been stated at market value, and other securities held for trading purposes at the lower of cost and market value.

The unrealised profits and losses arising from valuation of the securities held for trading purposes is included in Net income from transactions in securities.

Securities held as financial fixed assets

Securities held as financial fixed assets consist of treasury bills and other eligible bills and debt securities acquired with the intention of holding them until maturity. In addition, shares and participations in companies needed in order to acquire services ancillary to banking, and in subsidiary and associated undertakings, are treated as securities held as financial fixed assets.

Securities held as financial fixed assets are stated at cost less any permanent diminution in value.

The permanent diminution in value of these securities is shown separately in the profit and loss account under the heading Write-offs in respect of securities held as financial fixed assets. The item also includes the value re-adjustments of fixed assets.

Agreement for sale and repurchase of securities

Securities which are sold or purchased under commitments to resell or repurchase them, or lent securities, are included in the original balance sheet item irrespective of the contract. The purchase price is treated as a loan and the selling price as a liability in the balance sheet item which is relevant to each counterparty. The difference between the resell price and the purchase price of a purchased security is treated as interest receivable and accrued income over the life of the contract. Conversely, the difference between the repurchase price and the sale price is treated as interest payable and accruals over the life of the contract.

Insurance Operations

Investments

Stocks and shares in the nature of investments are entered at the lower of acquisition cost or probable sales price. Stocks and shares in the nature of fixed assets are presented at the lower of acquisition price or current value, if the value adjustment is considered permanent. The shares are valued according to the average price principle.

Debts securities are considered to include bonds and money-market instruments. They are generally entered in the Balance Sheet at acquisition cost. The difference between par value and acquisition cost of debt securities is accrued under interest income and as increase or decrease of their acquisition cost.

Receivables and investments in the nature of receivables are presented at the lower of par value or current value.

Investments covering the technical provisions of unit-linked insurances are valued at their current value.

Revaluations and revaluation adjustments on investments in the nature of investment assets and on investments covering unit-linked insurances are entered with impact on the result. Revaluations on investments in the nature of fixed assets and their reversals are entered in the revaluation reserve under restricted capital and reserves.

Value adjustments which have been made earlier are re-adjusted up to the original acquisition cost if the current value increases.

The difference between the book value and the remaining acquisition cost of investments shown in the analyses consists of revaluations and associated undertakings' value adjustments made by using the equity method.

DEPRECIATION

Planned straight-line depreciations based on the estimated useful lives are made on intangible assets, buildings, structures and their components, and equipment.

Intangible rights	4 - 10	years
Goodwill	5 - 10	“
Consolidation difference and negative consolidation difference	3 - 20	“
Other long-term liabilities	3 - 10	“
Residential and business premises and offices	20 - 60	“
Industrial premises and warehouses	30 - 60	“
Building components	10 - 15	“
Computer hardware, cars	3 - 5	“
Other equipment	5 - 10	“

In investment operations, planned depreciation corresponding to the average useful life of buildings is made annually on the revaluations entered as income, arising from buildings in the nature of investments.

Net expenditures of those information systems of investment operations which have not been subject to additional capitalisation in 2000, have been written off to their full amount in the final accounts. At the same time the capitalisation practice has been altered so that only 50 per cent of internal system development work is capitalised. The remaining acquisition cost of internal system development work for the Sampo 2000 project related to retail customer service, which was capitalised during previous years was also written off to 50 per cent. The depreciation time of PC equipment was standardised to 3 years.

Net expenditures arising from the acquisition of Sampo Industrial Holding B.V.'s shares and the goodwill arising from Sampo Industrial Insurance N.V.'s acquisition of the insurance operations from the French Assurances Generales de France insurance group, which totalled EUR 10.4 million, were written off to their full amount in the accounts of 2000.

A consolidation difference of EUR 97.4 million arose from acquisitions of Sampo Life's shares during 2000. It will be written off over a period of 10 years on the basis of the strategic nature of investments and the long-term nature of life insurance.

The consolidation difference of EUR 171.5 million arising from the acquisition of shares in the Polish pension fund company Powszechne Towarzystwo Emerytalne Norwich Union S.A (PTE NU) and the consolidation difference

Accounting policies in the Sampo-Leonia Group cont.

of EUR 32 million of life insurance company Norwich Union Towarzystwo Ubezpieczen na Zycie S.A:n (NU Life) will be written off over a period of 20 years as return expectations are far in the future.

The goodwill arising from the acquisition of the shares in A.S. Optiva Pank and Lietuvos Vystymo bankas amounting to EUR 2.5 million and EUR 0.3 million will be written off over a period of five years.

ESTIMATED MARKET VALUES/CURRENT VALUES

The current values of real estate and real estate shares are reviewed quarterly as required by the Financial Supervision Authority/Insurance Supervision Authority. Both in-house and outside experts assist in the assessment. Each site is assessed separately, allowing for the net income earned, location and market situation. The values of properties occupied for the own activities of the banking and investment services are assessed on the basis of rentals which can potentially be received, assuming that a property is used for similar purposes. Properties, and shares and participations in property companies, are classified as those occupied for the Group's own activities and those for other activities. If only a part is occupied for the Group's activities, the classification is made in relation to the square metres occupied.

Valuation differences in the current value of shares in a domestic life insurance company which is a subsidiary, have been taken into account in accordance with the agreed interpretation of the Principle of Fairness. Shares in other group companies are valued at net asset value. With respect to shares in associated undertakings, net asset value, a value based on the equity method, or the remaining acquisition cost is used as their current value.

Shares and debt securities which are quoted on official stock exchanges or otherwise are subject of public trade, are valued at the latest available closing price or, if this is not available, at buying rate.

As the current value of other shares and debt securities is used e.g. a value based on net asset value, the undepreciated portion of acquisition cost or the lower of estimated market price. In banking and investment services, the estimated market value of debt securities is considered the net present value of future cash flows discounted at the current market rate.

Loans, deposits with credit institutions, and deposits with ceding undertakings are valued at the lower of par value or probable value.

OPERATING EXPENSES

In insurance operations the organisation's own operating expenses and depreciation on capitalised ADP systems and equipment are divided between activities. Part of them are allocated directly to activities, part on the basis of a study on working hours which is carried out annually. Thus the percentual share of activities varies from year to year. Expenses by activity are presented under operating expenses (policy acquisition costs, policy management expenses, and administrative expenses), under claims paid (claims settlement expenses), under investment charges (management expenses arising from real estate investments and other investments) and under other charges (expenses arising from the sale of services).

Social security payments pertaining to options released in 2000 from the bond loan with warrants offered to the staff of Sampo Insurance Company plc in 1998 are included in operating expenses.

INTEGRATION PROVISIONS

Provisions pertaining to additional costs arising from the Sampo-Leonia integration are entered in the banking accounts as other administrative expenses and in the accounts of insurance operations as other charges and in the Balance Sheet as accruals and deferred income.

PROVISIONS FOR BAD AND DOUBTFUL DEBTS, NON-PERFORMING AND OTHER NON-INTEREST EARNING LOANS

Provisions for bad and doubtful debts

In banking and investment services, provisions for bad and doubtful debts consist of specific provisions made for loans and advances to credit institutions and customers, and for contingent liabilities and commitments and amounts written off these items.

The amount also includes the unrealised losses arising from valuation of the assets acquired in settlement of unpaid loans, and the losses on the sale of such assets. In addition, in the Group accounts, the additional depreciation on lease assets is included in Provisions for bad and doubtful debts.

A specific provision can be made against a certain group of loans pooled by customers or against an individual loan. A provision is made against a certain group of loans pooled by customers when a bad debt is expected but the provision cannot yet be made against a specific individual loan. A specific provision is made when it is considered that recovery is doubtful and the estimated sales value of the asset pledged as collateral security does not cover the principal of the loan.

The loans classified as bad debts are written off when the authorities have confirmed the insolvency of a customer. In assessing the amount of a provision, the assets pledged as collateral have been valued at their fair values.

Recoveries of loans and advances and other items previously written off, releases of provisions, and profits on the sale of assets acquired in settlement of unpaid loans are deducted from Provisions for bad and doubtful debts.

Non-performing and other non-interest earning loans

In banking and investment services, loans are regarded as non-performing if either the principal or the interest on a loan become overdue by 90 days. Loans to companies declared bankrupt are classified as non-performing on the date that the bankruptcy is declared. Bank guarantees are treated as non-performing when the bank has made a payment on the basis of a guarantee.

Unpaid interest on loans recorded as non-performing is not accrued, except for loans to public sector customers or loans which are secured by a public body.

In respect of leased assets, the cost less depreciation according to plan is recognised as non-performing when a rental becomes overdue by 90 days.

Other non-interest earning loans comprise loans from which no income of any kind will be received, based on agreement with customers.

TAXES

Income taxes and taxes on extraordinary items are presented separately in the Profit and Loss Account. Taxes for the year are calculated on the basis of the taxable income calculated in accordance with tax regulations.

Avoir fiscal tax credit on dividend earned is entered in dividends, under Investment Income. Dividends, guarantee capital interests and avoir fiscal tax credit are entered in the accounting period during which the decision on the distribution of profit was made. However, avoir fiscal tax credit sums exceeding the amount of income tax for the year will not be entered, if it is not probable that the credit left unused can be used in setting off the income tax of future periods, with particular regard to the expectations for the financial year immediately following.

The avoir fiscal tax credit relating to dividends received from subsidiaries and associated undertakings is transferred in the Consolidated Profit and Loss Account as a deduction from the taxes for the year.

APPROPRIATIONS AND TREATMENT OF DEFERRED TAX

The regulations concerning Finnish accounting and taxation practice allow certain optional untaxed reserves, and depreciation above plan having an impact on the result and taxation, to be made in the final accounts.

In the Group companies, the difference between planned depreciation and the total depreciation made in accordance with the Business Tax Act is presented as a separate item in the Profit and Loss Account, and the accumulated depreciation difference is presented under appropriations in the Balance Sheet. In the final accounts and key figures of the companies, deferred tax is not deducted from appropriations nor from valuation differences on investments. Unrealised gains from insurance operations entered as income are taxable income.

The deferred tax entered in the Profit and Loss Account and Balance Sheet is calculated with respect to the temporary differences between the taxation and the accounting more comprehensively than is required by the Accounting Act, taking into consideration also other items than those affecting the Profit and Loss Account in accordance with the main principles laid down in IAS 12. During the transition year the deferred taxes for previous accounting periods, the changes of which are stated in the Profit and Loss Account, are entered as extraordinary items. The change in the deferred taxes of the accounting period is entered in connection with income taxes. Deferred taxes calculated on the basis of the revaluation reserve and allocated positive or negative consolidation difference are entered directly in the Balance Sheet and their changes in the Profit and Loss Account. The deferred tax is calculated on the basis of the tax base applied in the state of location. In Finland it is 29 per cent.

In the consolidated accounts and key figures, optional reserves and depreciation difference are divided into the change in deferred tax and share of profit, and deferred tax and share of capital and reserves. The minority interest is deducted from the share of capital and reserves. According to the Insurance Companies' Act, the share entered under capital and reserves is not distributable non-restricted capital and reserves. Two calculation practices were used for calculating the consolidated net asset value capital in 1999 and

ACCOUNTING POLICIES IN THE SAMPO-LEONIA GROUP CONT.

2000; from non-life insurance valuation differences were deducted the entire tax liabilities and the deferred tax which is estimated to be realised during the next few years. This tax liability constitutes 18.6 per cent of the valuation differences of non-life insurance. The tax liability has not been deducted from the key figures of previous years. In the calculation of return on equity, equity/assets ratio and solvency of insurance operations, tax liabilities of 18.6 per cent are deducted from the non-life insurance valuation differences. The return on equity in percentages and the return on assets in percentages are calculated and presented as annual income.

OBLIGATORY PROVISIONS

As obligatory provisions in the Balance Sheet are entered those future expenses which can be specified and which are likely or certain to arise, but the amount of which and point of time are still uncertain.

Items pertaining to the valuation of balance sheet items are entered as a deduction from the concerned balance sheet item.

TECHNICAL PROVISIONS

In calculating technical provisions, various methods are applied which involve assumptions on such matters as the settlement of claims, mortality, and yield on investments. Technical provisions are annually revised on the basis of assumptions and new data received.

The change in the technical provisions of reinsurance has been calculated at fixed exchange rates, so the impact of the exchange rates of the insurance business on results has been presented under investment results.

Non-life insurance

The provision for unearned premiums is calculated by use of the pro rata rule or by insurance contract.

In addition to the calculation of the provision for outstanding claims pertaining to annuities, discounting is applied to a part of Patria Reinsurance Company Ltd's provision for outstanding claims in foreign reinsurance. Patria's discounted technical provisions are mainly used in USD and are covered by assets in the same currency. The assets are estimated as sufficient to secure a profit exceeding the interest rate applied. The claims settlement period used in discounting is based on Group company statistics.

Life insurance

The premium reserve is calculated by policy in direct insurance, and according to the disclosure of the ceding company or the company's own calculation basis in reinsurance.

The zillmerisation of individual life and pension insurance, capital redemption insurance and foreign life reinsurance, which has been deducted from the premium reserve, has been planned in such a manner that the future expense loading will suffice to cover related amortisations and future operating expenses. The amortisation period of zillmerisation is no longer than the insurance period.

Discounting interest for technical provisions follows the rules described in article 18 of the Third Life Directive given by the European Union. In discounting the technical provisions, the interest applied has been the same as or lower than the interest applied in the calculation of the premium. A major part of the business has been discounted by use of an interest of 3.5 per cent. The highest interest used has been 4.0 per cent.

In calculating the technical provisions of direct insurance, discounting is applied only in connection with the technical provisions of pensions the payment of which has commenced. The technical provisions of assumed reinsurance are based on the disclosure of the ceding company and on an estimate of claims which have not yet been settled.

PRINCIPLE OF FAIRNESS IN LIFE INSURANCE

According to the Insurance Companies' Act, Chapter 13, Section 3, a so-called Principle of Fairness must be observed in life insurance with respect to such policies which, according to the insurance contract, entitle to bonuses and rebates granted on the basis of any surplus yielded by the policies. If the solvency requirements do not prevent it, a reasonable part of the surplus has to be returned to these policies as bonuses.

Sampo Life aims at giving a total return before charges and taxes on policyholders' with-profit insurance savings, which is at least the yield of a Finnish treasury bond. The total return consists of the guaranteed interest and bonuses determined annually on the basis of the company's performance. As for the level of the total return, continuity is pursued.

The aim is to maintain the company's solvency status on such a level that it does not limit the giving of bonuses to the policyholders nor the distribution of profit to shareholders.

The Board of Directors of Sampo Life has made a decision on the interpretation of the Principle of Fairness in life insurance. As a consequence of the principle and the bonus policy, a prominent part of the company's solvency capital is required for ensuring the benefits insured. The restricted and non-restricted capital and reserves are considered to belong to the shareholders. Of the valuation differences which are not needed for ensuring solvency in the long run, 80 per cent are considered to belong to the shareholders. On the basis of the solvency status of Sampo Life as per 31 December 2000, 35 per cent of the valuation differences is calculated to the shareholders of the company. This calculatory distribution of valuation differences does not entitle individual shareholders or policyholders to these valuation differences.

The legislation of Estonia, Latvia and Poland do not contain regulations corresponding to the Principle of Fairness.

OFF-BALANCE SHEET ITEMS AND DERIVATIVE CONTRACTS

Off-balance sheet items

In banking and investment services, off-balance sheet items consist of contingent liabilities and commitments. Contingent liabilities comprise transactions in which companies have underwritten the obligations of third parties, including guarantees and assets pledged as collateral security. Commitments consist of irrevocable commitments such as sale and option-to-resell transactions, underwriting commitments, undrawn formal standby facilities, credit lines and other commitments to lend.

Contingent liabilities are recorded to the extent that the obligation in respect of a guarantee or an asset pledged is met on the balance sheet date. The commitments are stated at the maximum amount that can be required to be paid on the basis of the commitment.

Derivative contracts

Banking and investment services

Derivative contracts made for trading purposes are marked to market and the resultant profits and losses are included in Net income from transactions in securities and foreign exchange dealing.

Derivative contracts which are accounted for as hedges are treated in the accounts in accordance with the treatment of hedged contracts. Interest on interest rate contracts hedging loans and advances, liabilities and debt securities held as financial fixed assets are included in Net income from financial operations, while profits and losses on derivative contracts that are used for hedging securities held for trading purposes are included in Net income from transactions in securities and foreign exchange dealing.

In the Note on Net income from securities transactions, item Net income from transactions in debt securities includes also the profits and losses on interest rate contracts. Profits and losses on equity contracts are included in Net income from transactions in equity shares. Profits and losses on exchange rate contracts are included in Net income from foreign exchange dealing.

Assets and liabilities arising from derivative contracts are presented in Other assets and Other liabilities in the Balance Sheet.

Insurance operations

Derivative contracts are valued at their current value on the date of closing the accounts. The difference between the current value of a hedging derivative contract and a lower book value/contract rate is entered as income. However, the maximum amount entered is that which corresponds to the amount of the hedged balance sheet item entered as an expense. If the book value/contract rate exceeds the current value, the loss is entered at its full amount.

The difference between the current value of derivative contracts not concluded for hedging purposes and a higher book value/contract rate is entered as an expense, and the possible valuation gain is not entered. Currency-linked derivatives are not treated as hedging in the accounting, but valuation losses related to them are entered as expenses.

Income and expenses of locked contracts are included in the result.

Positive valuation differences of derivatives are taken into account in the solvency margin calculation.

PENSION SCHEMES

A basic and additional pension insurance cover in the Leonia Pension Fund has been arranged for the staff of the companies belonging to the Leonia Bank Group on the basis of majority holdings. For those employed by other Finnish group companies, statutory pension cover has been arranged in compliance with the Employees' Pensions Act, TEL. Some group companies have additional pension arrangements handled by insurance companies. In foreign subsidiaries, pension schemes have been arranged in accordance with local practice.

Pension insurance premiums are entered in the Profit and Loss Account on the accrual basis.

Calculation methods for the key figures

The key figures of banking and investment services have been calculated in accordance with the regulation 20/420/98 of the Finnish Financial Supervision Authority.

The key figures of non-life and life insurance have been calculated in accordance with the decision of the Ministry of Finance and the guidelines issued by the Ministry of Social Affairs and Health of 21 June 2000 specifying the decision.

GROUP KEY FIGURES:

Turnover

Banking and investment services turnover + non-life insurance turnover + life insurance turnover

Banking and investment services:

+ interest income
+ net leasing income
+ dividend income
+ fees and commissions receivable
+ net income from transactions in securities and foreign exchange dealing
+ other operating income

Non-life insurance:

+ premiums earned before reinsurers' share
+ investment income
+ other income
+ revaluations entered as income, realised in connection with sales

Life insurance:

+ premiums written before reinsurers' share
+ investment income and revaluations and revaluation adjustments
+ other income

Operating profit

Banking and investment services operating profit + non-life insurance operating profit + life insurance operating profit

Banking and investment services:

\+ interest income
– interest charges
\+ dividend income
\+ fees and commissions receivable
– fees and commissions payable
\+ net income from transactions in securities and foreign exchange dealing
\+ other operating income
– administrative expenses
– depreciation and write-down of tangible and intangible assets
– other operating expenses
– provisions for bad and doubtful debts
– write-offs in respect of debt securities held as financial fixed assets
± income from companies accounted for by the equity method

Non-life insurance:

\+ premiums earned
– claims incurred
– operating expenses
\+ other technical income
– other technical charges
\+ investment income
– investment charges
\+ other income
– other charges
± share of associated undertakings' profit and loss

Life insurance:

\+ technical result before bonuses and rebates and change in the equalisation provision
\+ other income
– other charges
± share of associated undertakings' profit and loss

Profit before extraordinary items, appropriations and tax:

\+ operating profit
± change in the equalisation provision, insurance business
\+ revaluations on investments, non-life insurance
– revaluation adjustments on investments, non-life insurance
\+ bonuses and rebates, life insurance

Return on equity (at current values) *

+ profit before extraordinary items and tax
+ revaluation entered into revaluation reserve
– revaluation withdrawn from revaluation reserve
± change in valuation differences on investments
– tax (incl. change in deferred tax of valuation differences on investments)

x 100%

+ capital and reserves (excl. preferred capital notes of banking)
+ minority interest
± valuation differences on investments after deduction of deferred tax
(average on 1 Jan. and 31 Dec.)

Return on assets (at current values)

+ operating profit
+ interest and expenses on liabilities
+ calculated interest on technical provisions
+ revaluations on investments (non-life insurance)
– revaluation adjustments on investments (non-life insurance)
+ revaluation entered into revaluation reserve
– revaluation withdrawn from revaluation reserve
± change in valuation differences on investments

x 100%

+ balance sheet total
± valuation differences on investments
(average on 1 Jan. and 31 Dec.)

Equity/assets ratio (at current values)

+ capital and reserves (excl. preferred capital notes of banking)
+ minority interest
± valuation differences on investments after deduction of deferred tax

x 100%

+ balance sheet total
± valuation differences on investments

Average number of staff

Average of the number of staff at the end of each month, adjusted for part-timers

BANKING AND INVESTMENT SERVICES KEY FIGURES:

Turnover

The formula has been presented above in connection with the calculation of the Group key figures.

Operating profit

The formula has been presented above in connection with the calculation of the Group key figures.

Cost to income ratio

+ fees and commissions payable
+ administrative expenses
+ depreciation
+ other operating expenses

+ net income from financial operations
+ dividend income
+ fees and commissions receivable
+ net income from transactions in securities and foreign exchange dealing
+ other operating income

Capital adequacy ratio

$$\frac{\text{capital}}{\text{risk-weighted assets}} \times 100\%$$

INSURANCE BUSINESS KEY FIGURES:

Turnover

+ non-life insurance turnover
+ life insurance turnover

The formulae have been presented above in connection with the calculation of the Group turnover.

Operating profit

+ non-life insurance operating profit
+ life insurance operating profit

The formulae have been presented above in connection with the calculation of the Group turnover.

Loss ratio (non-life insurance)

$$\frac{\text{claims incurred}}{\text{premiums earned}} \times 100\%$$

Calculation methods for the key figures cont.

Expense ratio (non-life insurance)

$$\frac{\text{operating expenses}}{\text{premiums earned}} \times 100\%$$

Combined ratio (non-life insurance)

loss ratio + expense ratio

Expense ratio (life insurance)

$$\frac{\begin{array}{l} + \text{ operating expenses before the change in deferred acquisition costs} \\ + \text{ claims settlement expenses} \end{array}}{\text{load income}} \times 100\%$$

Solvency margin **

+ capital and reserves after proposed profit distribution
± valuation differences on investments
– intangible assets
± deferred tax
± other items prescribed in the decree

Solvency capital **

+ solvency margin
+ equalisation provision
+ minority interest

Solvency capital, % of technical provisions (non-life insurance)

$$\frac{+ \text{ solvency capital}}{\begin{array}{l} + \text{ technical provisions} \\ - \text{ equalisation provision} \end{array}} \times 100\%$$

Solvency capital, % of technical provisions (whole insurance business and life insurance)

$$\frac{+ \text{ solvency capital}}{\begin{array}{l} + \text{ technical provisions} \\ - \text{ equalisation provision} \\ - \text{ 75\% x technical provisions of unit-linked insurances} \end{array}} \times 100\%$$

Solvency ratio, % (non-life insurance)

$$\frac{+ \text{ solvency capital}}{+ \text{ premiums earned from 12 months}} \times 100\%$$

PER-SHARE KEY FIGURES:

Earnings per share

$$\frac{\begin{array}{l} + \text{ profit before extraordinary items and tax} \\ - \text{ tax} \\ - \text{ minority interest} \end{array}}{\text{adjusted average number of shares}}$$

Capital and reserves per share

$$\frac{\begin{array}{l} \text{capital and reserves} \\ \text{(excl. preferred capital notes of banking)} \end{array}}{\text{adjusted number of shares at 31 Dec.}}$$

Net asset value per share

$$\frac{\begin{array}{l} + \text{ capital and reserves (excl. preferred capital notes of banking)} \\ \pm \text{ valuation differences on investments} \\ \pm \text{ deferred tax and minority interest of valuation differences on investments} \end{array}}{\text{adjusted number of shares at 31 Dec.}}$$

Dividend per share

$$\frac{\text{dividend for the accounting period}}{\text{adjusted number of shares at 31 Dec.}}$$

Dividend per earnings, %

$$\frac{\text{dividend per share}}{\text{earnings per share}} \times 100\%$$

Effective dividend yield

$$\frac{\text{dividend per share}}{\text{adjusted closing share price at 31 Dec.}} \times 100\%$$

Price/earnings ratio

$$\frac{\text{adjusted closing share price at 31 Dec.}}{\text{earnings per share}}$$

Market capitalisation

number of shares at 31 Dec. x closing share price at 31 Dec.

Relative share trading volume

$$\frac{\text{number of shares traded through the Helsinki Exchanges}}{\text{adjusted average number of shares}} \times 100\%$$

* In calculating the key figures with respect to insurance business, an interpretation of the Principle of Fairness in life insurance has been taken into account, according to which 35 per cent of the valuation differences pertaining to the year 2000 is calculated to the owners, in addition to the capital and reserves of life insurance. The share in accordance with the Principle of Fairness of the valuation differences was 60 per cent in 1999 and 25 per cent in 1998. In previous years, the valuation differences of life insurance were not included in the calculation of the said key figures.

** The solvency capital of the subgroup of Sampo Life has been separated from the solvency capital of insurance business as belonging to life insurance, and the difference is disclosed as the solvency capital of non-life insurance.

** In calculating return on equity, return on assets, solvency-related key figures and net asset value per share, the same “other items prescribed in the decree” of insurance business have been deducted from valuation differences as in calculating solvency margin.

Key figures

		Sampo-Leonia 2000	Sampo-Leonia 1999	Sampo Group 1999	Sampo Group 1998	Sampo Group 1997	Sampo Group 1996
Group Key Figures							
Turnover	EUR m	5,536	4,102	2,537	1,651	1,320	1,027
Operating profit	EUR m	1,628	778	565	211	155	104
% of turnover		29.4	19.0	22.3	12.8	11.7	10.1
Profit before extraordinary items and tax	EUR m	1,419	620	415	206	116	62
% of turnover		25.6	15.1	16.3	12.5	8.8	6.0
Profit before appropriations and tax	EUR m	1,411	633	415	166	111	61
% of turnover		25.5	15.4	16.3	10.1	8.4	6.0
Return on equity (at current values)	%	3.5	37.5	67.1	33.1	23.5	17.3
Return on assets (at current values)	%	2.1	7.2	29.0	13.8	11.6	9.6
Equity/assets ratio	%	14.3	14.3	40.8	28.6	35.6	35.9
Average number of staff		9,184	8,630	3,924	3,292	3,176	3,113
Banking and Investment Services Key Figures							
Turnover	EUR m	1,801	1,357				
Net income from financial operations	EUR m	426	392				
Operating profit	EUR m	430	202				
% of turnover		23.9	14.9				
Cost to income ratio	%	52.3	69.9				
Capital adequacy ratio	%	11.4	9.9				
Average number of staff		4,693	4,684				
Non-Life Insurance Key Figures							
Turnover	EUR m	2,073	1,486	1,486	1,311	1,055	1,027
Premiums written before reinsurers' share	EUR m	1,023	881	881	871	782	756
Operating profit	EUR m	777	391	391	177	134	104
% of turnover		37.5	26.3	26.3	13.5	12.7	10.1
Loss ratio	%	88.8	90.1	90.1	95.9	88.3	88.4
Expense ratio	%	25.3	21.8	21.8	20.1	19.5	21.9
Combined ratio	%	114.1	111.9	111.9	115.9	107.8	110.3
Solvency margin	EUR m	1,898	3,279	3,279	1,749	1,333	1,065
Equalisation provision	EUR m	251	234	234	225	242	229
Solvency capital	EUR m	2,149	3,513	3,513	1,975	1,576	1,294
% of technical provisions		108.4	186.5	186.5	112.2	96.7	82.8
Solvency ratio	%	260.6	469.9	469.9	260.1	233.2	199.3
Average number of staff		4,141	3,692	3,692	3,170	3,059	3,113
Life Insurance Key Figures							
Turnover	EUR m	1,662	1,259	1,051	340	265	
Premiums written before reinsurers' share	EUR m	769	686	541	225	191	
Operating profit	EUR m	421	185	175	34	21	
% of turnover		25.3	14.7	16.6	10.1	8.0	
Expense ratio	%	106.1	118.3	138.3	175.9	195.1	
Solvency margin	EUR m	870	981	949	522	98	
Equalisation provision	EUR m	12	12	11	4	0	
Solvency capital	EUR m	884	997	964	535	107	
% of technical provisions		21.9	29.4	31.3	20.7	15.8	
Average number of staff		350	254	232	122	117	

		Sampo-Leonia 2000	Sampo-Leonia 1999	Sampo Group 1999	Sampo Group 1998	Sampo Group 1997	Sampo Group 1996
Per Share Key Figures							
Earnings per share	EUR	8.91	3.24	4.70	2.42	1.40	0.71
Options diluted earnings per share *)	EUR	8.89					
Capital and reserves per share	EUR	27.58	24.53	16.41	12.47	11.07	9.88
Net asset value per share deferred tax liability deducted per 18.6%	EUR	44.03	46.55				
Net asset value per share deferred tax liability deducted per 29%	EUR	41.99	43.71				
Net asset value per share no deferred tax liability deduction				63.45	32.62	24.48	19.45
Dividend per share **)	EUR	8.00	–	2.38	0.81	0.50	0.25
Dividend per share for shares not owned by the Group	EUR			2.44			
Dividend per earnings **)	%	95.5	–	50.6	33.4	36.1	35.5
Effective dividend yield **)	%	13.9	–	6.9	2.5	1.7	1.7
Price/earnings ratio		6.5	–	7.4	13.5	21.3	21.5
Adjusted average number of shares	'000	104,507	–	60,800	60,800	60,800	60,800
Number of shares at 31 Dec.	'000	104,000	–	60,800	60,800	60,800	15,200
Adjusted number of shares at 31 Dec.	'000	104,000	–	60,800	60,800	60,800	60,800
Countervalue of shares at 31 Dec.	EUR	0.84	–	0.84	0.84	0.84	0.84
Market capitalisation	EUR m	5,980	–	2,110	1,979	1,810	928
A Shares							
Adjusted average number of shares	'000	104,267	–	60,560	60,560	60,560	60,560
Number of shares at 31 Dec.	'000	103,760	–	60,560	60,560	60,560	15,140
Adjusted number of shares at 31 Dec.	'000	103,760	–	60,560	60,560	60,560	60,560
Weighted average share price	EUR	44.80	–	30.97	36.70	21.90	11.79
Adjusted share price, high	EUR	61.00	–	41.00	52.31	34.14	15.35
Adjusted share price, low	EUR	29.35	–	25.70	19.34	14.93	9.67
Adjusted closing price	EUR	57.50	–	34.70	32.54	29.77	15.26
Share trading volume during the accounting period	'000	34,137	–	36,499	47,902	30,191	26,330
Relative share trading volume	%	32.7	–	60.3	79.1	49.9	43.5
B Shares							
Adjusted average number of shares	'000	240	–	240	240	240	240
Number of shares at 31 Dec.	'000	240	–	240	240	240	60
Adjusted number of shares at 31 Dec.	'000	240	–	240	240	240	240

*) The dilution effect has been calculated as if all those subscriptions (3,300,000) entitled to would have been realised.

**) Proposal by the Board to the Annual General Meeting concerning the financial year 2000.

In calculating the net asset value per share and the return on equity, an interpretation of the Principle of Fairness in life insurance has been taken into account, according to which 35% of the valuation differences pertaining to the end of 2000 is allocated to the shareholders, in addition to the capital and reserves of life insurance. The percentage value calculated to the shareholders in accordance with the solvency status at 31 December 1999 was 60%.
Life insurance capital and reserves, which includes a share of optional reserves and accumulated depreciation difference, is considered to belong entirely to the owners.
Other items of the solvency margin, including derivative contracts, has been deducted from/added to the valuation differences when calculating the key figures.
In calculating net asset value, return on equity, equity/assets ratio, solvency capital, and solvency ratio, the deferred tax liability which is estimated to be realised during the next three years, has been deducted from the valuation differences of non-life insurance. This deferred tax liability is 18.6% of the valuation differences of non-life insurance. The net asset value per share has furthermore been calculated per 29%, i.e. less full deferred tax. As valuation differences are not included in the Balance Sheet, their deferred tax and the change in deferred tax are not entered in the Profit and Loss Account or in the Balance Sheet.
The deferred tax of valuation differences has not been deducted from non-life and life insurance key figures.

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Banking and investment services

1 INTEREST RECEIVABLE AND PAYABLE

EUR million	2000	1999
Interest receivable		
Loans and advances to credit institutions	153	116
Loans and advances to customers	808	647
Debt securities	301	327
Net leasing income	20	14
Other interest receivable	12	–10
	1,294	1,095
Interest payable		
Liabilities to credit institutions and central banks	190	115
Liabilities to customers	206	151
Debt securities in issue	385	418
Subordinated liabilities	39	38
Preferred capital notes	1	1
Other interest payable	48	–21
	868	703

2 NET INCOME FROM TRANSACTIONS IN SECURITIES

EUR million		
Debt securities and interest rate derivatives	–6	–16
Equities and equity derivatives	53	–2
	47	–18

3 OTHER OPERATING INCOME AND EXPENSES

EUR million		
Other operating income		
Rental and dividend income from properties and property companies	19	22
Profit on disposal of properties and property companies	0	44
Other income	13	11
	33	77
Other operating expenses		
Rental expenses	14	11
Expenses on properties and property companies	10	13
Loss on disposal of properties and property companies	0	3
Other expenses	13	9
	37	36

4 DEPRECIATION AND WRITE-DOWNS OF TANGIBLE AND INTANGIBLE ASSETS

EUR million		
Depreciation according to plan		
on tangible assets	16	21
on intangible assets	27	14
	42	34
Write-downs		
of properties and property companies	–	14

Banking and investment services

5 PROVISIONS FOR BAD AND DOUBTFUL DEBTS PLUS WRITE-OFFS IN RESPECT OF DEBT SECURITIES HELD AS FINANCIAL FIXED ASSETS

EUR million	2000 Gross amount	2000 Releases and recoveries	1999 Gross amount	1999 Releases and recoveries
Provisions for bad and doubtful debts				
Loans and advances to credit institutions	0	1	0	0
Loans and advances to customers	40	22	11	14
Lease assets	0	–	0	–
Guarantees and other contingent liabilities and commitments	0	1	1	0
Other	0	0	0	1
	41	24	12	16

Provisions for bad and doubtful debts	2000	1999
Total amount written off for the year	6	26
Specific provisions written off during the year	–3	–21
Recoveries of loans and guarantees written off in previous years	–9	–10
New specific provisions for the year	37	7
Releases of provisions for the year	–14	–6
Charge to profit and loss account	17	–4
Provisions pooled by customer group included in the specific provisions for the year	27	–
Amount of write-offs in respect of debt securities held as financial fixed assets	0	–

6 SEGMENTAL INFORMATION

EUR million	2000 Income	2000 Staff number average	1999 Income	1999 Staff number average
By class of business				
Banking	1,097	4,225	632	4,087
Credit card services	12	46	12	47
Finance company operations	18	124	15	118
Financing and investment	10	9	11	14
Mutual fund services	28	43	9	17
Other activities	77	376	456	424
	1,242	4,823	1,134	4,707
By geographical segment				
Finland	1,239	4,686	1,128	4,693
United Kingdom	1	2	3	7
United States	1	5	2	7
Baltic area *)	2	130	–	–
	1,242	4,823	1,134	4,707

*) Income for one month

Income includes net income from financial operations, dividend income, fees and commissions receivable, net income from transactions in securities and foreign exchange dealing and other operating income. Intra-group items have not been eliminated.

Insurance business

7 PREMIUMS WRITTEN

	Group		Parent Company	
EUR million	2000	1999	2000	1999
Non-life insurance				
Direct insurance				
Finland	782	742	334	311
EEA countries	173	89	–	–
Other countries	37	19	–	–
	991	850	334	311
Reinsurance				
Non-life reinsurance	26	26	2	4
Life reinsurance	6	5	–1	–1
	32	31	2	3
	1,023	881	336	314
Life insurance				
Direct insurance				
Finland	759	675		
Other countries	1	0		
	760	675		
Life reinsurance	9	11		
	769	686		
Premiums written before reinsurers' share	1,792	1,567	336	314

8 ITEMS DEDUCTED FROM PREMIUMS WRITTEN

Credit loss on outstanding premiums	2	3	1	2
Premium tax	108	101	64	59
Fire brigade charge	2	2	1	1
Traffic safety charge	2	2	1	1
Industrial safety charge	3	3	0	0
Government medical treatment fees	15	18	5	6
Total	132	128	72	69

Insurance business

9 NON-LIFE INSURANCE BALANCE ON TECHNICAL ACCOUNT BY GROUP OF INSURANCE CLASS

Columns:
1 = Premiums written before reinsurers' share
2 = Gross premiums earned before reinsurers' share
3 = Gross claims incurred before reinsurers' share
4 = Gross operating expenses before reinsurance commissions and profit participations
5 = Reinsurance balance
6 = Balance on technical account before the change in collective guarantee item, other technical charges and the change in the equalisation provision
7 = Combined ratio

EUR million	1	2	3	4	5	6	7
Direct insurance							
Statutory workers compensation							
2000	159	159	–150	–16	0	–7	104.3
1999	173	174	–159	–15	0	–1	100.8
1998	210	210	–226	–14	0	–30	114.6
Non-statutory accident and health							
2000	50	50	–42	–17	–1	–9	118.3
1999	44	44	–35	–13	0	–5	111.8
1998	42	42	–33	–13	0	–4	109.6
Motor third party liability							
2000	157	150	–132	–31	1	–13	108.8
1999	134	129	–138	–25	1	–33	126.3
1998	118	112	–140	–22	0	–50	145.6
Motor, other classes							
2000	131	125	–98	–32	0	–6	104.8
1999	113	108	–89	–25	0	–5	105.1
1998	99	97	–74	–23	0	0	100.2
Marine, aviation and transport							
2000	72	76	–70	–12	3	–3	105.9
1999	53	50	–71	–7	30	2	94.1
1998	45	44	–37	–7	–1	0	100.1
Fire and other damage to property							
2000	291	284	–363	–91	98	–72	138.3
1999	237	229	–230	–67	16	–52	128.6
1998	213	214	–198	–61	13	–32	119.2
Third party liability							
2000	88	86	–69	–17	1	0	99.8
1999	58	53	–41	–10	–7	–5	110.7
1998	54	54	–46	–9	–8	–9	119.4
Credit and suretyship							
2000	4	3	9	–1	–1	10	*
1999	4	3	6	–1	1	9	*
1998	6	5	0	–2	–1	3	23.6
Legal expenses							
2000	12	12	–8	–2	0	1	89.6
1999	11	11	–9	–2	0	0	97.2
1998	11	11	–11	–1	–	–2	120.8
Miscellaneous							
2000	26	25	–19	–5	–2	–2	123.1
1999	22	25	–21	–5	4	2	75.3
1998	28	27	–16	–6	–5	1	92.4
Direct insurance in total							
2000	991	969	–942	–225	98	–100	112.5
1999	850	825	–787	–170	44	–88	112.1
1998	825	815	–780	–157	–2	–124	117.1
Reinsurance							
2000	32	31	–29	–13	–5	–16	169.6
1999	31	33	–50	–12	29	0	99.3
1998	43	44	–14	–14	2	18	38.4
Total							
2000	1,023	1,000	–971	–238	93	–116	114.1
1999	881	859	–837	–182	73	–88	111.9
1998 *)	868	859	–794	–171	0	–106	114.2
Change in the collective guarantee item							
2000						–1	
1999						–1	
1998						–1	
Other technical charges							
2000						–	
1999						–2	
Change in the equalisation provision							
2000						–17	
1999						–9	
1998						17	
Balance on technical account							
2000						–134	
1999						–100	
1998						–90	

*) Calculated at fixed rates the combined ratio of 1998 was 115.9% and the balance on technical account EUR 13 million weaker than calculated at changing rates. The impact of exchange rates has not been transferred to the figures of investments.

10 PARENT COMPANY: NON-LIFE INSURANCE BALANCE ON TECHNICAL ACCOUNT BY GROUP OF INSURANCE CLASS

Columns:
1 = Premiums written before reinsurers' share
2 = Gross premiums earned before reinsurers' share
3 = Gross claims incurred before reinsurers' share
4 = Gross operating expenses before reinsurance commissions and profit participation
5 = Reinsurance balance
6 = Balance on technical account before the change in collective guarantee item, other technical charges and the change in the equalisation provision
7 = Combined ratio

EUR million	1	2	3	4	5	6	7
Direct insurance							
Statutory workers compensation							
2000	9	9	–11	–2	0	–4	142.4
1999	9	9	–12	–1	0	–5	151.6
1998	9	9	–16	–1	0	–8	197.2
Non-statutory accident and health							
2000	28	29	–24	–14	0	–10	134.6
1999	29	29	–22	–11	0	–5	116.4
1998	29	29	–22	–11	0	–4	114.3
Motor third party liability							
2000	112	106	–91	–23	0	–9	108.3
1999	98	94	–101	–18	0	–26	128.4
1998	89	84	–110	–18	0	–44	152.9
Motor, other classes							
2000	86	82	–61	–24	0	–4	104.6
1999	77	73	–59	–19	0	–4	105.4
1998	70	68	–50	–19	0	0	100.3
Marine, aviation and transport							
2000	5	5	–3	–1	0	0	104.3
1999	5	5	–3	–1	0	0	89.1
1998	4	4	–3	–1	0	1	88.0
Fire and other damage to property							
2000	84	83	–57	–36	–1	–10	112.2
1999	83	83	–56	–28	–1	–2	102.8
1998	83	82	–51	–28	–1	2	97.0
Third party liability							
2000	2	2	–1	–1	0	0	90.2
1999	2	2	–2	–1	0	0	124.4
1998	2	2	–2	–1	–	–1	148.2
Credit and suretyship							
2000	0	1	9	0	–1	9	*
1999	0	0	7	0	0	7	*
1998	0	0	1	0	0	1	*
Legal expenses							
2000	9	8	–6	–1	–	2	80.2
1999	8	8	–6	–1	–	1	89.2
1998	8	8	–9	–1	–	–2	120.7
Miscellaneous							
2000	0	0	3	0	–3	0	133.9
1999	0	0	0	0	–	0	176.8
1998	0	0	0	0	–	0	162.6
Direct insurance in total							
2000	334	324	–242	–103	–5	–25	107.9
1999	311	302	–255	–80	–1	–34	111.5
1998	294	287	–262	–79	–1	–56	119.6
Reinsurance							
2000	2	5	4	–1	–6	1	67.9
1999	3	3	–3	–1	0	0	96.9
1998	1	3	2	0	0	4	*
Total							
2000	336	329	–238	–104	–11	–24	107.4
1999	314	305	–258	–81	–1	–34	111.3
1998	295	289	–259	–80	–1	–51	117.9
Change in the collective guarantee item							
2000						–1	
1999						–1	
1998						0	
Change in the equalisation provision							
2000						–37	
1999						–3	
1998						11	
Balance on technical account							
2000						–61	
1999						–38	
1998						–40	

The impact of exchange rates has not been transferred to the figures of investments in the year of comparison 1998.

Insurance business

11 IMPACT OF EXCHANGE RATE DIFFERENCES AND CHANGE IN GROUP STRUCTURE ON THE CHANGE IN THE PROVISION FOR UNEARNED PREMIUMS AND IN THE PROVISION FOR OUTSTANDING CLAIMS IN NON-LIFE AND LIFE INSURANCE

	Non-life insurance			Life insurance		
EUR million	Before reinsurers' share	Reinsurers' share	Net	Before reinsurers' share	Reinsurers' share	Net
GROUP						
Change in the provision for unearned premiums						
Provision for unearned premiums, 1 Jan. 2000	260	–25	236	2,587	–4	2,583
Provision for unearned premiums, 31 Dec. 2000	318	–47	271	3,154	–3	3,151
	–58	22	–35	–567	–1	–568
Change in Group structure	35	–21	14	1	0	1
Impact of exchange rate differences	0	0	0	2	0	2
Change in the provision for unearned premiums	–22	2	–21	–564	–1	–565
Change in the provision for outstanding claims						
Provision for outstanding claims, 1 Jan. 2000	1,803	–184	1,618	948	–2	946
Provision for outstanding claims, 31 Dec. 2000	1,949	–269	1,680	1,106	–3	1,103
	–146	85	–61	–158	1	–157
Change in Group structure	74	–41	33	0	0	0
Impact of exchange rate differences	9	–2	7	0	0	0
Change in the provision for outstanding claims	–63	42	–22	–157	1	–157

IMPACT OF EXCHANGE RATE DIFFERENCES ON THE CHANGE IN THE PROVISION FOR UNEARNED PREMIUMS AND IN THE PROVISION FOR OUTSTANDING CLAIMS IN THE PARENT COMPANY

	Non-life insurance		
EUR million	Before reinsurers' share	Reinsurers' share	Net
PARENT COMPANY			
Change in the provision for unearned premiums			
Provision for unearned premiums, 1 Jan. 2000	141	–1	139
Provision for unearned premiums, 31 Dec. 2000	148	0	148
	–7	–1	–8
Impact of exchange rate differences	0	0	0
Change in the provision for unearned premiums	–7	–1	–8
Change in the provision for outstanding claims			
Provision for outstanding claims, 1 Jan. 2000	592	–29	562
Provision for outstanding claims, 31 Dec. 2000	568	–11	557
	24	–19	5
Impact of exchange rate differences	0	0	0
Change in the provision for outstanding claims	24	–19	5

Insurance business

12 **LIFE INSURANCE PREMIUMS WRITTEN AND CLAIMS PAID**

EUR million	2000	1999
Direct insurance premiums written		
Life insurance		
Unit-linked life insurance	142	92
Capital redemption policy	70	156
Other life insurance	143	143
Employees' group life insurance	2	2
Other group life insurance	2	2
	359	395
Pension insurance		
Unit-linked individual pension insurance	21	11
Other individual pension insurance	94	102
Group pension insurance	287	167
	401	280
Direct insurance premiums written in total	760	675
Regular premiums	234	221
Single premiums	526	454
	760	675
Premiums from non-profit policies	5	4
Premiums from with-profit policies	586	566
Premiums from unit-linked insurance	168	106
	760	675
Claims paid		
Direct insurance		
Life insurance	26	19
Pension insurance	133	109
	160	128
Surrenders	124	92
Reinsurance	13	15
Claims paid in total	296	235
Impact of bonuses and rebates attached to life and pension insurance policies reserved during the year, on the technical result	141	43

Insurance business

13 TOTAL OPERATING EXPENSES BY ACTIVITY

EUR million	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Non-life insurance				
Claims settlement expenses (claims paid)	72	61	38	34
Profit and loss account item operating expenses				
Policy acquisition costs				
Direct insurance commissions	34	17	4	3
Commissions on reinsurance assumed and profit participations	7	6	1	1
Other policy acquisition costs	57	49	32	29
	98	71	37	32
Policy management expenses	82	73	38	33
Administrative expenses	59	38	28	16
Commissions on reinsurance ceded and profit participations (–)	–29	–19	–1	0
	209	163	103	81
Investment management expenses (investment charges)	6	5	3	3
Other charges	0	0	–	–
	287	230	144	118
Life insurance				
Claims settlement expenses (claims paid)	2	2		
Profit and loss account item operating expenses				
Policy acquisition costs				
Direct insurance commissions	5	5		
Commissions on reinsurance assumed and profit participations	1	3		
Other policy acquisition costs	17	16		
	23	24		
Policy management expenses	10	7		
Administrative expenses	9	6		
Commissions on reinsurance ceded and profit participations (-)	0	–1		
	42	36		
Investment management expenses (investment charges)	3	3		
	47	41		
Change in deferred policy acquisition costs included in the change in premium reserve				
Life insurance	0	0		
Pension insurance	1	1		

Insurance business

14 STAFF EXPENSES

EUR million	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Salaries and commissions	143	124	67	61
Pension expenses	24	24	12	12
Other social expenses	18	15	8	9
	185	163	87	82

15 EXECUTIVES' SALARIES AND COMMISSIONS

EUR million	2000	1999
Group		
Managing Directors and Deputy Managing Directors	1.8	1.8
Members and deputy members of the Board of Directors	0.4	0.4
Members and deputy members of the Supervisory Board	0.1	0.1
	2.3	2.2
Parent Company		
Managing Director, members and deputy members of the Board of Directors	0.9	0.5
Members and deputy members of the Supervisory Board	0.1	0.0
	0.9	0.5

It has been agreed that the parent company's Managing Director's retirement age is 60 and that of other insurance business Managing Directors and Directors 60-65.

16 AVERAGE STAFF NUMBERS

EUR million	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
By class of business				
Non-life insurance	4,082	3,642	1,992	2,025
Life insurance	350	254	–	–
Other	59	50	–	–
	4,491	3,946	1,992	2,025
By geographical segment				
Finland	3,476	3,398	1,992	2,025
Belgium	2	1		
England	51	39		
Holland	31	29		
Latvia	18	9		
Lithuania	35	1		
Poland	67	2		
Sweden	27	7		
Germany	91	27		
Estonia	693	433		
	4,491	3,946	1,992	2,025

Insurance business

17 NET INVESTMENT INCOME

EUR million	Non-life insurance 2000	Life insurance 2000
INVESTMENT INCOME		
Income from investments in Group undertakings		
Interest income	–	0
Income from investments in associated undertakings		
Share of profit of associated undertakings	4	0
Dividend income	1	–
Interest income	10	–
	15	0
Income from investments in land and buildings		
Interest income from associated undertakings	0	0
Other income from other than Group undertakings	29	29
	29	29
Income from other investments		
Dividend income	229	255
Interest income from Group undertakings	3	5
Interest income from other than Group undertakings	76	159
Other income from Group undertakings	–	0
Other income from other than Group undertakings	31	150
	340	569
Total	384	598
Value readjustments	9	6
Gains on realisation of investments	678	318
Investment income in total	1,070	922
INVESTMENT CHARGES		
Charges arising from investments in land and buildings	–13	–8
Charges arising from other investments	–28	–189
Interest and other expenses on liabilities to Group undertakings	–	0
Interest and other expenses on liabilities to other than Group undertakings	–1	–3
Total	–42	–200
Value adjustments and depreciations		
Value adjustments on investments	–108	–137
Planned depreciation on buildings	–9	–6
	–118	–143
Losses on realisation of investments	–18	–24
Investment charges in total	–178	–368
Net investment income before revaluations and revaluation adjustments	892	554
Revaluations on investments	0	5
Revaluation adjustments on investments	–1	–34
NET INVESTMENT INCOME	892	525
Investment income and charges include		
Exchange rate differences of insurance business	–7	–1
Exchange rate differences of investments	14	–59
Share of unit-linked insurance of net investment income	–	–35

Insurance business

18 NET INVESTMENT INCOME

EUR million	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
INVESTMENT INCOME				
Income from investments in Group undertakings				
Interest income	0	0	–	–
Dividend income	–	–	714	219
Income from investments in associated undertakings				
Share of profit of associated undertakings	4	2	–	–
Dividend income	1	1	85	2
Interest income	10	3	10	3
	15	6	95	5
Income from investments in land and buildings				
Interest income from associated undertakings	0	–	–	–
Interest income from Group undertakings	–	–	1	1
Other income from Group undertakings	–	–	3	2
Other income from other than Group undertakings	57	56	12	14
	58	56	16	17
Income from other investments				
Dividend income	485	129	57	23
Interest income from Group undertakings	7	2	1	0
Interest income from other than Group undertakings	235	193	23	14
Other income from Group undertakings	0	–	–	–
Other income from other than Group undertakings	182	97	6	3
	909	421	86	41
Total	981	483	912	282
Value readjustments	15	61	3	13
Gains on realisation of investments	996	607	167	74
Investment income in total	1,992	1,152	1,082	368
INVESTMENT CHARGES				
Charges arising from investments in land and buildings	–21	–22	–10	–9
Charges arising from other investments	–217	–195	–9	–3
Interest and other expenses on liabilities to Group undertakings	0	0	0	0
Interest and other expenses on liabilities to other than Group undertakings	–4	–3	–1	0
Total	–242	–220	–19	–13
Value adjustments and depreciations				
Value adjustments on investments	–245	–85	–55	–11
Planned depreciation on buildings	–15	–16	–4	–5
	–261	–100	–59	–16
Losses on realisation of investments	–42	–56	–12	–6
Investment charges in total	–545	–376	–91	–35
Net investment income before revaluations and revaluation adjustments	1,447	775	991	334
Revaluations on investments	5	45	–	–
Revaluation adjustments on investments	–35	–1	–1	–1
NET INVESTMENT INCOME	1,417	819	990	333
Investment income and charges include				
Exchange rate differences of insurance business	–8	–28	0	0
Exchange rate differences of investments	–44	15	1	6
Share of unit-linked insurance of net investment income	–35	41	–	–

Sampo-Leonia group

19 EXTRAORDINARY ITEMS

EUR million	2000	1999
Extraordinary income		
Deferred tax	19	12
Extraordinary charges		
Deferred tax	–26	–

20 CHANGE IN DEFERRED TAX

EUR million		
Arising from appropriations	0	14
Arising from the merger	0	0
Included in the balance sheets of Group undertakings	9	1
	8	16

21 ELIMINATION ITEMS OF CONSOLIDATED PROFIT AND LOSS ACCOUNT

EUR million		
Banking and investment services account		
Interest receivable	0	0
Interest payable	8	2
Net income from financial operations	8	2
Fees and commissions receivable	–3	–2
Fees and commissions payable	0	–
Net income from transactions in securities and foreign exchange dealing from transactions in securities	0	–
Operating profit	4	1
Technical account - Non-life insurance		
Operating expenses	0	1
Balance on technical account	0	1
Technical account - Life insurance		
Operating expenses	3	1
Balance on technical account	3	1
Insurance business non-technical account		
Investment income	–8	–2
Investment charges	1	0
Profit before extraordinary items	–4	–1

22 TREASURY BILLS AND OTHER ELIGIBLE BILLS

EUR million	2000	1999
Treasury bills	7	1
Government bonds	2,890	2,527
Certificates of deposit issued by the Bank of Finland	–	–
Certificates of deposit issued by other banks	728	583
Other	–	0
	3,625	3,111

23 LOANS AND ADVANCES TO CENTRAL BANKS INCLUDED IN LOANS AND ADVANCES TO CREDIT INSTITUTIONS

EUR million		
Loans and advances to credit institutions	2,321	4,336
of which to central banks	–	3

24 LOANS AND ADVANCES TO CUSTOMERS

EUR million		
Loans and advances to customers by geographical area		
Finland	11,117	10,767
Other EU Countries	886	1,169
Other Western Europe	247	178
North America	135	198
The Far East	902	1,082
Other countries	869	506
Bad and doubtful debt provisions pooled by customer group	–27	–7
	14,130	13,894
Loans and advances to customers by category of borrower		
Corporations	4,988	4,895
Manufacturing	2,181	2,040
Construction	179	122
Wholesale and retail distribution, hotels and restaurants	706	708
Property	25	22
Other	1,897	2,002
Financial and insurance institutions	225	353
Public sector entities	261	300
Non-profit institutions	739	607
Households	4,904	4,611
Foreign	3,040	3,135
Bad and doubtful debt provisions pooled by customer group	–27	–7
	14,130	13,894
Specific provisions for bad and doubtful debts		
Provisions at beginning of year	45	60
+ New provisions for year	41	7
– Releases of provisions	–14	–6
– Provisions written off	–8	–24
Provisions at end of year	**64**	**36**

Banking and investment services

25 NON-PERFORMING AND OTHER NON-INTEREST EARNING LOANS

EUR million	2000 Non-performing loans	2000 Other non-interest earning loans	2000 Total	1999 Non-performing loans	1999 Other non-interest earning loans	1999 Total
Corporations	19	6	26	14	9	23
Financial and insurance institutions	0	–	0	–	–	0
Public sector entities	0	–	0	0	1	1
Non-profit institutions	3	0	4	2	0	3
Households *)	32	1	33	36	1	37
Foreign	7	2	9	9	3	12
	62	10	71	62	13	75

*) Leonia Bank plc's non-performing loans to households include loans which are subject to debt restructing programmes, in which customers follow confirmed repayment schedules. (Under Finnish regulations, loans which are subject to debt restructing programmes, in which customers follow confirmed schedules, should not be classified as non-performing loans.)

26 ASSETS ACQUIRED IN SETTLEMENT OF UNPAID LOANS AND THOSE ACQUIRED IN CONNECTION WITH THE REORGANISATION OF A CUSTOMER'S BUSINESS OPERATIONS

EUR million	2000	1999
Book value of assets which had been pledged as collateral security and acquired by the Bank in settlement of unpaid loans		
Properties and shares and participations in property companies	2	5
Other shares and participations	1	1
	3	6
Assets acquired in connection with the reorganisation of a customer's business operations	–	–

27 SUBORDINATED ASSETS

EUR million	2000	1999
Loans and advances to credit institutions	–	–
Loans and advances to customers	92	86
Debt securities	139	120
Total	230	206
Amounts include		
due from Group undertakings	–	–
due from associated undertakings	–	–

28 LEASE ASSETS

EUR million	2000	1999
Prepayments	19	13
Equipment	314	273
Properties and buildings	85	70
Other assets	21	2
	439	358

29 DEBT SECURITIES

EUR million	2000	1999
Book value		
Debt securities	1,916	3,025
Treasury bills and other eligible bills	3,625	3,111
	5,542	6,136
For trading purposes		
Listed	577	1,010
Unlisted	1,362	1,096
	1,939	2,106
Held as financial fixed assets		
Listed	3,487	3,698
Unlisted	115	332
	3,602	4,030
For trading purposes		
Difference between the market value and the lower book value of the securities	5	–
Held as financial fixed assets		
Unamortised premiums	141	176
Held as financial fixed assets		
Unamortised discounts	17	10
Debt securities by type		
Treasury bills	–	21
Local authority bills	70	3
Commercial paper	51	62
Certificates of deposit	745	841
Convertible bonds	0	3
Other bonds and notes	4,660	5,207
Other	15	0
	5,542	6,136

Banking and investment services

30 SHARES AND PARTICIPATIONS

EUR million	2000	1999
Book value of the shares and participations, total	35	52
For trading purposes		
Listed	3	6
Unlisted	25	39
	28	45
Held as financial fixed assets		
Listed	0	–
Unlisted	7	7
	7	7
Listed securities		
Difference between the market value and the lower book value of the securities		
Held for trading purposes	1	37
Held as financial fixed assets	3	–
Shares and participations in associated undertakings		
Credit institutions	–	–
Other	13	11
	13	11
Shares and participations in Group undertakings		
Credit institutions	–	–
Other	2	1
	2	1

31 MOVEMENTS IN SHARES AND PARTICIPATIONS HELD AS FINANCIAL FIXED ASSETS AND IN TANGIBLE ASSETS

EUR million		Shares and participations	Land and buildings, shares and participations in property companies	Equipment and other tangible assets
Cost at beginning of year		18	466	92
Acquisitions	+	11	9	10
Disposals	–	6	8	1
Transfers between items	+/–	–	9	–
Depreciation according to plan for the year	–	–	9	8
Write-downs / write-backs for the year	+/–	0	–	0
Accumulated depreciation at beginning of year	–	–	91	65
Accumulated write-downs at beginning of year	–	–	38	3
Book value at end of year		22	329	25

32 INTANGIBLE ASSETS

EUR million	2000	1999
Goodwill	9	10
Other intangible assets *)	51	46
	60	56
*) Incl. intra-group items arising from IT systems		
Salaries	7	5
Other expenses	2	1
	9	6

33 PROPERTIES AND SHARES IN PROPERTY COMPANIES

EUR million	Book value	Capital employed
Land and buildings		
Occupied for own activities	102	102
Other	152	189
	254	291
Shares and participations in property companies		
Occupied for own activities	37	37
Other	38	41
	75	78

Properties and shares in property companies occupied for other than own activities 31 December 2000

	Area m^2	Capital employed 1) EUR m	Net income 2) %	Unlet space 3) %
By activity				
Housing	610	1	0.0	8.9
Business and office property	221,420	221	7.4	5.6
Industrial property	10,604	1	0.1	58.4
Water areas and agricultural and forest land	–	4	0.0	–
Buildings under construction	–	–	–	–
Other domestic property	597	3	0.0	0.0
Foreign property	–	–	–	–
Total	233,230	230	7.1	8.0
Property for letting under finance leases	85,392	67	5.6	0.0
Total	318,622	297	6.8	5.9

Capital employed in properties occupied for other than own activity - by net income %

Net income, %	Capital employed 1)
Negative	7
0 – 3	14
3 – 5	18
5 – 7	105
over 7	152
Total	297

1) The capital employed is the depreciated cost of an asset, which, in case of shares in property companies, is added by Group's share of liabilities relating to equity shares in these companies and/or share of debts of these companies.
2) The net income% is a proportion of the net income to the capital employed and has been calculated by property.
3) The unlet space% is a proportion of the unlet spaces to all spaces which can be let out. Unlet spaces are spaces which can be let out, but which yield no rental income on the balance sheet date based on a lease.

Banking and investment services

34 OTHER ASSETS

EUR million	2000	1999
Items in transit	8	1
Guarantee claims	10	10
Derivative contracts	81	451
Other	80	37
	179	499

35 PREPAYMENTS AND ACCRUED INCOME

EUR million		
Accrued interest	527	591
Other	196	114
	723	705

36 CHANGES IN INTANGIBLE AND TANGIBLE ASSETS 2000

EUR million	Intangible rights	Goodwill Consolidation diff. Negative consoli-dation difference	Other long-term expenses	Equipment	Total
GROUP					
Acquisition cost, 1 Jan.	15	264	132	90	502
Change in Group structure	2	–	–	4	6
Increase	3	322	19	15	358
Decrease	–1	0	–6	–4	–10
Acquisition cost, 31 Dec.	20	586	145	105	856
Accumulated depreciation, 1 Jan.	–7	–240	–69	–49	–364
Change in Group structure	0	–	–	–1	–1
Accumulated depreciation on decreases and appropriations	1	0	6	3	9
Depreciation for the financial period	–3	–51	–25	–16	–96
Accumulated depreciation, 31 Dec.	–9	–291	–88	–63	–452
Book value, 31 Dec.	10	295	57	42	404

The negative consolidation difference was EUR 0.5 million in 2000 and EUR 0.9 million in 1999.

EUR million	Intangible rights	Goodwill Consolidation diff. Negative consoli-dation difference	Other long-term expenses	Equipment	Total
PARENT COMPANY					
Acquisition cost, 1 Jan.	11	103	99	61	274
Increase	1	–	14	8	22
Decrease	0	–	–5	0	–6
Acquisition cost, 31 Dec.	11	103	107	68	290
Accumulated depreciation, 1 Jan.	–4	–78	–52	–34	–168
Accumulated depreciation on decreases and appropriations	0	–	5	0	6
Depreciation for the financial period	–2	–5	–17	–11	–35
Accumulated depreciation, 31 Dec.	–6	–83	–63	–45	–197
Book value, 31 Dec.	5	21	44	24	93

Insurance business

37 CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS AT 31 DECEMBER 2000

EUR million	Non life insurance Remaining acquisition cost	Non life insurance Book value	Non life insurance Current value	Life insurance Remaining acquisition cost	Life insurance Book value	Life insurance Current value
Investments in land and buildings						
Land and buildings	366	419	502	308	316	339
Real estate shares in associated undertakings	49	49	52	3	3	4
Other real estate shares	26	26	28	8	8	8
Loans to associated undertakings	2	2	2	0	0	0
	443	497	585	319	327	351
Investments in group undertakings						
Bonds	–	–	–	4	4	4
Other debt securities	10	10	10	96	96	96
	10	10	10	100	100	100
Investments in associated undertakings						
Shares and participations	71	70	75	11	11	12
Other investments						
Shares and participations	868	860	2,631	1,165	1,165	1,603
Bonds	813	813	834	1,875	1,875	1,966
Other debt securities	158	158	157	562	562	562
Loans guaranteed by mortgages	39	39	39	123	123	123
Other loans	28	28	28	6	6	6
Deposits with credit institutions	199	199	199	110	110	110
	2,106	2,098	3,889	3,842	3,842	4,369
Deposits with ceding undertakings	8	8	8	37	37	37
	2,638	2,683	4,568	4,308	4,316	4,869
The remaining acquisition cost of debt securities comprises:						
That difference between the amount repayable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (-)	–9			18		
Book value comprises						
Unrealised gains entered as income		45			–	
Other revaluations		3			8	
		48			8	
Valuation difference (difference between current value and book value)			1,885			553

Insurance business

38 CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS

EUR million	2000 Remaining acquisition cost	2000 Book value	2000 Current value	1999 Remaining acquisition cost	1999 Book value	1999 Current value
Investments in land and buildings						
Land and buildings	674	735	841	554	645	725
Real estate shares in associated undertakings	52	52	56	61	61	67
Other real estate shares	34	34	37	27	27	30
Loans to associated undertakings	3	3	3	2	2	2
	762	824	936	644	734	825
Investments in group undertakings						
Bonds	4	4	4	5	5	5
Other debt securities	106	106	106	109	109	109
	110	110	110	114	114	114
Investments in associated undertakings						
Shares and participations	81	81	88	82	74	84
Debt securities and loans	–	–	–	101	101	101
	81	81	88	183	175	185
Other investments						
Shares and participations	2,034	2,026	4,233	2,387	2,386	5,707
Bonds	2,688	2,688	2,800	2,166	2,166	2,223
Other debt securities	720	720	720	345	345	346
Loans guaranteed by mortgages	162	162	162	187	187	187
Other loans	35	35	35	68	68	68
Deposits with credit institutions	309	309	309	238	238	238
	5,947	5,939	8,258	5,391	5,390	8,769
Deposits with ceding undertakings	45	45	45	50	50	50
	6,945	6,999	9,437	6,382	6,463	9,942
The remaining acquisition cost of debt securities comprises:						
That difference between the amount repayable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (-)	8			–10		
Book value comprises						
Unrealised gains entered as income		45			49	
Other revaluations		11			36	
		56			85	
Valuation difference (difference between current value and book value)			2,438			3,479

Insurance business

39 PARENT COMPANY: CURRENT VALUE AND VALUATION DIFFERENCE ON INVESTMENTS

	2000			1999		
EUR million	Remaining acquisition cost	Book value	Current value	Remaining acquisition cost	Book value	Current value
Investments in land and buildings						
Land and buildings	90	137	179	83	160	176
Real estate shares in Group undertakings	43	43	49	38	38	46
Real estate shares in associated undertakings	44	44	46	51	51	56
Other real estate shares	16	16	17	16	16	17
Loans to associated undertakings	26	26	26	12	12	12
	219	267	319	200	277	306
Investments in group undertakings						
Shares and participations	2,008	2,008	3,844	194	194	2,710
Investments in associated undertakings						
Shares and participations	67	67	72	66	66	69
Debt securities	–	–	–	101	101	101
	67	67	72	167	167	170
Other investments						
Shares and participations	363	363	714	359	359	928
Bonds	245	245	252	263	263	262
Other debt securities	–	–	–	21	21	21
Loans guaranteed by mortgages	17	17	17	21	21	21
Other loans	5	5	5	9	9	9
Deposits with credit institutions	4	4	4	6	6	6
	634	634	992	678	678	1,247
Deposits with ceding undertakings	1	1	1	1	1	1
	2,930	2,978	5,229	1,241	1,318	4,434
The remaining acquisition cost of debt securities comprises:						
That difference between the amount repayable at maturity and purchase price, which has been released to interest income (+) or charged to interest income (-)	–2			–2		
Book value comprises						
Unrealised gains entered as income		48			49	
Other revaluations		–			28	
		48			77	
Valuation difference (difference between current value and book value)			2,251			3,116

40 CHANGES IN INVESTMENTS IN LAND AND BUILDINGS 2000

EUR million	Land and buildings and real estate shares	Loans to associated undertakings
Acquisition cost, 1 Jan.	882	2
Change in Group structure	5	–
Increase	193	0
Decrease	–64	0
Acquisition cost, 31 Dec.	1 015	3
Accumulated depreciation, 1 Jan.	–141	
Change in Group structure	0	
Accumulated depreciation on decreases and appropriations	1	
Depreciation for the financial period	–15	
Accumulated depreciation, 31 Dec.	–155	
Value adjustments on investments, 1 Jan.	–115	
Change in Group structure	–1	
Value adjustments on decreases and appropriations	9	
Value adjustments for the financial period	–7	
Value adjustments on investments, 31 Dec.	–115	
Revaluations, 1 Jan.	104	
Decrease	–28	
Revaluations, 31 Dec.	76	
Book value, 31 Dec.	821	3

LAND AND BUILDINGS OCCUPIED FOR OWN ACTIVITIES

EUR million	2000	1999
Remaining acquisition cost	129	72
Book value	147	100
Current value	189	119

Insurance business

41 PARENT COMPANY: CHANGES IN INVESTMENTS IN LAND AND BUILDINGS 2000

EUR million	Land and buildings and real estate shares	Loans to Group undertakings
Acquisition cost, 1 Jan.	293	12
Increase	38	15
Decrease	–39	–1
Acquisition cost, 31 Dec.	292	26
Accumulated depreciation, 1 Jan.	–59	
Accumulated depreciation on decreases and appropriations	2	
Depreciation for the financial period	–4	
Accumulated depreciation, 31 Dec.	–61	
Value adjustments on investments, 1 Jan.	–52	
Value adjustments on decreases and appropriations	9	
Value adjustments for the financial period	–3	
Value adjustments on investments, 31 Dec.	–46	
Revaluations, 1 Jan.	84	
Decrease	–28	
Revaluations, 31 Dec.	55	
Book value, 31 Dec.	241	26

PARENT COMPANY: LAND AND BUILDINGS OCCUPIED FOR OWN ACTIVITIES

EUR million	2000	1999
Remaining acquisition cost	44	40
Book value	56	67
Current value	75	76

Sampo-Leonia group

42 GROUP SUBSIDIARIES

Name of company	Domicile / country	Group holding % 1)	Parent company holding % 1)	Book value of shares in the Group EUR m	Capital and reserves EUR m 2)	Profit/loss for the financial year EUR m
Banking						
Leonia Card Ltd	Helsinki Finland	100.00	–	22	16	2
Leonia MB Group Oy	Helsinki Finland	100.00	–	8	15	2
Leonia Bank plc	Helsinki Finland	100.00	100.00	1,397	1,301	122
Leonia Finance Ltd	Helsinki Finland	100.00	–	25	59	6
Housing Loan Bank of Finland plc	Helsinki Finland	100.00	–	6	6	0
AS Sampo Pank	Tallinn Estonia	93.51	93.51	22	15	0
UAB Lietuvos Vystymo bankas	Vilnius Lithuania	99.99	99.99	11	11	0
Financing						
Leonia Back Office Ltd	Helsinki Finland	100.00	–	1	1	0
MB Equity Partners Oy	Helsinki Finland	(60.00) 40.00	–	0	0	0
MB Mezzanine Fund Ky	Helsinki Finland	100.00	–	23	25	2
MB Mezzanine Fund II Ky	Helsinki Finland	62.50	–	30	51	3
Leonia U.S. Inc	Delaware USA	100.00	–	0	0	–
Investment services						
Sampo-Leonia Asset Management Ltd	Helsinki Finland	100.00	100.00	6	6	4
Sampo-Leonia Fund Management Ltd	Helsinki Finland	100.00	100.00	6	7	2
Powszechne Towarzystwo Emeryltalne Norwich Union S.A.	Warsaw Poland	100.00	100.00	179	8	–6
Insurance business						
Patria Reinsurance Company Limited	Helsinki Finland	100.00	–	14	14	4
Industrial Insurance Company Ltd	Helsinki Finland	100.00	100.00	42	176	370
Sampo Life Insurance Company Limited	Helsinki Finland	79.90	44.97	245	342	162
ST International Insurance Company Limited	Helsinki Finland	100.00	100.00	17	26	11
Vakuutusosakeyhtiö Vahinko-Sampo	Helsinki Finland	100.00	100.00	2	2	0
Sampo Enterprise Insurance Company Limited	Helsinki Finland	100.00	100.00	50	75	50
Vakuutusyhtiö Teva Oy	Helsinki Finland	100.00	100.00	2	2	0
AS Sampo Eesti Elukindlustuse	Tallinn Estonia	100.00	–	2	2	0
AS Sampo Eesti Varakindlustus	Tallinn Estonia	100.00	–	14	10	3
UAB Sampo Lietuva	Vilnius Lithuania	100.00	–	6	5	–1
AAS Sampo Latvija	Riga Latvia	99.99	–	2	1	0
AAS Sampo Latvija Dziviba	Riga Latvia	99.99	–	4	3	0
Lakewood Insurance Company Ltd	London UK	100.00	–	0	4	0
Sampo Industrial Insurance N.V.	Rotterdam Holland	100.00	–	28	25	–19
Norwich Union Towarzystwo Ubezpieczen na S.A.	Warsaw Poland	100.00	100.00	48	13	–24
Sampo Towarzystwo Ubezpieczén Spólka Akcyjna	Warsaw Poland	100.00	–	4	3	0
Other						
Capsam Consulting Ltd	Helsinki Finland	(60.00) 40.00	(60.00) 40.00	0	2	1
Oy Finnish Captive & Risk Services Ltd	Helsinki Finland	80.00	–	0	0	0
Oy Haveri Ab	Helsinki Finland	100.00	–	0	0	0
PSW Realty World Ltd 3)	Helsinki Finland	100.00	–	0	2	0
Risk Management Ltd	Helsinki Finland	100.00	100.00	1	0	0

Sampo-Leonia Group

Name of company	Domicile / country	Group holding % 1)	Parent company holding % 1)	Book value of shares in the Group EUR m	Capital and reserves EUR m 2)	Profit/loss for the financial year EUR m
Satura Oy	Helsinki Finland	100.00	–	0	0	0
Tietoleonia Oy	Espoo Finland	(60.00) 40.00	–	0	4	3
Sampo Holdings (UK) Ltd	London UK	100.00	100.00	29	43	–1
Sampo Industrial Holding B.V.	Rotterdam Holland	100.00	–	12	20	–8
Teva Holding B.V.	Rotterdam Holland	100.00	–	12	20	–8
Sampo Industriförsäkring Ab	Stockholm Sweden	100.00	–	1	1	0
AS Kindlustusekspert 4)	Tallinn Estonia	100.00	–	–	–	–
Sampo Risk Management Company Sp.z.o.o.	Warsaw Poland	100.00	–	0	0	0

In addition, a total of 92 property and housing companies have been accounted for in the consolidated accounts.
By virtue of regulations for credit institutions one property company has been excluded from consolidation,
the balance sheet total of which is less than EUR 10 million.

1) Share of votes has been announced in brackets if different from the holding
2) Appropriations less deferred tax have been included in the capital
3) Accounted for by the equity method
4) The company is in liquidation

43 ASSOCIATED UNDERTAKINGS OF THE GROUP

Name of company	Domicile / country	Group holding %	Parent company holding %	Book value of shares in the Group EUR m	Capital and reserves EUR m 1)	Profit/loss for the financial year EUR m
Financing						
MB Equity Fund Ky	Helsinki Finland	32.14	11.24	3	11	0
MB Equity Fund II Ky 2)	Helsinki Finland	27.98	–	4	26	0
WD Power Management Oy 2)	Helsinki Finland	21.74	–	0	0	0
Insurance business						
Retro Life Insurance Company Limited	Helsinki Finland	24.21	–	1	3	0
Kaleva Mutual Insurance Company 3), 4)	Helsinki Finland	50.00	30.00	4	154	107
Finnish Credit Insurance Company Ltd	Helsinki Finland	33.33	33.33	2	5	0
Other						
Automatia Pankkiautomaatit Oy	Helsinki Finland	33.00	–	5	20	2
Autovahinkokeskus Oy	Espoo Finland	35.54	35.25	1	3	0
Dividum Oy 4)	Helsinki Finland	32.81	32.81	45	138	11
Sampo Finance Ltd 4)	Helsinki Finland	50.00	50.00	17	33	124
Kiinteistövarma Oy	Helsinki Finland	46.74	18.52	0	0	0
Netwheels Oy	Helsinki Finland	20.06	20.06	1	2	0
SV Benefic Oy	Helsinki Finland	49.00	–	0	0	0
Tampereen Kiinteistö Invest Oy	Tampere Finland	25.00	–	9	37	0
Toimiraha Oy	Helsinki Finland	33.00	–	2	4	0
Vahinkopalvelu Oy	Loppi Finland	20.00	20.00	0	1	0
AJM Industry Ltd 2)	Inchon South Korea	81.00	–	1	0	1

In addition, one property company has been accounted for by the equity method in banking and investment services.
By virtue of regulations for credit institutions one property company has been excluded from consolidation,
the balance sheet total of which is less than EUR 10 million.

1) Appropriations less deferred tax have been included in the capital
2) Excluded from consolidation, balance sheet total less than EUR 10 million
3) Share of guarantee capital
4) Figures at group level

44 OTHER SHARES AND PARTICIPATIONS

Name of company	No. of shares	Holding %	Book value EUR m	Current value EUR m
PUBLIC COMPANIES				
Banks and Finance				
Mandatum Bank Plc	3,885,449	9.48	14	41
Investment				
Kiinteistösijoitus Oyj Citycon	13,677,071	12.93	13	13
Norvestia plc	714,946	14.00	8	8
Sponda Oyj	2,778,765	3.39	10	11
Transport				
Finnair Oyj	1,338,807	1.58	5	6
Finnlines Plc	1,532,400	7.67	12	28
Trade				
Kesko Corporation	1,943,830	2.15	21	21
Stockmann plc	1,727,000	3.36	14	19
Other Services				
Jaakko Pöyry Group Oyj	341,677	2.49	4	6
Tietoenator Corporation	885,407	1.06	27	27
Metal and Engineering				
Fiskars Corporation	1,525,145	2.75	5	11
Kone Corporation	145,500	0.72	4	11
KCI Konecranes International Plc	337,600	2.25	7	9
Metso Corporation	3,101,429	2.29	37	37
Outokumpu Oyj	2,005,756	1.61	16	16
Partek Corporation	2,967,840	6.08	25	39
Rautaruukki Corporation	2,917,370	2.10	11	11
Wärtsilä Corporation	2,773,488	5.12	31	55
Forest Industry				
Metsä-Serla Corporation	1,624,005	1.17	7	13
Stora Enso Oyj	10,545,926	1.14	78	136
UPM-Kymmene Corporation	7,000,178	2.69	48	256
Multi-Business				
Aspo Plc	1,083,126	12.35	3	5
Kyro Corporation	2,000,000	5.04	10	16
Lassila & Tikanoja plc	970,083	6.13	14	18
Energy				
Fortum Corporation	4,396,637	0.52	14	19
Food Industry				
Chips Abp	470,140	3.51	5	8
Hartwall Plc	294,000	0.44	1	6
Huhtamäki Van Leer Oyj	885,000	2.81	23	25
HK Ruokatalo Oyj	1,665,165	7.52	3	3
Lännen Tehtaat plc	342,400	5.59	4	4
Construction				
YIT Corporation	2,707,780	9.22	34	37
Telecommunication and Electronics				
Aspocomp Group Plc	1,274,726	12.57	18	38
Comptel Oyj	448,700	0.42	5	7
Elisa Communications Corporation	4,501,352	3.60	90	103
F-Secure Corporation	973,000	0.69	5	5
Instrumentarium Corporation	1,282,294	5.32	27	27
JOT Automation Group Oyj	3,045,200	1.75	8	8
Nokia Corporation	29,930,240	0.64	29	1,422
Okmetic Oyj	952,150	5.96	5	5
Perlos Corporation	632,390	1.22	12	14
Sonera Corporation	3,957,600	0.53	69	76
Stonesoft Corp.	1,090,500	1.90	11	17
Teleste Corporation	214,200	1.29	3	5
Vaisala Oyj	837,100	4.86	11	23
Chemicals				
Kemira Oyj	3,770,700	2.93	20	20
Orion Corporation	663,616	0.98	14	16
Uponor Oyj	3,589,967	9.27	53	67

Insurance business

Name of company	No. of shares	Holding %	Book value EUR m	Current value EUR m
Media and Publishing				
Alma Media Corporation	1,062,599	6.76	21	21
Sanoma-WSOY Oyj	3,308,752	2.27	23	47
Other Industries				
Sanitec Corporation	1,592,927	2.56	14	14
Tamfelt Corporation	750,312	8.47	6	14
I list				
Incap Corporation	344,853	9.82	2	2
Menire Corporation	958,483	6.81	1	1
Total			953	2,865
Other public companies			51	63
Public companies in total			1,003	2,928
OTHER COMPANIES				
A. Ahlström Osakeyhtiö	3,750	0.80	5	5
Addtek International Oy Ab	1,229,430	9.80	19	19
Varma-Sampo Mutual Pension Insurance Company *)	71	100.00	9	9
Oy G. W. Sohlberg Ab	217,380	8.05	9	12
Sato-Yhtymä Oyj	227,419	10.35	9	10
UNIT TRUSTS				
Alfred Berg Small Cap B	6,175,939	–	17	24
Alfred Berg Small Cap B Europe	17,170,407	–	17	30
Evli European Smaller Companies B	360,983	–	6	8
Evli Nordic Smaller Companies B	201,457	–	4	5
Fides Telecom B	99,852	–	10	14
Gyllenberg European Equity Value B	43,123	–	4	6
Gyllenberg Small Firm B	22,174	–	2	7
Leonia Biolife A	22,065,257	–	22	22
Leonia Euro Osake A	28,640,980	–	5	7
Leonia Kasvuosake A	157,223	–	4	7
Leonia Korko Konvergenssi A	20,000,000	–	20	20
Leonia Osake Konvergenssi A	10,000,000	–	10	11
Leonia Teknologiaosake A	29,902,576	–	5	9
Mandatum Aasia	437,346	–	9	9
Mandatum BioTech+ A	1,103,609	–	22	31
Mandatum Eurooppa	524,931	–	9	11
Mandatum Global	541,012	–	10	18
Mandatum Vipu	175,728	–	4	8
Sampo Euro Bond Fund B	36,694,714	–	37	38
Sampo Sectorsfund (Europe) B	8,479,825	–	9	12
Sampo 2030 B Fund	7,785,221	–	8	9
Sampo Uudet Yhtiöt (Eurooppa) B	10,069,954	–	6	6
Seligson Euro Obligaatioindeksirahasto A	5,430,000	–	9	10
Seligson Global Top 25 Brands	8,014,190	–	13	21
Seligson Global Top 25 Pharmaceuticals A	493,289	–	5	7
CAPITAL TRUSTS				
Fenno rahasto	6,714,697	–	11	11
Finnventure rahasto IV	3,360,000	–	6	6
Finnventure rahasto V	588,000	–	6	6
Nordic Mezzanine Fund 1 Ltd	518,506	–	5	5
Sponsor Fund I Ky	4,512,572	–	8	8
The First European Fund Investments UK L.P.	658,899	–	7	7
Total			361	446
Other shares and participations			96	105
Domestic shares and participations in total			1,460	3,480

*) Share of guarantee capital

Holdings exceeding EUR 5 million (current value) and holdings in public companies exceeding five per cent specified.

Insurance business

FOREIGN SHARES AND PARTICIPATIONS

Name of company	Country	No. of shares	Holding %	Book value EUR m	Current value EUR m
PUBLIC COMPANIES					
Consumer, Non-Cyclical					
Pharmaceuticals					
Bristol Myers Squibb Co	United States	109,400	0.01	5	9
Glaxo Smithlkine Plc	UK	458,904	0.01	10	14
Yamanouchi Pharmaceutical Co	Japan	172,000	0.05	3	8
Energy					
Oil Producers					
BP Amoco Plc	UK	580,000	0.00	3	5
Total Fina Elf SA	France	54,374	0.01	3	9
Telecommunication and Electronics					
Marconi Plc	UK	892,650	0.03	4	10
Sony Corp	Japan	118,000	0.01	4	9
Telefonaktiebolaget LM Ericsson	Sweden	990,329	0.01	5	12
Telefonica SA	Spain	420,442	0.01	5	7
Telia Ab	Sweden	2,766,000	0.09	15	15
Vodafone Group Plc	UK	3,366,158	0.01	2	13
Basic Materials					
Paper					
Svenska Cellulosa AB SCA	Sweden	282,795	0.12	6	6
Financial					
Banks					
Nordea AB	Sweden	1,297,310	0.04	4	11
Societe Generale Strauss Turnbull	France	92,200	0.02	3	6
UBS AG	Switzerland	56,300	0.01	8	10
Investment Companies					
Investor AB	Sweden	1,090,000	0.14	12	17
Insurance					
Axa SA	France	58,583	0.01	3	9
ING Groep N.V.	Holland	91,000	0.01	4	8
Industrial					
Kyocera Corp	Japan	54,000	0.03	3	6
Wong's Circuits Holdings Ltd	Hong Kong	3,744,000	2.24	3	5
Hitachi Cable Ltd.	Japan	730,000	0.20	5	7
Total				111	197
Other public companies				199	268
Public companies in total				310	465
OTHER COMPANIES					
Investeringssällskapet 1999 AB	Sweden	841,981	12.55	9	10
UNIT TRUSTS					
APS Japan Growth Fund	Singapore	150,000	–	12	12
Key International Trust Fund	Cayman Islands	520	–	30	51
Nektar Hedge Fund	Sweden	64,595	–	8	11
New Providence Fund	Bahaman Islands	48,552	–	10	12
Prosperity Cub Fund	Cayman Islands	350,000	–	4	6
Schroder Japanese Euro Denominated Equity Fund	Denmark	1,621,552	–	12	12
Swiss Life Relative Value Strategies Class C	Cayman Islands	12,051	–	16	16
CAPITAL TRUSTS					
Access Capital L.P.	UK	1,762,500	–	18	18
Duke Street Capital IV UK L.P.	UK	1 211,619	–	12	12
EQT Scandinavia II	Holland	15,438,082	–	17	17
Hambro European Ventures III UK L.P.	UK	387,789	–	6	6
Industri Kapital 1997 L.P.	UK	760,000	–	8	8
Industri Kapital 2000 Fund LP	UK	531,983	–	5	5
MediaTel Capital	Luxembourg	588,914	–	6	6
Preferential Equity Investors LLS	Cayman Islands	665,166	–	7	7

Insurance business

Name of company	Country	No. of shares	Holding %	Book value EUR m	Current value EUR m
Procuritas Capital Partners II - B L.P.	Sweden	5,428,824	–	6	6
Schroder Ventures European Fund	UK	506,639	–	5	5
Schroder Ventures European Fund II LP2	UK	550,000	–	6	6
Total				196	225
Other shares and participations				61	63
Foreign shares and participations in total				566	754

Holdings exceeding EUR 5 million (current value) specified.

45 PARENT COMPANY'S OTHER SHARES AND PARTICIPATIONS

Name of company	No. of shares	Holding %	Book value EUR m	Current value EUR m
PUBLIC COMPANIES				
Banks and Finance				
Mandatum Bank Plc	1,876,286	4.58	8	20
Other Services				
Tietoenator Corporation	338,124	0.40	10	10
Metal and Engineering				
Metso Corporation	884,548	0.65	11	11
Wärtsilä Corporation	338,476	0.62	3	7
Forest Industry				
Stora Enso Oyj	2,972,726	0.32	22	38
UPM-Kymmene Corporation	1,954,087	0.75	12	71
Food Industry				
Huhtamäki Van Leer Oyj	215,500	0.68	6	6
Telecommunication and Electronics				
Aspocomp Group Plc	314,000	3.10	4	9
Elisa Communications Corporation	865,030	0.69	20	20
Nokia Corporation	3,515,616	0.07	2	167
Perlos Corporation	229 740	0.44	5	5
Sonera Corporation	1,377,200	0.19	27	27
Stonesoft Corp.	558,100	0.97	6	9
Chemicals				
Uponor Oyj	460,182	1.19	4	9
Total			141	408
Other public companies			37	43
Public companies in total			178	451
OTHER COMPANIES				
Addtek International Oy Ab	1,229,430	9.80	19	19
Sato-Yhtymä Oyj	131,152	5.97	6	6
UNIT TRUSTS				
Gyllenberg European Equity Value B	40,360	–	3	5
Leonia BioLife A	12,196,816	–	12	12
Mandatum BioTech+ A	502,299	–	10	14
Sampo Euro Bond Fund B	16,907,133	–	17	17
Sampo Uudet Yhtiöt (Eurooppa) B	10,069,953	–	6	6
			73	80
Other shares and participations			24	31
Domestic shares and participations in total			276	562

Holdings exceeding EUR 5 million (current value) specified.

Insurance business

FOREIGN SHARES AND PARTICIPATIONS

Name of company	Country	No. of shares	Holding %	Book value EUR m	Current value EUR m
PUBLIC COMPANIES					
Consumer, Non-Cyclical					
Pharmaceuticals					
Bristol Myers Squibb Co	United States	94,800	0.00	4	8
Energy					
Oil Producers					
Total Fina Elf SA	France	48,374	0.01	3	8
Telecommunication and Electronics					
Marconi Plc	UK	523,150	0.02	2	6
Telia Ab	Sweden	1,200,000	0.04	7	7
Vodafone Group Plc	UK	2,122,725	0.00	1	8
Financial					
Banks					
Societe Generale Strauss Turnbull	France	77,200	0.02	2	5
Insurance					
Axa SA	France	45,608	0.01	2	7
Total				21	48
Other public companies				58	95
Public companies in total				79	143
Other shares and participations				8	8
Foreign shares and participations in total				87	151

Holdings exceeding EUR 5 million (current value) specified.

Insurance business

46 INVESTMENTS IN GROUP UNDERTAKINGS AND ASSOCIATED UNDERTAKINGS 2000

EUR million	Shares in Group undertakings	Shares in associated undertakings	Debt securities issued by, and loans to, associated undertakings
GROUP			
Acquisition cost, 1 Jan.	106	82	101
Increase	10	1	–
Decrease	–6	0	–101
Acquisition cost, 31 Dec.	110	83	0
Accumulated adjustment arising from associated undertakings	–	–2	–
Accumulated depreciation, 1 Jan.	–	0	–
Accumulated depreciation on decreases and appropriations	–	0	–
Depreciation for the period	–	–1	–
Accumulated depreciation, 31 Dec.	–	0	–
Book value, 31 Dec.	110	81	0

	2000	1999
Goodwill pertaining to associated undertakings		
goodwill 31 Dec.	2	2

EUR million	Shares in Group undertakings	Shares in associated undertakings	Debt securities issued by, and loans to, associated undertakings
PARENT COMPANY			
Acquisition cost, 1 Jan.	254	68	101
Merger	1,409	0	0
Increase	405	1	0
Decrease	–	0	–101
Acquisition cost, 31 Dec.	2,068	69	0
Value adjustments 1 Jan. = 31 Dec.	–60	–1	0
Book value, 31 Dec.	2,008	67	0

Insurance business

47 OTHER LOANS BY SECURITY

EUR million	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Federation of municipalities, municipality and parish securities and loans thereto, and State securities	4	6	1	1
Bank guarantee	0	2	0	0
Shares in housing and real estate companies	9	11	4	6
Guarantee insurance	4	0	–	–
Insurance policy	0	1	–	–
Other security	17	48	0	2
	35	68	5	9

48 LOANS TO EXECUTIVES

(Insurance Companies' Act, Chapter 12, Section 5)

	Group 2000	Group 1999
Managing Directors and Deputy Managing Directors		
Loans (EUR m)	0.2	0.2
Interest (%)	4.50–5.58	2.75–6.75
Average loan period (years)	9	10
Members and deputy members of the Board of Directors		
Loans (EUR m)	0.7	0.8
Interest (%)	4.50–5.50	2.75–6.75
Average loan period (years)	9	10
Members and deputy members of the Supervisory Board		
Loans (EUR m)	0.0	0.0
Interest (%)	4.5	2.75–6.75
Average loan period (years)	8	10

	Parent Company 2000	Parent Company 1999
Members and deputy members of the Board of Directors		
Loans (EUR m)	0.7	0.3
Interest (%)	4.50–5.50	2.75–3.66
Average loan period (years)	9	11
Other		
Loans (EUR m)	0.5	0.2
Interest (%)	4.50–5.58	2.75–3.66
Average loan period (years)	10	11

Insurance business

49 INVESTMENTS COVERING UNIT-LINKED INSURANCES

EUR million	2000 Original acquisition cost	2000 Current value (=book value)	1999 Original acquisition cost	1999 Current value (=book value)
Shares and participations	272	261	117	15
Debt securities	6	7	4	7
Deposits and other investments	3	3	–	–
Cash at bank and in hand	–	–	1	1
	281	271	122	163
Investments acquired in advance	–1	–1	–1	–1
Investments pertaining to unit-linked insurances, corresponding to technical provisions	280	270	121	162

50 DEBTORS AND CREDITORS, GROUP UNDERTAKINGS AND ASSOCIATED UNDERTAKINGS

EUR million	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
DEBTORS AND CREDITORS, GROUP UNDERTAKINGS				
Debtors				
Arising out of reinsurance operations			1	3
Other debtors			292	3
			293	6
Creditors				
Arising out of reinsurance operations			2	3
Convertible bonds			0	0
Other creditors			4	1
			6	5
DEBTORS AND CREDITORS, ASSOCIATED UNDERTAKINGS				
Debtors				
Arising out of reinsurance operations	0	0	0	0
Other debtors	1	1	0	1
	1	1	0	1
Creditors				
Other creditors	0	0	0	0

51 CONSOLIDATED STATEMENT OF CHANGES IN CAPITAL AND RESERVES 1 JAN. - 31 DEC. 2000

EUR million	
Subscribed capital, 1 Jan.	90
Transfer to premium reserve	–2
	87
Premium reserve, 1 Jan.	900
Transfer from subscribed capital	2
	902
Revaluation reserve, 1 Jan.	28
Decrease	–28
	0
Reserve for own shares, 1 Jan.	0
Transfer from reserves provided for by the articles of association	57
Cancellation of own shares	–57
	0
Legal reserve 1 Jan. = 31 Dec.	369
Currency conversion differences, 1 Jan.	14
Increase	1
Decrease	–1
	14
Subordinated liabilities, 1 Jan. = 31 Dec.	10
Other reserves	
Reserves provided for by the articles of association, 1 Jan.	323
From profit brought forward	80
Buy-back of shares/transfer to reserve for own shares	–57
	346
Other non-restricted reserves, 1 Jan.	82
From profit brought forward	0
Decrease	0
	82
Profit brought forward, 1 Jan.	773
For dividend distribution	–563
To reserves provided for by the articles of association	–80
To other non-restricted reserves	0
Increase	3
	134
Profit for the financial year	923
TOTAL	2,868

Sampo-Leonia group

STATEMENT OF CONSOLIDATED DISTRIBUTABLE PROFIT AT 31 DECEMBER 2000

EUR million	
Profit for the financial year	923
+ Reserves provided for by articles of association	346
+ Other non-restricted reserves	82
+ Profit brought forward	134
– Amount of appropriations of the Group's corporations which have been entered in the capital and reserves in the consolidated accounts	–91
DISTRIBUTABLE PROFIT IN TOTAL	1,393

52 REVALUATION RESERVE

EUR million	2000	1999
Revaluations on fixed assets	–	28

53 PREFERRED CAPITAL NOTES

Markka-denominated loans	10	10

In March 1998, Leonia Bank plc issued preferred capital notes totalling FIM 560 million (EUR 94 million). The notes bear interest at the Helibor 12-month rate plus 100 basis points for 5 years, and thereafter the Helibor 12-month rate plus 225 basis points.
The interest on the loan can be paid only from the distributable capital.
The interest rate will be paid annually in arrears, the first time being in March 1999.
The loan is undated and is repayable, with the consent of the Finnish Financial Supervision Authority, 5 years after the date of issue. The preferred capital notes are included in the Tier 1 capital of the Bank. Leonia Corporate Bank plc subscribed for FIM 500 million (EUR 84 million) worth of the notes.
After the merger of Leonia Corporate Bank into Leonia Bank on 31 December 2000, FIM 60 million (EUR 10 million) of Leonia Bank's preferred capital notes remained in issue.

54 PARENT COMPANY STATEMENT OF CHANGES IN CAPITAL AND RESERVES 1 JAN. - 31 DEC. 2000

EUR million	
Subscribed capital, 1 Jan.	52
Cancellation of own shares/transfer to premium reserve	–1
Lowering of subscribed capital/transfer to premium reserve	–1
Increase in subscribed capital/Leonia plc merger	38
	87
Premium reserve, 1 Jan.	0
Transfer from subscribed capital	2
Increase in subscribed capital/Leonia plc merger	900
	902
Revaluation reserve, 1 Jan.	28
Release of revaluation reserve	–28
	0
Reserve for own shares, 1 Jan.	0
Transfer from reserves provided for by the articles of association	57
Cancellation of own shares	–57
	0
Legal reserve, 1 Jan. = 31 Dec.	366
Other reserves	
Reserves provided for by the articles of association	
Contingency reserve, 1 Jan.	75
From profit brought forward	80
Buy-back of shares/transfer to reserve for own shares	–57
Leonia plc merger	523
	621
Other reserves	
Security reserve, 1 Jan. = 31 Dec.	12
At the disposal of the Board, 1 Jan.	0
From profit brought forward	0
Decrease	0
	0
Profit brought forward, 1 Jan.	226
For dividend distribution	–145
Transfer from reserves provided for by the articles of association	–80
Transfer to other reserves	0
	1
Profit for the financial year	651
TOTAL	2,641

PARENT COMPANY STATEMENT OF DISTRIBUTABLE PROFIT AT 31 DECEMBER 2000

Profit for the financial year	651
+ Reserves provided for by the articles of association	621
+ Other reserves	0
+ Profit brought forward	1
DISTRIBUTABLE PROFIT IN TOTAL	1,273

The note Sampo Shares and Shareholders is presented in the Annual Report on pages 122-124.

Banking and investment services

55 UNAMORTISED DISCOUNTS AND PREMIUMS ON LIABILITIES

EUR million	2000	1999
Discounts		
Liabilities to credit institutions and central banks	–	–
Liabilities to customers	–	–
Debt securities in issue	148	158
Subordinated liabilities	0	–
	148	158
Premiums		
Liabilities to credit institutions and central banks	–	–
Liabilities to customers	–	–
Debt securities in issue	11	31
Subordinated liabilities	–	–
	11	31

56 DEBT SECURITIES IN ISSUE

EUR million		
Book value at end of year		
Certificates of deposit	2,284	3,734
Bonds and notes	4,753	5,259
Other	185	536
	7,222	9,528

57 OTHER LIABILITIES

EUR million		
Items in transit	358	307
Derivative contracts	137	115
Other	104	296
	599	**718**

58 ACCRUALS AND DEFERRED INCOME

EUR million		
Deferred interest	459	617
Other	166	282
	625	899

59 PROVISIONS FOR LIABILITIES AND CHARGES

EUR million		
Miscellaneous operating expenses	–	1
	–	1

60 SUBORDINATED LIABILITIES

EUR million	2000	1999
Subordinated liabilities with a book value more than 10% of the total amount of such liabilities	395	462
Other subordinated liabilities	67	102
Total	462	564
of which amount of perpetuals	113	105
Due to Group undertakings	–	–
Due to associated undertakings	–	–

Issuer	Amount 2000	Amount 1999	Currency	Interest (%)	Due date
Leonia Bank plc [1]	67	67	FIM	8.50	29.3.2008
Leonia Bank plc [2]	107	99	USD	6.71	23.6.2007
Leonia Bank plc [3]	113	105	USD	7.73	Perpetual
Leonia Bank plc [4]	–	48	CAD	7.50	15.11.2004
Leonia Bank plc [4]	–	44	CHF	7.13	7.9.2005
Leonia Corporate Bank plc [3]	107	100	USD	6.64	7.10.2002
	395	462			

1) Repayable on any interest payment date after year 2002.
2) Repayable on any interest payment date after 23 June 2002.
3) Repayable on any interest payment date.
4) Repayable in year 2000.

61 MATURITY ANALYSIS OF ASSETS AND LIABILITIES, BY REMAINING MATURITY

EUR million	2000	1999
Assets		
Less than 3 months	5,268	7,369
Treasury bills and other eligible bills	712	588
Loans and advances to credit institutions	1,983	3,718
Loans and advances to customers		
Repayable on demand	–	–
Other	2,273	2,426
Debt securities	300	636
3 - 12 months	3,226	3,364
Treasury bills and other eligible bills	836	392
Loans and advances to credit institutions	123	383
Loans and advances to customers	1,811	1,897
Debt securities	456	692
1 - 5 years	7,356	7,965
Treasury bills and other eligible bills	910	912
Loans and advances to credit institutions	175	208
Loans and advances to customers	5,409	5,564
Debt securities	862	1,281

Banking and investment services

EUR million	2000	1999
Over 5 years	6,144	5,669
Treasury bills and other eligible bills	1,168	1,219
Loans and advances to credit institutions	41	27
Loans and advances to customers	4,636	4,007
Debt securities	299	416
Liabilities		
Less than 3 months	15,190	18,748
Liabilities to credit institutions and central banks	2,209	2,515
Liabilities to customers	10,088	11,773
Debt securities in issue	2,893	4,461
3 - 12 months	2,948	2,761
Liabilities to credit institutions and central banks	1,090	599
Liabilities to customers	424	63
Debt securities in issue	1,434	2,099
1 - 5 years	2,531	2,347
Liabilities to credit institutions and central banks	80	1
Liabilities to customers	152	20
Debt securities in issue	2,298	2,327
Over 5 years	738	768
Liabilities to credit institutions and central banks	105	90
Liabilities to customers	36	37
Debt securities in issue	598	642

62 ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

	2000		1999	
EUR million	In domestic currency	In foreign currency	In domestic currency	In foreign currency
Assets				
Treasury bills and other eligible bills	3,625	–	3,111	–
Loans and advances to credit institutions	1,725	596	3,528	807
Loans and advances to customers	11,085	3,045	10,808	3,086
Debt securities	909	1,007	1,165	1,860
Other assets	2,325	351	3,393	441
Total	19,670	5,000	22,006	6,194
Liabilities				
Liabilities to credit institutions and central banks	1,629	1,854	1,779	1,426
Liabilities to customers	10,287	414	11,382	510
Debt securities in issue	4,316	2,906	5,304	4,225
Subordinated liabilities	134	328	169	395
Other liabilities	784	468	1,010	627
Total	17,150	5,971	19,644	7,182

Items denominated in domestic currency include currencies of European Monetary Union (EMU) countries.

63 DEFERRED TAX

EUR million	2000	1999
Deferred tax liabilities	28	19
Appropriations	28	19
Deferred tax assets	29	13
Timing differences	28	13
Arising from the merger	2	–
Income taxes		
On ordinary activities	143	77
On extraordinary items [1]	–	–12
Total	143	64

1) Income taxes on extraordinary items for 1999 include changes in deferred tax assets for previous years.

64 ASSETS PLEDGED AS COLLATERAL SECURITY AND SECURED LIABILITIES AS WELL AS OTHER ASSETS PLEDGED ON BEHALF OF THE COMPANY AND OTHER GROUP UNDERTAKINGS

EUR million	2000	1999
Assets pledged as collateral security		
Pledges	1,517	1,940
Assets pledged as collateral security on behalf of Group undertakings	–	–
Secured liabilities and commitments		
Liabilities to credit institutions and central banks	–	–
Liabilities to customers	–	–
Debt securities in issue	–	40
Off-balance sheet items	383	362
Other commitments		
Intra-day overdraft limit of the Bank of Finland’s settlement account	1,100	1,500
Other	765	734
Assets sold under agreements to repurchase		
Debt securities	835	466

65 PENSION LIABILITY

The basic and supplementary pensions of the staff in the majority-owned Group undertakings have been arranged in the Leonia Pension Fund, while those of the staff in other Group undertakings have been arranged through insurance.

The Leonia Pension Fund’s pension liability of EUR 381.6 million is fully covered.
The employers’ contributions to the Leonia Pension Fund totalled EUR 20.1 million in 2000.
The direct pension liability of Leonia Bank plc amounted to EUR 0.1 million.

Banking and investment services

66 LEASE COMMITMENTS

EUR million	2000	1999
The rental payments fall due as follows:		
in 2001	0	–
thereafter	2	–
	2	–

67 OFF-BALANCE SHEET ITEMS

EUR million	2000	1999
Guarantees and assets pledged as collateral security	1,873	2,275
on behalf of Group undertakings	–	–
on behalf of associated undertakings	0	–
Undrawn loans, overdraft facilities and commitments to lend	3,990	3,715
to Group undertakings	–	–
to associated undertakings	0	16
Other commitments	3	0
of which to or on behalf of Group undertakings	–	–
associated undertakings	2	–
Total	5,866	5,990
of which to or on behalf of Group undertakings	–	–
associated undertakings	2	16

68 DERIVATIVE CONTRACTS

EUR million	2000 Values of underlying instruments: For hedging purposes	2000: Other	1999 Values of underlying instruments: For hedging purposes	1999: Other
Interest rate contracts				
Futures and forward rate agreements	473	850	40	734
Options				
Purchased *)	56	37	–	133
Written *)	56	108	–	85
Interest rate swaps	4,862	7,223	3,543	9,755
Total	5,447	8,218	3,583	10,707
Exchange rate contracts				
Futures and forward exchange	76	4,873	376	3,617
Options				
Purchased *)	351	126	613	67
Written *)	351	94	613	51
Interest rate and cross currency swaps	3,184	398	5,366	516
Total	3,962	5,491	6,968	4,251
Equity contracts				
Futures and forwards	–	1	–	2
Options				
Purchased *)	96	6	198	20
Written *)	96	6	198	1
Other equity contracts	96	–	–	–
Total	288	13	395	24

	2000: Credit equivalent amount of contracts	2000: Risk weighted amount of contracts	1999: Credit equivalent amount of contracts	1999: Risk weighted amount of contracts
Interest rate contracts	211	48	266	64
Exchange rate contracts	529	154	825	242
Equity contracts	29	8	–	–

*) Options for hedging purposes are embedded options attached to funding and derivatives hedging funding. The values of underlying instruments are included both in purchased and written options and in items interest rate swaps, interest rate and cross currency swaps and other equity contracts. No separate credit equivalent amounts have been calculated for embedded options attached to derivative contracts, but the market values of the embedded options are included in the credit equivalent amounts of those contracts.

Banking and investment services

69 STAFF NUMBERS

	2000 Average	2000 Change	1999 Average	1999 Change
For the year				
Full-time staff	4,748	–23	4,471	318
Part-time staff	157	9	124	–16
Total	4,905	–14	4,595	302

70 EMOLUMENTS OF MEMBERS OF ADMINISTRATIVE AND SUPERVISORY BODIES

EUR million	2000	1999
Members and deputy members of the Supervisory Board	0.1	0.1
Members and deputy members of the Board of Directors/Management and President and Executive Vice Presidents	5.3	4.2
Total	5.4	4.3
of which performance-related bonuses	0.7	0.8

The President and members of the Board of Management of Leonia Bank plc come within the scope of the Leonia Pension Fund. In addition, their pensions have been supplemented with pension insurance.

71 LOANS AND ADVANCES TO AND GUARANTEES ON BEHALF OF MEMBERS OF ADMINISTRATIVE AND SUPERVISORY BODIES

EUR million	2000 Loans and advances	2000 Guarantees	1999 Loans and advances	1999 Guarantees
Members and deputy members of the Supervisory Board	0.1	–	0.6	–
Members and deputy members of the Board of Directors/ Management and President and Executive Vice Presidents	3.3	–	2.9	–
Auditors	–	–	–	–
Total	3.4	–	3.4	–

The interest on loans to the members of administrative and supervisory bodies is at least as high as on the staff loans referred to in the Income and Capital Tax Act, section 67, so that the interest benefit will not be liable for taxation.

72 ASSET MANAGEMENT SERVICES

Asset management services supplied
- Asset management services based on an agreement between the customer and the company
- Mutual fund services
- Securities custody services

Leonia Bank plc had no customer funds intermediated as credits to other customers at end of year.

73 TECHNICAL PROVISIONS

EUR million	2000	1999
PROVISION FOR UNEARNED PREMIUMS		
Life insurance		
Deferred insurance policy acquisition costs deducted from the life insurance premium reserve		
Life insurance	3	4
Pension insurance	2	1
	5	5
PROVISION FOR OUTSTANDING CLAIMS		
Discounting of the provision for outstanding claims of non-life insurance		
Interest rate used in the Group and Parent Company in calculating the technical provisions of annuities (%)	4,00	4,00

Discounting has been effected in calculating the provision for outstanding claims on other than annuity-form compensations, in connection with Patria Reinsurance Company Ltd's foreign reinsurance provision for outstanding claims. A part of this provision has been discounted at four per cent interest rate. The estimated average maturity of the discounted provision for outstanding claims is 7 years in 2000 and 8 years in the year of comparison.

	2000	1999
Provision for outstanding claims (discounted part)		
Before discounting	30	47
After discounting	–22	–35
Amount of discounting	8	11
Reinsurers' share		
Before discounting	7	10
After discounting	–6	–8
Amount of discounting	1	2

74 OBLIGATORY PROVISIONS

EUR million	2000	1999
Provision for rents	1	2

75 LONG-TERM LIABILITIES (5 years or longer)

Amounts owed to credit institutions	1	1

The conditions of the bond with warrants are presented in the note Sampo Shares and Shareholders (pages 122-124).

Insurance business

76 DEFERRED TAX

EUR million	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Deferred tax liabilities				
Arising from appropriations	12			
Arising from the merger	29			
	40			
Arising from timing differences	40			
Other	1			
	40			
Deferred tax assets				
Arising from the merger	8			
Included in the Group undertakings' balance sheets	22			
	30			
Arising from timing differences	30		11	9

Deferred tax of the insurance business has been entered since the financial period 2000. Deferred tax from the non-recurring depreciation on Kansa General's goodwill has been entered since the financial period 1998. The deferred tax assets were EUR 9.0 million in the final accounts of 1999.

77 CONTINGENT LIABILITIES, PLEDGED ASSETS AND DERIVATIVES

EUR million	Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Mortgages for own loans	2	2	–	–
Amount of the above loans	1	2	–	–
Pledges against own liabilities	18	9	–	–
Amount of the above liabilities	9	4	–	–
Pledges against trading in derivatives	12	19	0	–
Collateral against own foreign reinsurance liabilities	50	57	–	–
Countersecurities	26	24	–	–
Investment liabilities	347	244	63	16
VAT deductions	25	9	2	2
From new construction and real estate refurbishments during 1996-2000				
Amount of joint liability pertaining to VAT group registration				
Group undertakings	–	–	–	0
Associated undertakings	–	0	–	0
Leasing liabilities				
To be paid during the starting financial year	3	1	–	–
To be paid during following years	6	4	–	–
Leasehold commitments	0	0	–	–

Insurance business

EUR million		Group 2000	Group 1999	Parent Company 2000	Parent Company 1999
Derivative contracts					
Interest rate-linked derivatives					
Interest rate swaps	underlying instrument	50	89	–	–
	current value	0	0	–	–
Futures and forwards, open	underlying instrument	56	–	–	–
	current value	1	–	–	–
Option contracts					
Bought	underlying instrument	367	–	–	–
	current value	3	–	–	–
Sold	underlying instrument	548	–	–	–
	current value	0	–	–	–
Currency-linked derivatives					
Futures and forwards, open	underlying instrument	459	257	27	27
	current value	34	3	–	0
Futures and forwards, locked	underlying instrument	27	108	–	–
	current value	0	0	–	–
Option contracts					
Bought	underlying instrument	371	306	–	–
	current value	10	0	–	–
Sold	underlying instrument	785	615	–	–
	current value	4	1	–	–
Locked	underlying instrument	292	–	–	–
	current value	0	–	–	–
Share derivatives					
Futures and forwards, open	underlying instrument	4	101	–	–
	current value	1	–2	–	–
Option contracts					
Bought	underlying instrument	54	111	1	–
	current value	1	1	0	–
Sold	underlying instrument	107	225	10	–
	current value	3	1	0	–

The current values of option contracts include received and paid premiums. Negative valuation differences of derivative contracts made for other than hedging purposes have been entered as charges (current value = 0).

Sampo-Leonia group

78 ELIMINATION ITEMS OF THE CONSOLIDATED BALANCE SHEET

EUR million	31 Dec. 2000	31 Dec. 1999
ASSETS		
Banking and investment services assets		
Loans and advances to customers	–67	–208
Prepayments and accrued income	–3	–
	–70	–208
Insurance business assets		
Investments		
Investments in Group and associated undertakings		
Group undertakings		
Debt securities and loans	–110	–114
Other investments		
Debt securities	0	–
Deposits	–92	–23
Assets		
Other	–119	–263
Cash at bank and in hand	–2	–5
Prepayments and accrued income		
Interest and rents	0	0
Other	0	–
	–323	–405
Total	–393	–613
LIABILITIES		
Banking and investment services liabilities		
Liabilities to customers		
Other liabilities	94	27
Debt securities in issue		
Bonds and notes	4	–
Other	106	114
Other liabilities	118	263
Accruals and deferred income	1	0
	323	405
Insurance business liabilities		
Creditors		
Other creditors	69	208
Deferred income	1	–
	70	208
Total	393	613

79 PARENT COMPANY KEY FIGURES

EUR million	1996	1997	1998	1999	2000
KEY FIGURES PERTAINING TO SOLVENCY					
Solvency margin					
Capital and reserves after proposed profit distribution	523	528	535	557	1,752
Optional provisions and accumulated depreciation difference	14	14	13	16	11
Valuation difference between current value and Balance Sheet book value of assets	715	942	1,412	3,116	2,251
Intangible assets	–118	–117	–70	–79	–69
Other items	0	–	–4	0	0
	1,134	1,366	1,885	3,610	3,945
Solvency margin required under the Finnish Insurance Companies Act, Chapter 11, Section 2	43	49	55	58	60
Equalisation provision for years with large numbers of losses included in technical provisions	37	22	11	98	134
Equalisation provision to its full value (%)	14.0	7.7	3.4	29.8	37.0
Solvency capital					
Solvency margin and equalisation provision	1,171	1,388	1,896	3,708	4,079
Solvency ratio					
Solvency capital to premiums earned (%)	464.5	515.6	658.4	1,219.9	1,251.8
Solvency capital to technical provisions less equalisation provision (%)	191.8	228.3	291.2	518.3	567.4
OTHER KEY FIGURES					
Loss ratio					
Claims incurred to premiums earned (%)	83.3	89.9	90.3	84.7	75.8
Expense ratio					
Operating expenses to premiums earned (%)	28.6	26.4	27.7	26.6	31.6
Combined ratio					
Loss ratio and expense ratio (%)	111.9	116.3	117.9	111.3	107.4

Helsinki, 28 February 2001

SAMPO-LEONIA INSURANCE COMPANY PLC

Board of Directors

Jukka Härmälä
Chairman

Tom Berglund

Georg Ehrnrooth

Ari Heiniö

Martti Hetemäki

Jyrki Juusela

Eino Keinänen

Paavo Pitkänen

Christoffer Taxell

Björn Wahlroos
Managing Director

Auditors' report

To the Shareholders of Sampo-Leonia Insurance Company plc

We have audited the accounting records and the financial statements, as well as the administration by the Supervisory Board, the Board of Directors and the Managing Director of Sampo-Leonia Insurance Company plc for the financial year 2000. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Managing Director. Based on our audit we express an opinion on these financial statements and on the company's administration.

The undersigned Jaakko Nyman has scrutinised the accounts for the financial year and submitted a separate report thereon.

We have conducted the audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order 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 policies used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of administration has been to examine that the Supervisory Board, the Board of Directors and the Managing Director have legally complied with the rules of the Insurance Companies Act and the Finnish Companies Act.

In our opinion, the final accounts have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Supervisory Board, the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors regarding the disposition of distributable profit is in compliance with the Finnish Companies Act.

Turku, 13 March 2001

Thor Nyroos	*Jaakko Nyman*
Authorised Public Accountant	Authorised Public Accountant

(Translation of a Finnish original)

Corporate governance

Sampo-Leonia observes the recommendation on administration of public companies given by the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers in 1997.

The company follows the Guidelines for Insiders of the Helsinki Exchanges. Furthermore, the Board of Directors decided in its meeting on 28 February 2001, that the Guidelines for Insiders applied in the Group will be more strict than the official norms. The new guidelines will enter into force in March 2001 and will cover the Executive Committee, the Management Committee and certain other persons specifically named. The persons coming under the scope of these guidelines must ask for a separate permission for each stock purchase and sale.

Board of Directors

The Board of Directors is responsible for the administration of the Company and the proper management of its operations. The Board members are appointed by the Annual General Meeting. The Board comprises no fewer than three and no more than ten members.

The term of office of a member of the Board of Directors is one year, commencing immediately after the Shareholders' General Meeting at which the member was elected and expires at the end of the Annual General Meeting following the election. A person who before the commencement of the term of office has reached the age of 65 may not be elected as member of the Board of Directors.

At their first meeting following the Annual General Meeting, the members of the Board of Directors annually elect from among the members a Chairman and a Vice Chairman for a term of office which expires at the elections held after the following Annual General Meeting.

The Board of Directors convenes at the request of the Chairman. A quorum is constituted by the presence of more than half of the members of the Board of Directors. The Board of Directors' resolution will be the view which receives a simple majority of the votes of those members present. In the event that the votes are cast equally, the Chairman will be deemed to have the casting vote.

Remuneration and other Benefits

The Chairman, Vice Chairman and members of the Board of Directors will in 2001 be paid monthly remuneration as follows: the Chairman approximately EUR 4,200 (FIM 25,000), the Vice Chairmen approximately EUR 3,360 (FIM 20,000) and the members approximately EUR 2,520 (FIM 15,000). In addition, all members of the Board of Directors will be paid EUR 420 (FIM 2,500) for each meeting or possible Board Committee meeting. Members of the Board of Directors are entitled to daily allowance and accommodation and travel expenses for travel days.

In the year 2000, the Managing Director was paid a salary of EUR 509,822 and shares of profit amounting to EUR 45,410.

BOARD OF DIRECTORS

(the year in parenthesis indicates the ending of term of office)

Chairman
JUKKA HÄRMÄLÄ, born 1946 (2001)
Managing Director, Stora Enso Oyj. Member of the Board, Confederation of Finnish Industry and Employers. Vice Chairman of the Board, Finnlines Plc. Vice Chairman of the Supervisory Board, Varma-Sampo Mutual Pension Insurance Company. He was appointed member of the Board of Directors of Sampo Insurance Company Limited on 26 June 1992. Period of office started on 1 August 1992. He was appointed Chairman of the Board on 20 October 1993.

Vice Chairman
MARTTI HETEMÄKI, born 1956 (2001)
Director General, Economics Department, Ministry of Finance. He was appointed member of the Board of Directors of Sampo Insurance Company plc on 25 May 2000. Period of office started on 26 May 2000.

TOM BERGLUND, born 1951 (2001)
Professor, Department of Economics and Political Science, Swedish School of Business and Administration. Lecturer in financing theory, Helsinki School of Economics and Business Administration. Member of the Board of Directors of the European Finance Association. Member of the Advisory Council for Economic Affairs of the Ministry of Finance. He was appointed member of the Board of Directors of Sampo Insurance Company plc on 25 May 2000. Period of office started on 26 May 2000.

GEORG EHRNROOTH, born 1940 (2001)
Chairman of the Board, Assa Abloy AB and Sanitec Corporation. Member of the Board, Nokia Corporation, Wärtsilä Corporation, Karl Fazer Oy Ab, ABB Oy and Sandvik AB. Chairman of the Board, Varma-Sampo Mutual Pension Insurance Company. He was appointed member of the Board of Sampo Insurance Company Limited on 26 June 1992. Period of office started on 1 August 1992.


JUKKA HÄRMÄLÄ


MARTTI HETEMÄKI


TOM BERGLUND


GEORG EHRNROOTH


ARI HEINIÖ


JYRKI JUUSELA


EINO KEINÄNEN


PAAVO PITKÄNEN


CHRISTOFFER TAXELL

Ari Heiniö, born 1945 (2001)
Member of the Board, Finnair Oyj, Metsä Tissue Oyj, Palace Hotel Oy Ab. Member of the Supervisory Board, Alma Media Corporation and the Finnish Fair Corporation. He transferred to the Board of Sampo Insurance Company Limited from the Supervisory Board on 20 October 1993.

Jyrki Juusela, born 1943 (2001)
Managing Director, Outokumpu Oyj. Chairman of the Board, Confederation of Finnish Industry and Employers, AvestaPolarit Oyj Abp. Member of the Board, Federation of Finnish Metal, Engineering and Electrotechnical Industries, Association of Finnish Steel and Metal Producers. Member of the Supervisory Board, Varma-Sampo Mutual Pension Insurance Company. He was appointed member of the Board of Directors of Sampo Insurance Company plc on 25 May 2000. Period of office started on 26 May 2000.

Eino Keinänen, born 1939 (2001)
Chairman of the Board (retired), Leonia plc. Chairman of the Board, Finnish State Nuclear Waste Management Fund and Finland's Sports Institute. Member of the Supervisory Board, Finpro ry (Finland's foreign trade promotion organisation). He was appointed member of the Board of Sampo Insurance Company plc on 25 May 2000. Period of office started on 26 May 2000.

Paavo Pitkänen, born 1942 (2001)
Managing Director, Varma-Sampo Mutual Pension Insurance Company. Member of the Board, Wärtsilä Corporation, Partek Corporation and Stora Enso Oyj. Vice Chairman of the Supervisory Board, Alma Media Corporation. He was appointed member of the Board of Sampo Insurance Company plc on 22 January 1999.

Christoffer Taxell, born 1948 (2001)
Minister. President, CEO, Partek Corporation. Member of the Board, Wärtsilä Corporation, Stockmann plc and ABB Oy. Member of the Supervisory Board of Varma-Sampo Mutual Pension Insurance Company. He transferred to the Board of Sampo Insurance Company Limited from the Supervisory Board on 1 January 1998.

AUDITORS

Auditors
Jaakko Nyman
Authorised Public Accountant, M. Sc. (Econ.)

Thor Nyroos
Authorised Public Accountant, B. Sc. (Econ.)

Deputy Auditors
Pertti Keskinen
Authorised Public Accountant, M. Sc. (Econ.)

Authorised Public Accountants
KPMG Wideri Oy Ab

Group Executive Committee: In the front row, from the left: Maarit Näkyvä, Björn Wahlroos, Ilona Ervasti-Vaintola and Kari Stadigh. In the back row, from the left: Ilkka Hallavo, Juhani Vesterinen, Kurt Lundmark, Mika Ihamuotila, Hannu Kokkonen, Pentti Hakkarainen, Patrick Lapveteläinen, Peter Johansson and Matti Ruohonen.

GROUP EXECUTIVE COMMITTEE

Björn Wahlroos, born 1952,
CEO, Managing Director.
No. of Sampo-Leonia shares: 2,367,978
No. of options (1998 programme): -
No. of options (2000 programme): -

Kari Stadigh, born 1955,
Deputy CEO, Deputy Managing Director.
No. of Sampo-Leonia shares: 12,076
No. of options (1998 programme): 51,000
No. of options (2000 programme): 10,000

Pentti Hakkarainen, born 1958,
Executive Vice President,
Head of Distribution and Banking.
No. of Sampo-Leonia shares: 500
No. of options (1998 programme): 3,125
No. of options (2000 programme): 10,000

Mika Ihamuotila, born 1964,
Executive Vice President,
Head of Long-term Savings.
No. of Sampo-Leonia shares: 137,158
No. of options (1998 programme): -
No. of options (2000 programme): -

Hannu Kokkonen, born 1947,
Executive Vice President,
Head of Non-life Insurance.
No. of Sampo-Leonia shares: 284
No. of options (1998 programme): 32,000
No. of options (2000 programme): 10,000

Kurt Lundmark, born 1961,
Executive Vice President,
Head of Investment Banking.
No. of Sampo-Leonia shares: 20,000
No. of options (1998 programme): -
No. of options (2000 programme): -

Maarit Näkyvä, born 1953,
Executive Vice President,
Head of Private Banking and Retail Distribution.
No. of Sampo-Leonia shares: -
No. of options (1998 programme): -
No. of options (2000 programme): 10,000

Ilona Ervasti-Vaintola, born 1951,
Chief Counsel, Principal Attorney.
No. of Sampo-Leonia shares: 59,544
No. of options (1998 programme): -
No. of options (2000 programme): -

Ilkka Hallavo, born 1956,
Head of Corporate Distribution.
No. of Sampo-Leonia shares: 100
No. of options (1998 programme): -
No. of options (2000 programme): 10,000

Peter Johansson, born 1957,
Head of Corporate Planning.
No. of Sampo-Leonia shares: 500
No. of options (1998 programme): -
No. of options (2000 programme): 10,000

Patrick Lapveteläinen, born 1966,
Chief Administrative Officer,
Head of Treasury and Administration.
No. of Sampo-Leonia shares: 45,697
No. of options (1998 programme): -
No. of options (2000 programme): -

Matti Ruohonen, born 1947,
Chief Financial Officer.
No. of Sampo-Leonia shares: 200
No. of options (1998 programme): 29,000
No. of options (2000 programme): 10,000

Juhani Vesterinen, born 1953,
Head of Life Insurance.
No. of Sampo-Leonia shares: 472
No. of options (1998 programme): 37,000
No. of options (2000 programme): 10,000

The ownerships presented as per 28 February 2001.

Jouko K. Leskinen was Chief Executive Officer of the Group and the Chairman of the Group Executive Committee until 31 December 2000.

"A LONG-TERM DEVELOPMENT CREATES CONFIDENCE IN THE ABILITY TO LEARN"

Despite the demanding pace of change following the agreement to merge Sampo and Leonia, the staff's work ability has continued at a good level and stress has not increased, according to the annual staff survey. The changes have, nevertheless, put a certain strain on the overall level of staff satisfaction and change management needs to be developed further. The impact of change on the staff was taken into account in the extensive merger planning and subsequent operations.

Staff Structure

The new Sampo-Leonia Group employed a total of 10,207 people (9,135 at the end of 1999), of whom 8,162 in Finland (8,089). The number of persons employed overseas doubled to slightly over 2,000 persons, of whom over half were employed in the Baltic Rim.

A total of 314 new permanent employees were recruited in 2000. The merger of Sampo and Leonia has no significant impact on the age structure or average standard of education and 57 per cent of all employees hold a higher education qualification.

Professional Skills and Development

Confidence in professional skills remained strong even though the formation of the new group makes increased demands on staff, especially in customer service situations. Long-term staff development continued to focus on offering opportunities to obtain various higher education qualifications and on upgrading the content of training programmes. A long-term approach creates confidence in the ability to learn and to meet the challenges arising from change. Opportunities for participating in degree-level training programmes will be increased even further.

Professional skills required by the new financial services concept are supported by self-tuition using the information network and a large number of information events. Actual cross-training on professional skills will take place in 2001.

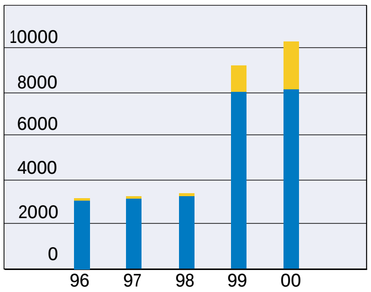
Preparations for the new electronic business operations were made by, for example, developing the network learning environment and by arranging training such as e-business seminars.

In particular, the network environment was used in training related to the Sampo 2000 project, which focused on retail customer service. However, measures were taken to extend network learning to the entire organisation. A project to develop the management of strategic learning was initiated, and the intention is that the results of this work will be used from the beginning of 2001.

Building a Common Corporate Culture

A survey of the corporate culture was carried out in the spring of 2000 and covered both Sampo and Leonia staff. This provided a starting point for planning the integration of the companies and developing common values. A start has been made but full implementation will require long-term work. Success will be measured by the annual climate survey. In the first common survey, 57 per cent of the respondents said that the Sampo-Leonia merger had started well and 78 per cent believed in a smooth future co-operation.

NUMBER OF EMPLOYEES IN THE GROUP *

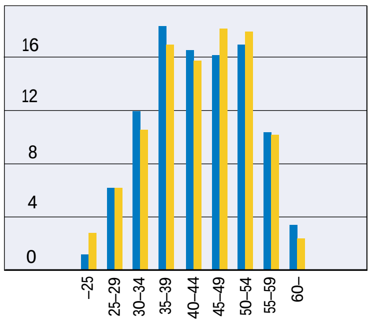


Overseas

In Finland

* 1996–1998 Sampo Group,
1999–2000 Sampo-Leonia

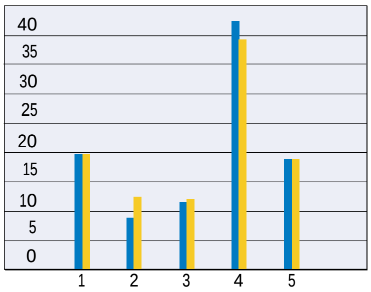
AGE DISTRIBUTION, %



Sampo Group 31.12.1999

Sampo-Leonia 31.12.2000

STAFF BY EDUCATION, %

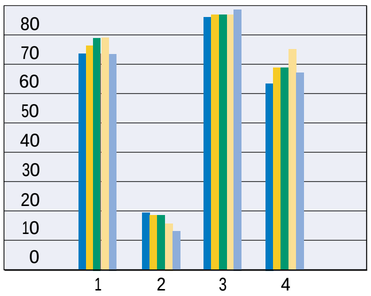


Sampo Group 31.12.1999

Sampo-Leonia 31.12.2000

1 Comprehensive school
2 Secondary school
3 Vocational school
4 College
5 University

CENTRAL RESULTS OF THE CORPORATE CLIMATE SURVEY, %



1996

1997

1998

1999

2000

1 Level of satisfaction
2 Experienced stress
3 Experienced work ability
4 Information flow

1996-1999 Sampo Group,
2000 Sampo-Leonia

Despite the pace of change following the agreement to merge Sampo and Leonia, the staff's work ability has continued at a good level. However, the changes have put some pressure on the overall level of staff satisfaction.

"The main aim is to ensure sustainable development"

The main aim of our environmental activities is to ensure sustainable development. Environmental issues are an important part of risk management, both for the Group and for its customers. Environmental activities lead to new financial services and reduce the environmental impact of our own operations.

Our tasks this year will be to determine the new Group's environmental targets, draw up an environmental policy and set up an environmental organisation along the lines of the work done in Sampo and Leonia. The Group's safety training programme will include an environmental module.

Finance and Environmental Risks

Environmental risks are taken into consideration when assessing companies' credit rating. Before granting project finance, we must be assured that projects observe national environmental legislation and that they meet the environmental criteria of, for example, the World Bank. In addition, the projects to be financed are examined and assessed with respect to their preparedness for predictable future environmental requirements.

The European Commission elected in the summer Leonia the first Finnish bank to be granted a guarantee by the European Investment Fund on environmental loans. Loans are granted to small and medium-sized Finnish companies for new environmental investments. The guarantee reduces loan costs for corporate customers. In the year under review four loans were granted totalling EUR 0.7 million.

Sustainable Development Fund

The mutual fund Sampo-Leonia Arvo, established in October 1999, was the first fund to apply the Dow Jones Sustainability Group Index (DJSGI). The Swiss SAM Sustainability Group selects from the Dow Jones World Index companies that lead their industry in terms of sustainable development on the basis of the DJSGI.

Of those companies, the ones that best meet the criteria for traditional investments are included in the Sampo-Leonia Arvo fund. The size of the fund doubled to EUR 20.7 million during the year and at year-end the number of unit holders was 1,425. Even though the fund's annual return was negative as a result of the general decline in share prices, it performed considerably better than the reference index in respect of risk or volatility over a 12-month period.

Environmental Risks and Losses by Corporate Customers

During the year, 410 statutory environmental damage insurance policies were in force. They cover damage caused by unknown or insolvent parties. Premiums written amounted to EUR 1.78 million.

Compensation for environmental losses totalling EUR 1.0 million was paid from voluntary insurance policies and third party liability motor insurance. During the year Sampo was notified of 44 environmental losses. The largest single amount of compensation was paid out for the cleaning of land contaminated as a result of a tanker truck swerving off the road.

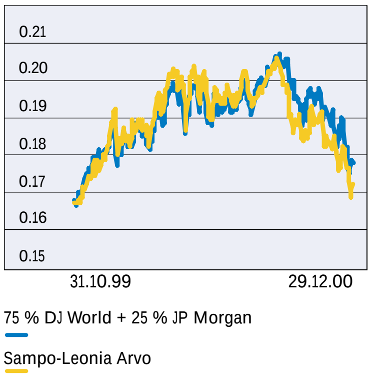
Environmental risks were also considered in the prevention of property, personal, liability and transport losses. A new, revised edition of 'The Environment and Safety' was issued for the use of corporate customers. We continued to arrange courses for corporate clients' staff on the management of gas and chemical accidents, so that they are able to limit any environmental consequences of actual accidents.

Energy Saving in Buildings

Five of Sampo's (Sampo, Sampo Enterprise, Industrial Insurance, Sampo Life, Kaleva and Patria) 127 buildings took part in the KRESS project aimed at compliance with the national targets of the Kyoto Convention. Their total capacity is 250,000 cubic metres, or eight per cent of Sampo's total real estate portfolio.

During the year we started using the results of energy audits. Appraisals of the condition of four buildings were undertaken plus examinations of the condition of a further three. The focus of the management of Leonia's buildings was on minimising waste energy by monitoring energy consumption. We supported the production of electricity from a by-product of district heating through a centralised contract with Helsinki Energy.

Development of mutual fund Sampo-Leonia Arvo, as of 31 October 1999



The Environmentally Friendly Office

Even though the environmental impact of office work is not directly visible in the environment, Sampo-Leonia wants actively to reduce it. Our internal environmental performance is measured by performance indicators measuring the consumption of electricity, heat, water and paper. The collecting of indicators for waste and travel and calculating of carbon dioxide releases is still in an initial phase.

The Green Office Environmental System aimed at reduced consumption and more efficient recycling of waste was updated and audited in the Lauttasaari offices in Helsinki.

In May Sampo's purchasing department concluded an agreement with Kuusakoski Oy to use the Elrec recycling service. By the end of the year 5.8 tons electrical and electronic waste was submitted for recycling and re-use. The operation complies with the requirements of an EU directive in progress. ICL Invia handles the recycling of Leonia's surplus computers.

Environmental criteria were used in Sampo as a basis to make purchasing decisions. For instance, new furniture must not have chrome-plated parts and the most frequently used toner cartridges carry the Nordic environmental label. In the energy saving week an electric car was test-driven for distribution traffic in Turku. It was found suitable for urban traffic but a final purchase decision was not yet made.

Sampo-Leonia environmental performance indicators 1997-2000

Item	Total consumption				Relative consumption				
	1997	1998	1999	2000	1997	1998	1999	2000	
Electricity (MWh)	18,575	20,024	20,706	42,103	7,666	8,070	8,759	9,965	kWh/employee/year
					37	40	41	47	kWh/m³
Heat (MWh)	14,125	13,333	12,925	18,477	5,830	5,372	5,467	4,373	kWh/employee/year
					28	26	26	21	kWh/m³
Water (m3)	45,809	47,729	48,790	80,578	57	59	63	58	l/employee/day *
					91	95	97	90	l/m³
Paper ('000 kg) – white and coloured copying paper, laser and printout paper, bank statements.	241	272	255	659	59	66	60	65	A4s/employee/day **

* The water consumption of single buildings has been proportioned to the share of Group employees working in all buildings.
** Paper consumption covers the Group's 8,162 employees in Finland.

The consumption figures of Sampo and Leonia have been combined in the figures of 2000. These figures cover 77 per cent of the square area of the buildings in the Group's own use and 52 per cent of the staff in Finland. The comparison figures are 893,705 m3 and 4,225 employees. The figures for 1997-1999 are based on Sampo's data only. On the basis of the results, it is aimed to reduce the consumption of electricity and paper in particular.

A comparison with the relative figures of the swiss UBS bank from 1999 shows that Sampo's
– consumption of electricity is higher (UBS 6,900 kWh/employee)
– consumption of heat is lower (UBS 109 kWh/m2, Sampo-Leonia 94 kWh/m2 in year 2000)
– consumption of water is lower (UBS 69 l/employee/day)
– consumption of paper is higher (UBS 52 sheets/employee/day).

Sampo Shares and Shareholders

Shares and Votes

The share capital of Sampo-Leonia Insurance Company plc is at least EUR 30,105,639.84 and at the most EUR 120,422,555.30 as in accordance with the Articles of Association. The company's share capital was FIM 520 million or EUR 87,457,721.76 on 31 December 2000. Sampo's Extraordinary Meeting of Shareholders decided on 29 September 2000 on converting the share capital to euro and renouncing the nominal value of the share. These changes came into force on 3 January 2001 when entered into the Trade Register.

The number of Sampo-Leonia shares totalled 104,000,000 on 31 December 2000, of which A shares numbered 103,760,000 and B shares 240,000. The shares have no nominal value. Their book counter-value is EUR 0.84 (not an exact value). Each A share has 1 vote and each B share 5 votes at the General Meeting of Shareholders. A shares have been quoted on the Helsinki Exchanges since 1998. All B shares are owned by Kaleva Mutual Insurance Company.

B shares can be converted into A shares upon the demand of the holder of B shares.

The Group companies did not own shares in the parent company on 31 December 2000, but Sampo's wholly-owned subsidiary ST International had a bond loan with warrants issued by Sampo, totalling EUR 13,876 or 29,025 option rights.

Authority of the Board of Directors

In spring 1999, Sampo's Annual General Meeting authorised the Board of Directors to buy back a maximum of three million shares. In order to develop its capital structure Sampo bought back 1,520,000 own shares at a total of EUR 57 million on the Helsinki Exchanges between 3 and 24 January 2000. The bought shares constituted 2.5 per cent of the share capital and of all votes. The Annual General Meeting decided in its meeting on 12 April 2000 to cancel these shares and to lower the share capital by FIM 7,600,000, or EUR 1,278,228, which was the total nominal value of the bought shares. The Annual General Meeting also authorised the company's Board of Directors to decide on the buy-back and conveyance of own A shares. The authorisation applies to a maximum of 5 per cent of the company's share capital and of all votes. The authorisation is valid until 11 April 2001.

*Increases and decreases in share capital 1988-2000**)

Mode	Subscription period/ registration	Term of subscription or subscriber or reason for decrease	Price/ share FIM	No. of new shares	Share capital after the issue/ decrease FIM m	EUR m**)
New issue A and B shares	11 April to 20 May 1988	1:1 plus subscription right	62.50 70.00	12,000,000	126	21.19
New issue A and B shares	17 October to 18 November 1988	2:1 plus subscription right	81.25 100.00	12,000,000	186	31.28
Merger consideration A shares	31 December 1993	Owners of Industrial Mutual Insurance Company		18,800,000	280	47.09
Directed issue A shares	30 June 1994	Kansallis-Osake-Pankki	95.00	6,000,000	310	52.14
Decrease in share capital	4 May 2000	Cancellation of shares bought back (1,520,000 A shares)		–1,520,000	302.4	50.86
Decrease in share capital	3 July 2000	Technical lowering		–	296.4	49.85
Merger consideration A shares	31 December 2000	Leonia shareholders, i.e. the Finnish government		44,720,000	520	87.46

*) Prices per share and numbers of shares have been changed to correspond to a nominal value of FIM 5 (EUR 0.84 countervalue).

**) Rounded off

At the end of the financial year the Board of Directors was not authorised to issue shares, convertible bonds or bonds with warrants.

The Bond Loan with Warrants of 1998

Sampo Insurance Company plc offered a bond loan with warrants of FIM 6,600,000 (EUR 1.1 million) on 22 May 1998. No interest is paid on the bond which will be repaid on 22 May 2001. Staff permanently employed by the Sampo Group and Kaleva Mutual Insurance Company were entitled to subscribe. Approximately 72 per cent of the staff subscribed for the bond.

To each bond of a nominal value of FIM 500 (EUR 84.09) will be attached 250 warrant certificates, of which 75 will be marked with the letter A, 75 with the letter B and 100 with the letter C. With each warrant certificate one Sampo A share can be subscribed in such a manner that the subscription period for warrants A is from 1 May 2000 to 31 May 2005, for warrants B from 1 May 2001 to 31 May 2005 and for warrants C from 1 May 2002 to 31 May 2005. A options have been quoted on the Main List of the Helsinki Exchanges since 2 May 2000.

The subscription price of one share was EUR 42.33 on 31 December 2000. The share subscription price is reduced by the amount of dividends.

The share capital can increase by 3,300,000 A shares at most as a result of the subscriptions, or FIM 16,500,000 (EUR 2.8 million), which equals 3.17 per cent of the company's share capital as per 31 December 2000.

The Option Programme of 2000

Sampo's Extraordinary Meeting of Shareholders decided on 29 September 2000 to offer, with deviation from the shareholders' pre-emptive right to subscription, option rights without consideration to the management, middle management and other key persons of Sampo and its subsidiaries, and to a wholly-owned subsidiary specified by the Board of Directors. The subscription period for the option rights was 2 - 31 January 2001.

The right to subscribe for shares by virtue of the option rights arises only if the development of the trading volume weighted average price of Sampo's A share is as good or better than on average in the control group specified in the terms and conditions.

A maximum of 5,200,000 option rights will be issued of which 2,600,000 are marked with the letter A and 2,600,000 with the letter B. Each option right entitles its holder to subscribe one Sampo A share. The share subscription period starts for option right A on 2 January 2003 and for option right B on 2 January 2004. The share subscription period ends on 31 December 2007 for all option rights. The share subscription price is the trading volume weighted average price of Sampo's A share on the Helsinki Exchanges during the period 15 - 28 September 2000, with an addition of 10 per cent and rounded up to the nearest 10 cents. The subscription price became thus EUR 55.70. The share subscription price shall be lowered by the amount of dividends distributed before the share subscription, on the matching day of each distribution of dividends.

As a result of the subscriptions, the number of Sampo-Leonia shares can increase by a maximum of 5,200,000 new shares and the share capital by a maximum of EUR 4,372,886.09, which equals 5 per cent of the share capital at the end of the year.

Shareholders

The number of registered shareholders on 31 December 2000 was 35,103. Of shares, 1.77 per cent had not been entered into the book-entry securities system. Foreign ownership was 28.10 per cent of the share capital and 27.84 of the votes. Almost all foreign owners have listed their holdings in the administrative register.

The direct or indirect ownerships of the Chief Executive Officer and the members of the Board of Directors of Sampo-Leonia amounted to 1,840 Sampo-Leonia shares. The total holdings constituted 0.002 per cent of the share capital and votes. When Mandatum became a Sampo-Leonia subsidiary in February 2001, the Chief Executive Officer's ownership of the shares and votes increased to 2.1 per cent.

Shareholders by number of shares owned, 31 December 2000

Shareholdings A and B shares	No. of shareholders	No. of shares	%
1 – 100	27,265	1,104,564	1.06
101 – 1,000	7,181	1,923,582	1.85
1,001 – 10,000	549	1,439,517	1.38
10,001 – 100,000	86	2,861,418	2.75
100,001 –	22	94,828,393	91.18
On waiting list		0	
On joint account		1,842,526	1.77
Total	35,103*)	104,000,000	100.00

*) Each administrative register is included in this figure as one single owner.

Shareholders at 31 December 2000

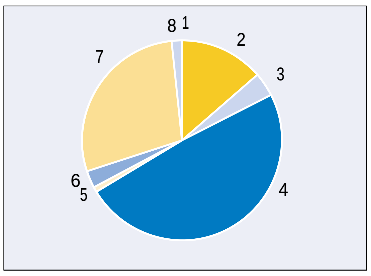
A and B shares	No.of shares	% of share capital	% 0f votes
Finnish Government	44,723,216	43.00	42.61
Unsa Ltd	9,442,492	9.08	9.00
Varma-Sampo Mutual Pension Insurance Company	4,203,739	4.04	4.01
Kaleva Mutual Insurance Company *)	2,798,426	2.69	3.58
Stora Enso Oyj	1,749,324	1.68	1.67
Outokumpu Oyj	703,132	0.68	0.67
Wärtsilä Corporation	380,200	0.37	0.36
Local Government Pension Institution	286,000	0.28	0.27
Pension fund of Imatran Voima	282,908	0.27	0.27
Pension fund of Neste	236,308	0.23	0.23
Mutual Insurance Company Pension-Fennia	219,500	0.21	0.21
Op-Delta Sijoitusrahasto	149,000	0.14	0.14
The Finnish National Fund for Research and Development	139,890	0.13	0.13
Teollisuuden Voima Oy	122,052	0.12	0.12
Sijoitusrahasto Merita Optima	119,200	0.11	0.11
Steveco Oy	109,160	0.10	0.10
Eläkesäätiö Neliapila	103,744	0.10	0.10
Trust fund Leonia Osake	100,015	0.10	0.10
Op-Tuotto Sijoitusrahasto	93,500	0.09	0.09
Vapo Oy	80,796	0.08	0.08
In the administrative register in total **)	29,178,120	28.06	27.80
Others in total	8,779,278	8.44	8.36
Total	104,000,000	100.00	100.00

*) 2,558,426 A shares and 240,000 B shares.

**) Fidelity International Limited has announced that it holds a total of 3,123,708 Sampo-Leonia A shares at 31 December 2000, i.e. 3% of Sampo-Leonia's share capital and 2.98% of the votes of all Sampo-Leonia shareholders.

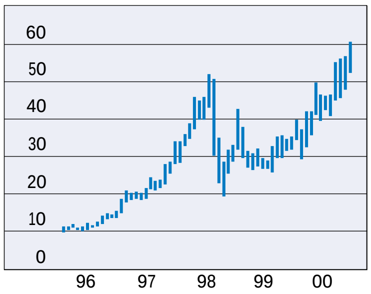
GE Asset Management Incorporated has on 20 October 2000 announced that it holds 3,456,695 Sampo A shares, which at that time corresponded to 5.83% of Sampo's share capital and 5.74% of the votes. GE has not announced any changes in holding.

Shareholder groups, 31 December 2000, %

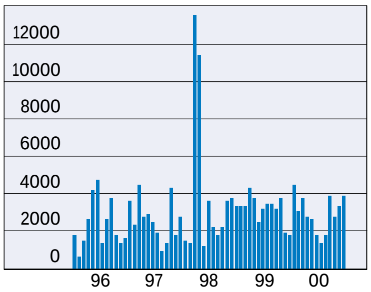


1	Public companies	0.13%
2	Private companies	13.61%
3	Financial inst. and insurance comp.	3.80%
4	Public corporations	48.91%
5	Non-profit corporations	0.78%
6	Households	2.90%
7	Foreign ownership, incl. administrative register	28.10%
8	On joint account	1.77%

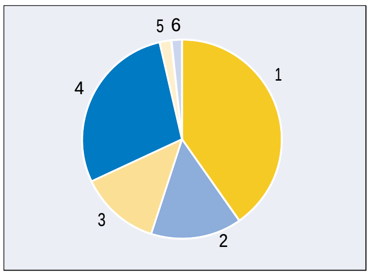
Monthly share price development
(share price, high and low, EUR)



Monthly trading volume, '000



Shareholders 28 February 2001



1	Finnish Government	40.2%
2	Varma-Sampo Group + Kaleva	14.9%
3	Other domestic	13.0%
4	Foreign investors	28.2%
5	Björn Wahlroos	2.1%
6	Not yet entered in the book-entry securities system	1.6%

Annual General Meeting

The Annual General Meeting of Sampo-Leonia Insurance Company plc will be held on 5 April 2001 at 2 p.m. in Helsinki Fair Centre, in the Round Hall on the second floor, at the address Rautatieläisenkatu 3 (the entrance of Hotel Holiday Inn), Itä-Pasila, Helsinki. The listing of the persons registered will start at 1 p.m.

To be entitled to attend the Annual General Meeting, a shareholder must be registered in the shareholders' register held by the Finnish Central Securities Depository Ltd (Suomen Arvopaperikeskus Oy) not later than 26 March 2001. Trustees shall report nominee shareholders to the shareholders' register of Sampo-Leonia held by the Finnish Central Securities Depository Ltd for the purpose of the Annual General Meeting.

Also a shareholder whose shares have not been transferred to the book-entry securities system is entitled to attend the Annual General Meeting, if he/she was registered in the Company's shareholders' register before 12 September 1997. In this case, the shareholder must present a share certificate or other account at the Annual General Meeting, showing that the ownership of the shares has not been transferred to the book-entry securities account.

To be entitled to attend the Annual General Meeting, a shareholder and nominee shareholder must register with the Shareholder Services at the Head Office, by 2 April 2001.

Payment of Dividends

The Board will propose to the Annual General Meeting that a total dividend of EUR 8 per share be paid for 2000, including an extra dividend of EUR 4 per share.

According to the proposal, only a shareholder who is registered as shareholder in the register held by the Finnish Central Securities Depository Ltd (Suomen Arvopaperikeskus Oy) on the matching day of the payment of dividend, 10 April 2001, is entitled to dividend. The dividends are proposed to be paid on 19 April 2001.

Shareholders who have not transferred their shares to the book-entry securities system by the matching day of dividend payment, will be paid dividend after the shares have been transferred to the book-entry securities system.

Split

The Board of Directors will propose to the Annual General Meeting that one share be split in five.

Financial Information

Copies of the financial statement documents can be inspected at the following Sampo Offices: Eteläesplanadi 8, Helsinki (Sampo Group's Legal Affairs) and Puolalankatu 5, Turku (Financial Administration).

Sampo will publish three Interim Reports in 2001. The reports will be published on 31 May, 21 August and 20 November.

Annual Reports can be ordered from
the Information Department:
fax: +358 10 514 0051
e-mail: viestinta@sampo.fi

For Sampo Annual Report, Interim Reports and other financial information as well as other investor information, please visit www.sampo.fi.

Investment analyses

These stockbrokers and investment analysts assess Sampo as an investment opportunity. Sampo does not answer for the assessments presented in the analyses.

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